SIYA PHAMBILI - ASIJIKI

JOE GQABI
DISTRICT MUNICIPALITY

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2024

JOE GQABI DISTRICT MUNICIPALITY

INDEX

JOE GQABI DISTRICT MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Joe Gqabi District Municipality performs the functions as set out in the Constitution. (Act no 108 of 1996)

LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Joe Gqabi District Municipality includes the following areas:

Walter Sisulu Local Municipality (Burgersdorp, Venterstad, Steynsburg, Maletswai (Aliwal North) and James Calata (Jamestown))
Senqu Local Municipality (Lady Grey, Sterkspruit, Rhodes, Rossouw, Herschel and Barkly East)
Elundini Local Municipality (NqanqaRhu (Maclear), Ugie and Tlokoeng (Mt Fletcher))

MEMBERS OF THE MAYORAL COMMITTEE

Position	Councillor
Executive Mayor	NP Mposelwa
Speaker	M Bomela
Portfolio head: Financial Services	NU Hlatuka
Portfolio head: Technical Services	SE Ntsoelinyane
Portfolio head: Corporate Services	N Mabunu
Portfolio head: Community Services	A Skoti

MUNICIPAL MANAGER

Mr M P Nonjola

ACTING CHIEF FINANCIAL OFFICER

Ms S du Toit

OTHER DIRECTORS AND SENIOR MANAGERS DIRECTLY REPORTING TO THE ACCOUNTING OFFICER

Mr R J Fortuin	- Director: Technical Services	
Ms N Mketelwa-Libazi	- Director: Community Services	Appointed 1 April 2024
Vacant	- Director: Corporate Services	
Ms N Mshumi	- Chief Operations Officer	
Mr D Lusawana	- Manager Water Service provider	

REGISTERED OFFICE

C/o Cole and Graham Street, Barkly East, 9786

POSTAL ADDRESS

P/Bag X102, Barkly East, 9786

AUDITORS

Office of the Auditor General

PRINCIPLE BANKERS

ABSA, PO Box 323, Bloemfontein, 9300

ATTORNEYS

Clark Laing Inc

AUDIT COMMITTEE

C Sparg	- Chairperson	
L Smith	- Member	
A Jordan	- Member	
M Tshofela	- Member	Appointed on 1 February 2024

JOE GQABI DISTRICT MUNICIPALITY

GENERAL INFORMATION

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Labour Relation Amendment Act (Act 6 of 2014)
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations
Municipal Regulation on Standard Chart of Accounts (mSCOA)
Disaster Management Act 57 of 2002
Fire Brigade Services Act 99 of 1987
Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972
National Veld and Forest Fire Act 101 of 1998
National Water Act 36 of 1998
National Health Act of 1997
Occupational Health and Safety Act and Regulation 85 of 1993
Municipal Cost Containment Regulations, 2019

MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL - PROPORTIONAL ELECTED COUNCILLORS

Position	Councillor
Executive Mayor	NP Mposelwa
Speaker	M Bomela
Councillors: JGDM	SE Ntoelinyane
	A Skoti
	S Mei
	N Mabunu
	NU Hlatuka
	NR Lengs
	Cllr GJ Shaw
	SG Maroahae

MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL - REPRESENTATIVE COUNCILLORS

Municipality	Councillor	
Senqu Local Municipality	N Ngendane	
	S Mfisa	
	N Nyongwana	
	L Ndakisa	
	M Moahloli	
	NM Phama	
Elundini Local Municipality	FM Maqanda	
	Z Mampintsha	
	M Siphamla	
	S Mdoda	
	M Telile	
	A Mayisha	Sworn in 23 May 2023
Walter Sisulu Local Municipality	V Davids	
	NS Mathetha	
	E Theron	

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual consolidated financial statements year ended 30 June 2024, which are set out on pages 1 to 111 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Economic Entity. The annual consolidated financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Economic Entity's cash flow forecast for the year to 30 June 2025 and am satisfied that the Economic Entity can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Economic Entity's consolidated financial statements.

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

30 September 2024

MR MP Nonjola **Date**

Municipal Manager

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

		ECONOMIC ENTITY		MUNICIPALITY	
		2024	2023	2024	2023
		R	R	R	R
	Notes	(Actual)	(Restated)	(Actual)	(Restated)
Assets					
Total Current Assets		**882 917 359**	**672 064 512**	**879 132 099**	**668 916 501**
Current Assets		**9 947 111**	**13 996 002**	**6 543 038**	**11 032 858**
Cash and Cash Equivalents	**2**	6 742 670	8 952 889	3 338 597	5 989 746
Current Investments	**7**	-	2 147 455	-	2 147 455
Inventory	**3**	3 204 441	2 895 658	3 204 441	2 895 658
Current Assets from Exchange Transactions		**861 776 916**	**651 694 459**	**861 764 246**	**651 681 789**
Receivables from Exchange Transactions	**4**	861 776 916	651 694 459	861 764 246	651 681 789
Current Assets from Non-Exchange Transactions		**11 193 332**	**6 374 051**	**10 824 815**	**6 201 854**
Receivables from Non-Exchange Transactions	**5**	368 517	172 198	-	-
Unpaid Conditional Government Grants	**6**	10 824 815	6 201 854	10 824 815	6 201 854
Total Non-Current Assets		**2 115 325 672**	**1 990 648 012**	**2 109 696 141**	**1 985 371 093**
Non-Current Investments	**7**	-	-	-	621 319
Investment Property	**8**	3 150 486	3 173 414	1 750 486	1 773 414
Property, Plant And Equipment	**9**	2 111 964 402	1 987 119 315	2 107 853 365	1 982 837 797
Intangible Assets	**10**	210 784	355 282	92 289	138 563
Total Assets		**2 998 243 032**	**2 662 712 524**	**2 988 828 240**	**2 654 287 595**
Total Current Liabilities		**250 757 238**	**248 076 742**	**238 276 789**	**238 289 493**
Current Liabilities		**45 116 201**	**43 306 934**	**44 170 352**	**42 101 203**
Current Employee Benefits	**11**	45 116 201	43 306 934	44 170 352	42 101 203
Current Liabilities from Exchange Transactions		**205 441 037**	**204 617 843**	**191 656 437**	**196 036 326**
Current Portion of Long-Term Liabilities	**12**	52 110	885 840	-	844 891
Consumer Deposits	**13**	1 451 143	1 390 387	1 451 143	1 390 387
Payables from Exchange Transactions	**14**	151 549 696	161 464 939	152 890 973	163 351 261
South African Revenue Services	**15**	52 388 089	40 876 677	37 314 322	30 449 787
Current Liabilities from Non-Exchange Transactions		**200 000**	**151 964**	**2 450 000**	**151 964**
Unspent Conditional Government Grants	**16**	200 000	151 964	200 000	151 964
Payables from Non-Exchange Transactions	**17**	-	-	2 250 000	-
Total Non-Current Liabilities		**40 393 684**	**35 275 465**	**40 373 330**	**35 203 002**
Non-Current Liabilities		**40 373 330**	**34 748 280**	**40 373 330**	**34 748 280**
Employee Benefits	**18**	40 373 330	34 748 280	40 373 330	34 748 280
Non-Current Liabilities from Exchange Transactions		**20 354**	**527 185**	**-**	**454 722**
Long-Term Liabilities	**12**	20 354	527 185	-	454 722
Total Liabilities		**291 150 922**	**283 352 207**	**278 650 119**	**273 492 495**
Net Assets		**2 707 092 110**	**2 379 360 318**	**2 710 178 122**	**2 380 795 100**
Community Wealth					
Accumulated Surplus	**19**	2 707 092 110	2 379 360 318	2 710 178 122	2 380 795 100
Total Community Wealth		**2 707 092 110**	**2 379 360 318**	**2 710 178 122**	**2 380 795 100**

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2024

		ECONOMIC ENTITY		MUNICIPALITY	
		2024	2023	2024	2023
		R	R	R	R
REVENUE	**Notes**	**(Actual)**	**(Restated)**	**(Actual)**	**(Restated)**
REVENUE FROM NON-EXCHANGE TRANSACTIONS		**646 011 503**	**607 594 534**	**646 011 503**	**607 294 534**
Transfer Revenue		**645 131 277**	**601 091 129**	**645 131 277**	**601 091 129**
Government Grants and Subsidies - Capital	**20**	196 866 959	161 233 271	196 866 959	161 233 271
Government Grants and Subsidies - Operating	**20**	444 300 124	439 857 858	444 300 124	439 857 858
Public Contributions and Donations - Operating	**21**	459 408	-	459 408	-
Contributed Assets	**22**	3 504 786	-	3 504 786	-
Other Revenue		**880 226**	**6 503 405**	**880 226**	**6 203 405**
Actuarial Gains	**23**	774 447	6 061 180	774 447	6 061 180
Reversal of Impairment	**24**	-	300 000	-	-
Inventory Adjustments	**43**	105 779	142 225	105 779	142 225
REVENUE FROM EXCHANGE TRANSACTIONS		**321 194 252**	**289 857 247**	**320 701 738**	**289 313 217**
Operating Activities		**321 194 252**	**289 857 247**	**320 701 738**	**289 313 217**
Service Charges	**25**	209 723 790	202 201 912	209 723 790	202 201 912
Interest Earned - External Investments	**26**	6 079 502	3 789 000	5 619 204	3 346 072
Interest Earned - Outstanding Debtors	**27**	103 346 291	81 089 625	103 346 291	81 089 625
Other Income	**28**	2 044 670	2 776 710	2 012 454	2 675 608
TOTAL REVENUE		**967 205 755**	**897 451 781**	**966 713 241**	**896 607 752**
EXPENDITURE					
Employee Related Costs	**29**	275 957 315	277 783 684	261 800 626	262 899 475
Remuneration of Councillors	**30**	7 050 525	6 261 478	7 050 525	6 261 478
Remuneration of Directors	**31**	1 825 233	1 573 559	-	-
Debt Impairment	**32**	88 406 145	86 829 204	88 406 145	86 829 204
Depreciation and Amortisation	**33**	75 788 907	73 784 204	75 276 700	73 307 556
Impairments	**34**	-	2 311 568	621 319	3 584 305
Actuarial Losses	**35**	2 887 543	-	2 887 543	-
Repairs and Maintenance	**36**	11 950 859	28 439 296	11 921 033	28 414 034
Finance Charges	**37**	5 087 013	4 894 517	5 063 772	4 874 025
Bulk Purchases	**38**	8 035 675	5 106 678	8 035 675	5 106 678
Contracted Services	**39**	16 255 514	17 075 089	16 255 514	17 075 089
Transfers and Grants	**40**	-	-	11 304 348	9 565 217
VIP Toilet Expenditure	**41**	4 916 093	11 004 527	15 811 555	18 694 298
Other Expenditure	**42**	140 857 724	140 195 461	132 481 397	133 688 657
Loss on Disposal of PPE	**44**	455 416	38 835	414 067	38 835
TOTAL EXPENDITURE		**639 473 962**	**655 298 101**	**637 330 219**	**650 338 852**
NET SURPLUS FOR THE YEAR		**327 731 793**	**242 153 680**	**329 383 022**	**246 268 900**

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2024

	ACCUMULATED SURPLUS R	TOTAL R
ECONOMIC ENTITY		
Balance on 30 June 2022	**2 138 561 207**	**2 138 561 207**
Prior period adjustment - Refer to note 46.04	(1 354 569)	(1 354 569)
Restated Balance on 30 June 2022	**2 137 206 638**	**2 137 206 638**
Net Surplus for the Year	242 153 680	242 153 680
Restated Balance on 30 June 2023	**2 379 360 318**	**2 379 360 318**
Net Surplus for the Year	327 731 792	327 731 792
Balance on 30 June 2024	**2 707 092 110**	**2 707 092 110**
MUNICIPALITY		
Balance on 30 June 2022	**2 135 880 769**	**2 135 880 769**
Prior period adjustment - Refer to note 46.04	(1 354 569)	(1 354 569)
Restated Balance on 30 June 2022	**2 134 526 200**	**2 134 526 200**
Net Surplus for the Year	246 268 900	246 268 900
Restated Balance on 30 June 2023	**2 380 795 100**	**2 380 795 100**
Net Surplus for the Year	329 383 022	329 383 022
Balance on 30 June 2024	**2 710 178 122**	**2 710 178 122**

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2024

	Notes	ECONOMIC ENTITY 2024 R (Actual)	ECONOMIC ENTITY 2023 R (Restated)	MUNICIPALITY 2024 R (Actual)	MUNICIPALITY 2023 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Service Charges		31 718 639	33 092 735	31 718 639	33 092 735
Other Revenue		2 355 689	1 592 079	2 323 473	1 558 379
Transfers and Subsidies - Operational		439 725 198	442 480 044	439 725 198	442 480 044
Transfers and Subsidies - Capital		196 866 959	161 233 271	196 866 959	161 233 271
Interest		6 079 502	3 695 000	5 619 204	3 252 071
Payments					
Suppliers		(197 770 434)	(193 517 847)	(204 961 867)	(195 674 035)
Employees		(284 468 243)	(284 295 610)	(268 226 439)	(267 993 529)
Finance Charges		(167 981)	(4 134 720)	(144 741)	(4 114 229)
Transfers and Grants		-	-	(9 347 826)	(9 565 217)
NET CASH FROM OPERATING ACTIVITIES	**47**	**194 339 329**	**160 144 952**	**193 572 601**	**164 269 490**
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Decrease in non-current investments		2 147 455	-	2 147 455	-
Payments					
Purchase of Property, Plant and Equipment		(197 417 198)	(122 581 390)	(197 132 348)	(122 306 067)
Purchase of Intangible Assets		-	(165 200)	-	(165 200)
NET CASH USED INVESTING ACTIVITIES		**(195 269 743)**	**(122 746 590)**	**(194 984 893)**	**(122 471 267)**
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Increase in Consumer Deposits		60 756	13 401	60 756	13 401
Payments					
Repayment of borrowing		(1 340 562)	(60 775 492)	(1 299 613)	(60 753 190)
NET CASH USED FINANCING ACTIVITIES		**(1 279 805)**	**(60 762 091)**	**(1 238 857)**	**(60 739 789)**
NET DECREASE IN CASH HELD		**(2 210 219)**	**(23 363 729)**	**(2 651 149)**	**(18 941 566)**
Cash and Cash Equivalents at the beginning of the year		8 952 889	32 316 619	5 989 746	24 931 312
Cash and Cash Equivalents at the end of the year	**48**	6 742 670	8 952 889	3 338 597	5 989 746
NET DECREASE IN CASH HELD		**(2 210 219)**	**(23 363 729)**	**(2 651 149)**	**(18 941 566)**

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

ECONOMIC ENTITY

The Consolidated Statement of Comparison of Budget and Actual Amounts is disclosed in terms of paragraph 32 of GRAP 24. Paragraph 32 of GRAP 24 states that separate budgets may be recompiled in order for consolidated disclosure purposes. The Economic Entity did not prepare a Consolidate Budget and therefore opted to apply paragraph 32 in order to recompile a consolidated budget based on the approved budgets of Joe Gqabi District Municipality and Joe Gqabi Economic Development Agency (SoC) Ltd (hereafter referred to as "JoGEDA").

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2024 R (Actual)	2024 R (Final Budget)	2024 R (Variance)
ASSETS			
Current Assets			
Cash and cash equivalents	6 742 670	34 967 897	(28 225 227)
Trade and other receivables from exchange transactions	861 776 916	610 127 449	251 649 467
Receivables from non-exchange transactions	11 193 332	6 466 185	4 727 147
Inventory	3 204 441	1	3 204 440
VAT	-	62 142 733	(62 142 733)
Other current assets	-	3 429 760	(3 429 760)
Total Current Assets	**882 917 359**	**717 134 025**	**165 783 335**
Non-Current Assets			
Investments	-	621 319	(621 319)
Investment property	3 150 486	2 848 414	302 072
Property, plant and equipment	2 111 964 402	2 167 921 974	(55 957 573)
Intangible Assets	210 784	520 563	(309 779)
Total Non-Current Assets	2 115 325 672	2 171 912 270	(56 586 598)
TOTAL ASSETS	**2 998 243 032**	**2 889 046 295**	**109 196 737**
LIABILITIES			
Current Liabilities			
Financial liabilities	52 110	844 891	(792 781)
Consumer deposits	1 451 143	1 473 809	(22 666)
Trade and other payables from exchange transactions	151 549 696	84 187 434	67 362 261
Trade and other payables from non-exchange transactions	200 000	13 988 606	(13 788 606)
Provision	45 116 201	45 432 275	(316 074)
VAT	52 388 089	49 203 630	3 184 459
Total Current Liabilities	**250 757 238**	**195 130 645**	**55 626 593**
Non-Current Liabilities			
Financial liabilities	20 354	454 722	(434 368)
Provision	40 373 330	(9 270 001)	49 643 331
Total Non-Current Liabilities	**40 393 684**	**(8 815 279)**	**49 208 963**
TOTAL LIABILITIES	**291 150 922**	**186 315 366**	**104 835 556**
NET ASSETS	**2 707 092 110**	**2 702 730 929**	**4 361 181**
COMMUNITY WEALTH			
Accumulated Surplus	2 707 092 110	2 695 844 758	11 247 352
Reserves and Funds	-	6 886 171	(6 886 171)
TOTAL COMMUNITY WEALTH/EQUITY	**2 707 092 110**	**2 702 730 929**	**4 361 181**

Refer to note 49.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

ECONOMIC ENTITY

ADJUSTMENTS TO APPROVED BUDGET

	2024 R (Original Budget)	2024 R (Adjustments)	2024 R (Final and Approved
ASSETS			
Current assets			
Cash and cash equivalents	30 110 353	4 857 544	34 967 897
Trade and other receivables from exchange transactions	758 605 180	(148 477 731)	610 127 449
Receivables from non-exchange transactions	264 331	6 201 854	6 466 185
Inventory	2 765 696	(2 765 695)	1
VAT	134 332 590	(72 189 857)	62 142 733
Other current assets	152 249	3 277 511	3 429 760
Total Current Assets	**926 230 399**	**(209 096 374)**	**717 134 025**
Non-Current Assets			
Investments	14 054 681	(13 433 362)	621 319
Investment property	3 036 847	(188 433)	2 848 414
Property, plant and equipment	2 187 055 796	(19 133 822)	2 167 921 974
Intangible Assets	3 078 363	(2 557 800)	520 563
Total Non-Current Assets	**2 207 225 687**	**(35 313 417)**	**2 171 912 270**
TOTAL ASSETS	**3 133 456 086**	**(244 409 791)**	**2 889 046 295**
LIABILITIES			
Current Liabilities			
Financial liabilities	17 093 852	(16 248 961)	844 891
Consumer deposits	1 476 989	(3 180)	1 473 809
Trade and other payables from exchange transactions	201 575 370	(117 387 936)	84 187 434
Trade and other payables from non-exchange transactions	(6 736 729)	20 725 335	13 988 606
Provision	46 781 788	(1 349 513)	45 432 275
VAT	12 356 569	36 847 061	49 203 630
Total Current Liabilities	**272 547 839**	**(77 417 194)**	**195 130 645**
Non-Current Liabilities			
Financial liabilities	15 159 420	(14 704 698)	454 722
Provision	9 313 000	(18 583 001)	(9 270 001)
Other non-current liabilities	26 271 943	(26 271 943)	-
Total Non-Current Liabilities	**50 744 363**	**(59 559 642)**	**(8 815 279)**
TOTAL LIABILITIES	**323 292 202**	**(136 976 836)**	**186 315 366**
NET ASSETS	**2 810 163 884**	**(107 432 955)**	**2 702 730 929**
COMMUNITY WEALTH			
Accumulated Surplus	2 804 003 198	(108 158 440)	2 695 844 758
Reserves and Funds	6 886 071	100	6 886 171
TOTAL COMMUNITY WEALTH/EQUITY	**2 810 889 269**	**(108 158 340)**	**2 702 730 929**

Refer to note 49.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2024

ECONOMIC ENTITY

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2024 R (Actual)	2024 R (Final Budget)	2024 R (Variance)
REVENUE BY SOURCE			
Exchange Revenue			
Service charges - Water	171 288 315	192 038 159	(20 749 844)
Service charges - Waste Water Management	38 467 525	31 807 179	6 660 346
Sale of Goods and Rendering of Services	940 741	359 700	581 041
Agency services	465 825	15 921 429	(15 455 603)
Interest earned from Receivables	103 346 291	90 053 496	13 292 795
Interest earned from Current and Non Current Assets	6 079 502	9 642 989	(3 563 487)
Rental from Fixed Assets	34 427	8 856	25 571
Licence and permits	251 839	279 840	(28 001)
Operational Revenue	285 974	2 651 028	(2 365 053)
Non-Exchange Revenue			
Fines, penalties and forfeits	33 812	33 040	772
Transfer and subsidies - Operational	444 759 532	429 055 450	15 704 082
Gains on disposal of Assets	-	1	(1)
Other Gains	880 226	6 061 180	(5 180 954)
TOTAL OPERATING REVENUE	**766 834 010**	**777 912 346**	**(11 078 336)**
EXPENDITURE BY TYPE			
Employee related costs	273 656 019	268 117 906	5 538 113
Remuneration of councillors	7 050 525	6 957 571	92 954
Remuneration of Directors	1 825 233	1 664 868	160 366
Inventory consumed	24 470 171	30 634 648	(6 164 477)
Debt impairment	84 072 627	94 388 030	(10 315 403)
Depreciation and amortisation	75 788 907	84 109 816	(8 320 909)
Interest	5 087 013	5 130 350	(43 337)
Contracted services	47 722 391	59 569 896	(11 847 505)
Transfers and subsidies	60 100	13 359 564	(13 299 464)
Irrecoverable debts written off	4 333 518	4 666 667	(333 149)
Operational costs	112 064 499	116 399 064	(4 334 565)
Losses on disposal of Assets	455 416	-	455 416
Other Losses	2 887 543	6 061 180	(3 173 637)
TOTAL OPERATING EXPENDITURE	**639 473 962**	**691 059 560**	**(51 585 598)**
OPERATING SURPLUS FOR THE YEAR	**127 360 047**	**86 852 786**	**40 507 261**
Transfers and subsidies - Capital	196 866 959	226 594 549	(29 727 590)
Transfers and subsidies - Capital (in-kind)	3 504 786	-	3 504 786
NET SURPLUS FOR THE YEAR	**327 731 793**	**313 447 335**	**14 284 458**

Refer to note 49.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2024

ECONOMIC ENTITY

ADJUSTMENTS TO APPROVED BUDGET

	2024 R (Original Budget)	2024 R (Adjustments)	2024 R (Approved Budget)	2024 R (Virements)	2024 R (Final Budget)
REVENUE BY SOURCE					
Exchange Revenue					
Service charges - Water	198 307 363	(6 269 204)	192 038 159	-	192 038 159
Service charges - Waste Water Management	46 923 476	(15 116 297)	31 807 179	-	31 807 179
Sale of Goods and Rendering of Services	2 861 780	(2 502 080)	359 700	-	359 700
Agency services	14 686 000	1 235 429	15 921 429	-	15 921 429
Interest earned from Receivables	57 973 115	32 080 381	90 053 496	-	90 053 496
Interest earned from Current and Non Current Assets	9 642 989	-	9 642 989	-	9 642 989
Rental from Fixed Assets	5 300 000	(5 291 144)	8 856	-	8 856
Licence and permits	94 202	185 638	279 840	-	279 840
Operational Revenue	3 486 214	(835 187)	2 651 028	-	2 651 028
Non-Exchange Revenue					
Fines, penalties and forfeits	-	33 040	33 040	-	33 040
Transfer and subsidies - Operational	428 378 700	676 750	429 055 450	-	429 055 450
Gains on disposal of Assets	1	-	1	-	1
Other Gains	7 353 619	(1 292 439)	6 061 180	-	6 061 180
TOTAL OPERATING REVENUE	**775 007 459**	**2 904 887**	**777 912 346**	**-**	**777 912 346**
EXPENDITURE BY TYPE					
Employee related costs	272 710 922	(4 593 016)	268 117 906	-	268 117 906
Remuneration of councillors	7 655 757	(698 186)	6 957 571	-	6 957 571
Remuneration of Directors	1 601 903	62 965	1 664 868	-	1 664 868
Inventory consumed	28 924 883	1 709 765	30 634 648	-	30 634 648
Debt impairment	94 388 030	-	94 388 030	-	94 388 030
Depreciation and amortisation	88 586 134	(4 476 318)	84 109 816	-	84 109 816
Interest	3 635 681	1 494 669	5 130 350	-	5 130 350
Contracted services	71 921 337	(12 351 441)	59 569 896	-	59 569 896
Transfers and subsidies	5 836 644	7 522 920	13 359 564	-	13 359 564
Irrecoverable debts written off	613 889	4 052 778	4 666 667	-	4 666 667
Operational costs	132 656 946	(16 257 881)	116 399 064	-	116 399 064
Losses on disposal of Assets	735	(735)	-	-	-
Other Losses	8 897	6 052 283	6 061 180	-	6 061 180
TOTAL OPERATING EXPENDITURE	**708 541 757**	**(17 482 197)**	**691 059 560**	**-**	**691 059 560**
OPERATING SURPLUS FOR THE YEAR	**66 465 702**	**20 387 084**	**86 852 786**	**-**	**86 852 786**
Transfers and subsidies - capital	246 183 300	(19 588 751)	226 594 549	-	226 594 549
NET SURPLUS FOR THE YEAR	**312 649 002**	**798 333**	**313 447 335**	**-**	**313 447 335**

Refer to note 49.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2024

ECONOMIC ENTITY

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2024 R (Actual)	2024 R (Final Budget)	2024 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service Charges	31 718 639	50 741 295	(19 022 655)
Other Revenue	2 355 689	3 832 464	(1 476 774)
Transfers and Subsidies - Operational	439 725 198	427 950 951	11 774 247
Transfers and Subsidies - Capital	196 866 959	229 568 170	(32 701 211)
Interest	6 079 502	8 818 905	(2 739 403)
Payments			
Suppliers and Employees	(482 238 677)	(452 140 872)	(30 097 805)
Finance Charges	(167 981)	(173 960)	5 979
Transfers and Grants	-	-	-
NET CASH FROM OPERATING ACTIVITIES	**194 339 329**	**268 596 952**	**(74 257 623)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Decrease in non-current investments	2 147 455	(13 371 862)	15 519 317
Payments			
Capital Assets	(197 417 198)	(264 942 550)	67 525 352
NET CASH USED IN INVESTING ACTIVITIES	**(195 269 743)**	**(278 314 412)**	**83 044 669**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowing long term/refinancing	-	30 000 000	(30 000 000)
Receipts			
Increase/(Decrease) in Consumer Deposits	60 756	-	60 756
Payments			
Repayment of borrowing	(1 340 562)	864 097	(2 204 659)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(1 279 805)**	**30 864 097**	**(32 143 902)**
NET INCREASE/(DECREASE) IN CASH HELD	**(2 210 219)**	**21 146 637**	**(23 356 857)**
Cash/cash equivalents at the year begin:	8 952 889	8 137 201	815 688
Cash/cash equivalents at the year end:	6 742 670	29 283 838	(22 541 168)
NET INCREASE/(DECREASE) IN CASH HELD	**(2 210 219)**	**21 146 637**	**(23 356 857)**

Refer to note 49.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2024

ECONOMIC ENTITY

ADJUSTMENTS TO APPROVED BUDGET

	2024 R (Original Budget)	2024 R (Adjustments)	2024 R (Final and Approved Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service Charges	186 172 153	(135 430 858)	50 741 295
Other Revenue	7 628 000	(3 795 537)	3 832 464
Transfers and Subsidies - Operational	432 312 700	(4 361 749)	427 950 951
Transfers and Subsidies - Capital	246 183 300	(16 615 130)	229 568 170
Interest	9 642 989	(824 084)	8 818 905
Payments			
Suppliers and Employees	(626 067 503)	173 926 631	(452 140 872)
Finance Charges	(3 635 681)	3 461 721	(173 960)
NET CASH FROM OPERATING ACTIVITIES	**252 235 958**	**16 360 994**	**268 596 952**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Decrease in non-current investments	(61 500)	(13 310 362)	(13 371 862)
Payments			
Capital Assets	(287 901 800)	22 959 250	(264 942 550)
NET CASH USED IN INVESTING ACTIVITIES	**(287 963 300)**	**9 648 888**	**(278 314 412)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowing long term/refinancing	30 000 000	-	30 000 000
Payments			
Repayment of borrowing	-	864 097	864 097
NET CASH FROM FINANCING ACTIVITIES	**30 000 000**	**864 097**	**30 864 097**
NET INCREASE/(DECREASE) IN CASH HELD	**(5 727 342)**	**26 873 979**	**21 146 637**
Cash/cash equivalents at the year begin:	30 450 232	(22 313 031)	8 137 201
Cash/cash equivalents at the year end:	24 722 890	4 560 948	29 283 838
NET INCREASE/(DECREASE) IN CASH HELD	**(5 727 342)**	**26 873 979**	**21 146 637**

Refer to note 49.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

MUNICIPALITY

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2024 R (Actual)	2024 R (Final Budget)	2024 R (Variance)
ASSETS			
Current Assets			
Cash and cash equivalents	3 338 597	30 104 897	(26 766 300)
Trade and other receivables from exchange transactions	861 764 246	585 148 984	276 615 262
Receivables from non-exchange transactions	10 824 815	6 201 854	4 622 961
Inventory	3 204 441	1	3 204 440
VAT	-	62 142 733	(62 142 733)
Other current assets	-	3 429 760	(3 429 760)
Total Current Assets	**879 132 099**	**687 028 229**	**192 103 870**
Non-Current Assets			
Investments	-	621 319	(621 319)
Investment property	1 750 486	1 748 414	2 072
Property, plant and equipment	2 107 853 365	2 163 734 969	(55 881 604)
Intangible Assets	92 289	110 563	(18 274)
Total Non-Current Assets	2 109 696 141	2 166 215 265	(56 519 124)
TOTAL ASSETS	**2 988 828 240**	**2 853 243 494**	**135 584 746**
LIABILITIES			
Current Liabilities			
Financial liabilities	-	844 891	(844 891)
Consumer deposits	1 451 143	1 473 809	(22 666)
Trade and other payables from exchange transactions	152 890 973	58 539 804	94 351 169
Trade and other payables from non-exchange transactions	2 450 000	13 988 606	(11 538 606)
Provision	44 170 352	44 627 275	(456 923)
VAT	37 314 322	49 203 630	(11 889 308)
Total Current Liabilities	**238 276 789**	**168 678 015**	**69 598 774**
Non-Current Liabilities			
Financial liabilities	-	454 722	(454 722)
Provision	40 373 330	(9 270 001)	49 643 331
Total Non-Current Liabilities	**40 373 330**	**(8 815 279)**	**49 188 609**
TOTAL LIABILITIES	**278 650 119**	**159 862 736**	**118 787 383**
NET ASSETS	**2 710 178 122**	**2 693 380 758**	**16 797 364**
COMMUNITY WEALTH			
Accumulated Surplus	2 710 178 122	2 693 380 758	16 797 364
TOTAL COMMUNITY WEALTH/EQUITY	**2 710 178 122**	**2 693 380 758**	**16 797 364**

Refer to note 49.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

MUNICIPALITY

ADJUSTMENTS TO APPROVED BUDGET

	2024 R (Original Budget)	2024 R (Adjustments)	2024 R (Final and Approved
ASSETS			
Current assets			
Cash and cash equivalents	25 247 353	4 857 544	30 104 897
Trade and other receivables from exchange transactions	733 626 715	(148 477 731)	585 148 984
Receivables from non-exchange transactions	-	6 201 854	6 201 854
Inventory	2 765 696	(2 765 695)	1
VAT	134 332 590	(72 189 857)	62 142 733
Other current assets	152 249	3 277 511	3 429 760
Total Current Assets	**896 124 603**	**(209 096 374)**	**687 028 229**
Non-Current Assets			
Investments	14 054 681	(13 433 362)	621 319
Investment property	1 826 847	(78 433)	1 748 414
Property, plant and equipment	2 180 483 906	(16 748 937)	2 163 734 969
Intangible Assets	608 363	(497 800)	110 563
Total Non-Current Assets	**2 196 973 797**	**(30 758 532)**	**2 166 215 265**
TOTAL ASSETS	**3 093 098 400**	**(239 854 906)**	**2 853 243 494**
LIABILITIES			
Current Liabilities			
Financial liabilities	17 093 852	(16 248 961)	844 891
Consumer deposits	1 476 989	(3 180)	1 473 809
Trade and other payables from exchange transactions	171 529 370	(112 989 566)	58 539 804
Trade and other payables from non-exchange transactions	(6 736 729)	20 725 335	13 988 606
Provision	45 976 788	(1 349 513)	44 627 275
VAT	12 356 569	36 847 061	49 203 630
Total Current Liabilities	**241 696 839**	**(73 018 824)**	**168 678 015**
Non-Current Liabilities			
Financial liabilities	15 159 420	(14 704 698)	454 722
Provision	9 313 000	(18 583 001)	(9 270 001)
Other non-current liabilities	26 271 943	(26 271 943)	-
Total Non-Current Liabilities	**50 744 363**	**(59 559 642)**	**(8 815 279)**
TOTAL LIABILITIES	**292 441 202**	**(132 578 466)**	**159 862 736**
NET ASSETS	**2 800 657 198**	**(107 276 440)**	**2 693 380 758**
COMMUNITY WEALTH			
Accumulated Surplus	2 800 657 198	(107 276 440)	2 693 380 758
TOTAL COMMUNITY WEALTH/EQUITY	**2 800 657 198**	**(107 276 440)**	**2 693 380 758**

Refer to note 49.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2024

MUNICIPALITY

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2024 R (Actual)	2024 R (Final Budget)	2024 R (Variance)
REVENUE BY SOURCE			
Exchange Revenue			
Service charges - Water	171 288 315	192 038 159	(20 749 844)
Service charges - Waste Water Management	38 467 525	31 807 179	6 660 346
Sale of Goods and Rendering of Services	940 741	359 700	581 041
Agency services	465 825	500 000	(34 175)
Interest earned from Receivables	103 346 291	90 053 496	13 292 795
Interest earned from Current and Non Current Assets	5 619 204	9 230 346	(3 611 142)
Rental from Fixed Assets	34 427	8 856	25 571
Licence and permits	251 839	279 840	(28 001)
Operational Revenue	253 758	2 556	251 202
Non-Exchange Revenue			
Fines, penalties and forfeits	33 812	33 040	772
Transfer and subsidies - Operational	444 759 532	418 055 450	26 704 082
Gains on disposal of Assets	-	1	(1)
Other Gains	880 226	6 061 180	(5 180 954)
TOTAL OPERATING REVENUE	**766 341 496**	**748 429 803**	**17 911 693**
EXPENDITURE BY TYPE			
Employee related costs	259 499 330	252 740 553	6 758 777
Remuneration of councillors	7 050 525	6 957 571	92 954
Inventory consumed	24 470 171	30 634 648	(6 164 477)
Debt impairment	84 072 627	94 388 030	(10 315 403)
Depreciation and amortisation	75 276 700	83 488 000	(8 211 300)
Interest	5 063 772	5 130 350	(66 578)
Contracted services	58 617 853	59 569 896	(952 043)
Transfers and subsidies	11 364 448	13 359 564	(1 995 116)
Irrecoverable debts written off	4 333 518	4 666 667	(333 149)
Operational costs	103 658 346	106 081 585	(2 423 239)
Losses on disposal of Assets	414 067	-	414 067
Other Losses	3 508 862	6 061 180	(2 552 318)
TOTAL OPERATING EXPENDITURE	**637 330 219**	**663 078 044**	**(25 747 825)**
OPERATING SURPLUS FOR THE YEAR	**129 011 277**	**85 351 759**	**43 659 518**
Transfers and subsidies - Capital	196 866 959	226 594 549	(29 727 590)
Transfers and subsidies - Capital (in-kind)	3 504 786	-	3 504 786
NET SURPLUS FOR THE YEAR	**329 383 022**	**311 946 308**	**17 436 714**

Refer to note 49.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2024

MUNICIPALITY

ADJUSTMENTS TO APPROVED BUDGET

	2024 R (Original Budget)	2024 R (Adjustments)	2024 R (Approved Budget)	2024 R (Virements)	2024 R (Final Budget)
REVENUE BY SOURCE					
Exchange Revenue					
Service charges - Water	198 307 363	(6 269 204)	192 038 159	-	192 038 159
Service charges - Waste Water Management	46 923 476	(15 116 297)	31 807 179	-	31 807 179
Sale of Goods and Rendering of Services	2 861 780	(2 502 080)	359 700	-	359 700
Agency services	486 000	14 000	500 000	-	500 000
Interest earned from Receivables	57 973 115	32 080 381	90 053 496	-	90 053 496
Interest earned from Current and Non Current Assets	9 230 346	-	9 230 346	-	9 230 346
Rental from Fixed Assets	5 300 000	(5 291 144)	8 856	-	8 856
Licence and permits	94 202	185 638	279 840	-	279 840
Operational Revenue	1 124 214	(1 121 658)	2 556	-	2 556
Non-Exchange Revenue					
Fines, penalties and forfeits	-	33 040	33 040	-	33 040
Transfer and subsidies - Operational	417 378 700	676 750	418 055 450	-	418 055 450
Gains on disposal of Assets	1	-	1	-	1
Other Gains	7 353 619	(1 292 439)	6 061 180	-	6 061 180
TOTAL OPERATING REVENUE	**747 032 816**	**1 396 987**	**748 429 803**	**-**	**748 429 803**
EXPENDITURE BY TYPE					
Employee related costs	256 583 569	(3 843 016)	252 740 553	-	252 740 553
Remuneration of councillors	7 655 757	(698 186)	6 957 571	-	6 957 571
Inventory consumed	28 924 883	1 709 765	30 634 648	-	30 634 648
Debt impairment	94 388 030	-	94 388 030	-	94 388 030
Depreciation and amortisation	87 964 318	(4 476 318)	83 488 000	-	83 488 000
Interest	3 635 681	1 494 669	5 130 350	-	5 130 350
Contracted services	71 921 337	(12 351 441)	59 569 896	-	59 569 896
Transfers and subsidies	5 836 644	7 522 920	13 359 564	-	13 359 564
Irrecoverable debts written off	613 889	4 052 778	4 666 667	-	4 666 667
Operational costs	123 036 911	(16 955 326)	106 081 585	-	106 081 585
Losses on disposal of Assets	735	(735)	-	-	-
Other Losses	8 897	6 052 283	6 061 180	-	6 061 180
TOTAL OPERATING EXPENDITURE	**680 570 651**	**(17 492 607)**	**663 078 044**	**-**	**663 078 044**
OPERATING SURPLUS FOR THE YEAR	**66 462 165**	**18 889 594**	**85 351 759**	**-**	**85 351 759**
Transfers and subsidies - capital	246 183 300	(19 588 751)	226 594 549	-	226 594 549
NET SURPLUS FOR THE YEAR	**312 645 465**	**(699 157)**	**311 946 308**	**-**	**311 946 308**

Refer to note 49.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2024

MUNICIPALITY

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2024 R (Actual)	2024 R (Final Budget)	2024 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service Charges	31 718 639	35 319 866	(3 601 227)
Other Revenue	2 323 473	1 183 992	1 139 481
Transfers and Subsidies - Operational	439 725 198	416 950 951	22 774 247
Transfers and Subsidies - Capital	196 866 959	229 568 170	(32 701 211)
Interest	5 619 204	8 406 262	(2 787 058)
Payments			
Suppliers and Employees	(473 188 306)	(423 212 270)	(49 976 036)
Finance Charges	(144 741)	(173 960)	29 219
Transfers and Grants	(9 347 826)	-	(9 347 826)
NET CASH FROM OPERATING ACTIVITIES	**193 572 601**	**268 043 011**	**(74 470 410)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Decrease in non-current investments	2 147 455	(13 371 862)	15 519 317
Payments			
Capital Assets	(197 132 348)	(263 567 550)	66 435 202
NET CASH USED IN INVESTING ACTIVITIES	**(194 984 893)**	**(276 939 412)**	**81 954 519**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowing long term/refinancing	-	30 000 000	(30 000 000)
Receipts			
Increase/(Decrease) in Consumer Deposits	60 756	-	60 756
Payments			
Repayment of borrowing	(1 299 613)	864 097	(2 163 710)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(1 238 857)**	**30 864 097**	**(32 102 954)**
NET INCREASE/(DECREASE) IN CASH HELD	**(2 651 149)**	**21 967 696**	**(24 618 845)**
Cash/cash equivalents at the year begin:	5 989 746	8 137 201	(2 147 455)
Cash/cash equivalents at the year end:	3 338 597	30 104 897	(26 766 300)
NET INCREASE/(DECREASE) IN CASH HELD	**(2 651 149)**	**21 967 696**	**(24 618 845)**

Refer to note 49.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2024

MUNICIPALITY

ADJUSTMENTS TO APPROVED BUDGET

	2024 R (Original Budget)	2024 R (Adjustments)	2024 R (Final and Approved Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service Charges	171 972 153	(136 652 287)	35 319 866
Other Revenue	5 266 000	(4 082 008)	1 183 992
Transfers and Subsidies - Operational	421 312 700	(4 361 749)	416 950 951
Transfers and Subsidies - Capital	246 183 300	(16 615 130)	229 568 170
Interest	9 230 346	(824 084)	8 406 262
Payments			
Suppliers and Employees	(598 096 397)	174 884 127	(423 212 270)
Finance Charges	(3 635 681)	3 461 721	(173 960)
NET CASH FROM OPERATING ACTIVITIES	**252 232 421**	**15 810 590**	**268 043 011**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Decrease in non-current investments	(61 500)	(13 310 362)	(13 371 862)
Payments			
Capital Assets	(287 901 800)	24 334 250	(263 567 550)
NET CASH USED IN INVESTING ACTIVITIES	**(287 963 300)**	**11 023 888**	**(276 939 412)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowing long term/refinancing	30 000 000	-	30 000 000
Payments			
Repayment of borrowing	-	864 097	864 097
NET CASH FROM FINANCING ACTIVITIES	**30 000 000**	**864 097**	**30 864 097**
NET INCREASE/(DECREASE) IN CASH HELD	**(5 730 879)**	**27 698 575**	**21 967 696**
Cash/cash equivalents at the year begin:	26 167 232	(18 030 031)	8 137 201
Cash/cash equivalents at the year end:	20 436 353	9 668 544	30 104 897
NET INCREASE/(DECREASE) IN CASH HELD	**(5 730 879)**	**27 698 575**	**21 967 696**

Refer to note 49.2 for further details relating to material variances.

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

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

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

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

The accounting policies applied are consistent with those used to present the previous year’s financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Economic Entity resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Economic Entity applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Economic Entity's functional currency.

1.04 GOING CONCERN ASSUMPTION

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

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

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.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. No significant amendments were made to the accounting policy in the current year.

1.06 CONSOLIDATED FINANCIAL STATEMENTS

The Economic Entity's financial statements incorporate the financial statements of the parent entity, Joe Gqabi District Economic Entity, and all its municipal entities, presented as a single entity and consolidated at the same reporting date as the parent entity.

Municipal entities are all controlled entities over which the Economic Entity has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

All inter-entity transactions and balances, unrealized gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Economic Entity.

1.07 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.08 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.09 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.09.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Economic Entity may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Economic Entity resolved not to early adopt the following Standard of GRAP which was issued but is not yet effective:

1.09.1.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

The impact of the revised Standard may be significant on the financial statements, due to the following key changes to the Standard:

(a) Changes in the classification of instruments for subsequent measurement – financial assets are measured at either amortised cost or fair value based on the reason why they are held and their economic characteristics. Specific liabilities are measured at fair value, and all others are measured at amortised cost.
(b) The approach to impairing financial assets changed from an incurred loss to an expected loss model. As indicated in the name, expected losses estimate the expected default of financial assets over a period of time rather than only recognising an impairment loss when an event occurs.
(c) Loan commitments and financial guarantee contracts are recognised and measured differently. They are no longer in the scope of GRAP 19 on Provisions, Contingent Liabilities and Contingent Assets. When entering into these transactions there is an economic consequence that exposes an entity to risk. Accounting for them as financial instruments best captures this risk exposure.
(d) With the changes in the classification of instruments and impairment approach, there is new information that GRAP 104 requires entities to disclose.

1.09.1.2 iGRAP 22 - Foreign Currency Transactions and Advance Consideration (effective 1 April 2025)

This Interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

No significant impact is expected as the Economic Entity is not exposed to any foreign currency transactions.

1.09 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.09.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but is not yet effective and the Minister of Finance has not yet determined an effective date for implementation, the Economic Entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.09.2.1 GRAP 103 (Revised 2022) - Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

The impact of this Standard on the financial statements will not be significant, as the Economic Entity does not have any assets that meet the definition of a heritage asset as prescribed per GRAP 103.

1.09.2.2 GRAP 105 (Revised 2023) - Transfer of Functions Between Entities Under Common Control

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Economic Entity is not currently party to, or foresee that it will be party to any transfers of functions in the near future.

1.09.2.3 GRAP 106 (Revised 2023) - Transfer of Functions Between Entities Not Under Common Control

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Economic Entity is not currently party to, or does not foresee that it will be party to any transfers of functions in the near future.

1.09.2.4 GRAP 107 (Revised 2023) - Mergers

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Economic Entity is not currently party to, or does not foresee that it will be party to any mergers in the near future.

1.09.2.5 Amendments to GRAP 1 on Presentation of Financial Statements (2022)

The amendments to the Standard clarifies how to apply going concern assumption in the public sector and improve disclosure on related judgements and conclusions.

The impact of these amendments to the Standard on the financial statements will not be significant.

1.09.2.6 Improvements to the Standards of GRAP (2023)

The effect of the improvements to the current pronouncements to the Standard of GRAP is considered insignificant. The improvements mainly relates to the clarification of accounting principles.

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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.

1.10 INVESTMENT PROPERTY (CONTINUED)

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Economic Entity.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Economic Entity. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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

1.10.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.10.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Economic Entity assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	20 - 30
Land	Indefinite

1.10.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

1.10.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

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

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity.

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

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

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Economic Entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

At each reporting date the Economic Entity assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Infrastructure	
Sewerage Network	7 - 118
Water Network	8 - 101
Land and Buildings	
Land	Indefinite
Buildings	20 - 30
Other Assets	
Special Vehicles	10 – 16
Motor vehicles	5 – 17
Office Equipment	7 – 15
Furniture and Fittings	7 – 16
Tool and Equipment	5 – 15
Computer Equipment	3 – 17
Fire Engines	5 – 12

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.11.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

1.11.5 Derecognition

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Economic Entity recognises an intangible asset only 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.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity.

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

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) its intention to complete the intangible asset and use or sell it;
(c) its ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits or service potential;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Subsequent Measurement - Cost Model

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

1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. Amortisation ceases at the date that the asset is derecognised.

1.12 INTANGIBLE ASSETS (CONTINUED)

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software and Website	3 - 10

1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

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

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Economic Entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Economic Entity estimates the recoverable amount of the asset.

1.13.1 Recoverable amount of Cash-generating assets

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

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

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.13.2 Recoverable amount of Non-cash-generating assets

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

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.13.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

1.13.4 Reversal of an impairment loss

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

(a) in the form of materials or supplies to be consumed in the production process;
(b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
(c) held for sale or distribution in the ordinary course of operations; or
(d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount 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 expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

1.14 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 would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

1.15 EMPLOYEE BENEFITS

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

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

1.15.1 Post-Retirement Benefits

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

1.15.1.1 Multi-employer defined contribution plans

The Economic Entity contributes to various defined contribution plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

1.15.1.2 Post Retirement Medical Obligations

The Economic Entity provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Economic Entity. The Economic Entity's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

1.15 EMPLOYEE BENEFITS (CONTINUED)

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.2.2 Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Economic Entity's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.3 Short-term Benefits

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

Short-term employee benefits include items such as:

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

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

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

1.15.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.15.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.15.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Economic Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

1.16 PROVISIONS (CONTINUED)

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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 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 will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Economic Entity has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Economic Entity 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.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.17 LEASES

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

1.17.1 Economic Entity as Lessee

1.17.1.1 Finance Leases

At the commencement of the lease term, the Economic Entity recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Economic Entity's incremental borrowing rate is used. Any initial direct costs of the Economic Entity are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.17.2 Economic Entity as Lessor

1.17.2.1 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Economic Entity's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Economic Entity, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

(a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.

(b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

(c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

- (i) derivatives;
- (ii) combined instruments that are designated at fair value;
- (iii) instruments held for trading;
- (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.18.3 Impairment and uncollectibility of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.18.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.18.3.2 Financial assets measured at cost

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

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.4 Derecognition of financial instruments

1.18.4.1 Financial assets

The Economic Entity derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Economic Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Economic Entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Economic Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Economic Entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.18.4.2 Financial liabilities

The Economic Entity derecognises financial liabilities when the Economic Entity's obligations are discharged, cancelled or they expire.

The Economic Entity recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.18.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.19.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Economic Entity initially measure statutory receivables at their transaction amount.

1.19.2 Subsequent Measurement

The Economic Entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.19.3 Impairment and uncollectibility of statutory receivables

The Economic Entity assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Economic Entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Economic Entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Economic Entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.19 STATUTORY RECEIVABLES (CONTINUED)

1.19.4 Derecognition

The Economic Entity derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Economic Entity transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Economic Entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Economic Entity derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Economic Entity will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

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

1.22 SOUTH AFRICAN REVENUE SERVICES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Economic Entity accounts for value-added tax (VAT) on the payment basis.

1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24 CONSUMER DEPOSITS

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

1.25 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Economic Entity meet the definition and criteria for recognition as assets.

1.25 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS (CONTINUED)

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

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as an individual investment or part of the general investments of the Economic Entity until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Economic Entity's interest it is recognised as interest earned in the Statement of Financial Performance.

1.26 UNPAID CONDITIONAL GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants and subsidies.

1.27 NON-CURRENT INVESTMENTS

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.28 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Economic Entity has an enforceable legal obligation to collect, unless the Economic Entity has no intention of collecting this revenue. Where the Economic Entity has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Economic Entity does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.28.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Economic Entity received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.28.1.1 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.28.1.2 Insurance Receipts

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.28 REVENUE (CONTINUED)

1.28.1.3 Unclaimed deposits

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

1.28.1.4 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.28.1.5 Services in-kind

Services in-kind include services provided by individuals to the Economic Entity at no charge or where the Economic Entity has the right to use assets at no charge.

The Economic Entity's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Economic Entity and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Economic Entity's operations or does not satisfy the criteria for recognition, the Economic Entity only disclose the nature and type of services in-kind received during the reporting period.

1.28.1.6 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Economic Entity.

1.28.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Economic Entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.28.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Economic Entity was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

1.28.2.2 Investment income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.28.2.3 Rental income

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

1.28.2.4 Income from Agency Services

Revenue arising out of situations where the Economic Entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Economic Entity as compensation for executing the agreed services.

1.28 REVENUE (CONTINUED)

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.28.2.5 Other Tariffs

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

1.28.2.6 Sale of goods

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

(a) The Economic Entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
(b) The Economic Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
(c) The amount of revenue can be measured reliably.
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Economic Entity.
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.28.2.7 Deferred payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.29 BORROWING COSTS

Borrowing costs that are incurred by the Economic Entity are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.30 TAXATION

1.30.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.30.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.30.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period. Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.31 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Economic Entity or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Economic Entity’s Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.34 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Economic Entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Economic Entity.

The Economic Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.35 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.36 EVENTS AFTER REPORTING DATE

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

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

If non-adjusting events after the reporting date are material, the Economic Entity discloses the nature and an estimate of the financial effect.

1.37 RELATED PARTIES

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

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

1.37 RELATED PARTIES (CONTINUED)

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Economic Entity, including those charged with the governance of the Economic Entity in accordance with legislation, in instances where they are required to perform such functions.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

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

Where the Economic Entity is exempt from the disclosures in accordance with the above-mentioned paragraph, the Economic Entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Economic Entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Economic Entity for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Economic Entity.

The Economic Entity operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm’s length and not on normal commercial terms, are disclosed.

1.38 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

When the Economic Entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Economic Entity is a principal or an agent requires the Economic Entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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

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

When the Economic Entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

The Economic Entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

(a) It does not have the power to determine the significant terms and conditions of the transaction.
(b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
(c) It is not exposed to variability in the results of the transaction.

Where the Economic Entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria on whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The Economic Entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

1.38 ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

Where the Economic Entity acts as a principle, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

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

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

1.39 LIVING AND NON-LIVING RESOURCES

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, is not recognised. The Standard only requires disclosure of the relevant resources.

The Economic Entity has assessed that it does not control any living resources.

1.40 SEGMENT REPORTINGS

A segment is an activity of the Economic Entity:

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

Management comprises those persons responsible for planning, directing and controlling the activities of the Economic Entity, including those charged with the governance of the Economic Entity in accordance with legislation.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Economic Entity and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Economic Entity’s financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Economic Entity as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

1.41 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Economic Entity’s accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.41.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

1.41 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.41.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.41.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.41.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

The Economic Entity is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Economic Entity does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Economic Entity.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.41.5 Post-Retirement, Long-term Benefits and Ex gratia gratuities

The cost of post-retirement medical obligations, long-service awards and Ex gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.41.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

1.41.7 Distinguishing between Financial Instruments and Statutory Receivables

The Economic Entity analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.41.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.41.9 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Economic Entity.

1.41 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

1.41.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Economic Entity must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Economic Entity assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Economic Entity controls land.

1.41.11 Applying materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Economic Entity's circumstances. The assessment of materiality therefore requires management to apply judgement about:

(a) How information could reasonably be expected to influence the discharge of accountability by the Economic Entity or decisions that the users make on the basis of those financial statements.
(b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

1.41.12 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.41.13 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

2 CASH AND CASH EQUIVALENTS

Primary Bank Account	2 222 291	651 094	2 027 379	586 706
Call and short-term investments deposits	4 410 779	8 166 195	1 201 618	5 267 440
Cash floats	300	300	300	300
Petty cash	109 300	135 300	109 300	135 300
Total	**6 742 670**	**8 952 889**	**3 338 597**	**5 989 746**

Due to the short term nature of cash deposits, all balances included above is in line with their fair value.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	200 000	151 964	200 000	151 964
Less: Unpaid Conditional Grants	(10 824 815)	(6 201 854)	(10 824 815)	(6 201 854)
Resources available for internal distribution	17 367 485	15 002 779	13 963 412	12 039 635
Total	**6 742 670**	**8 952 889**	**3 338 597**	**5 989 746**

Primary Bank Account

ABSA Bank - Barkly East Branch - 23 800 000 19

Bank Statement Balance - Opening Balance	509 761	3 264 009	509 761	3 264 009
Bank Statement Balance - Closing Balance	1 953 070	509 761	1 953 070	509 761
Cashbook Balance - Opening Balance	586 706	3 264 009	586 706	3 264 009
Cashbook Balance - Closing Balance	2 027 379	586 706	2 027 379	586 706

ABSA Bank - 40 7880 3628

Bank Statement Balance - Opening Balance	64 387	5 544 027	-	-
Bank Statement Balance - Closing Balance	194 912	64 387	-	-
Cashbook Balance - Opening Balance	64 388	5 544 027	-	-
Cashbook Balance - Closing Balance	194 912	64 388	-	-

Call and short-term investments deposits

Call and Notice Deposits consist of the following accounts:

ABSA - Acc no 9084169245	719 704	345 685	719 704	345 685
ABSA - Acc no 9185426744	48 307	4 733 472	48 307	4 733 472
ABSA - Acc no 9072226158	67 364	62 842	67 364	62 842
ABSA - Acc no 9122637071	1 558	1 478	1 558	1 478
ABSA - Acc no 9270029895	2 095	1 987	2 095	1 987
ABSA - Acc no 9276836949	362 590	121 976	362 590	121 976
ABSA - Acc no 9275708888	1 073 545	1 245 481	-	-
ABSA - Acc no 9317246681	101 530	1 653 274	-	-
ABSA - Acc no 9381155458	2 034 086	-	-	-
Total	**4 410 779**	**8 166 195**	**1 201 618**	**5 267 440**

Interest of 4.6% (2023 - 4.6%) were attracted by these short term deposits.

3 INVENTORY

Fuel and oil – at cost	327 561	328 100	327 561	328 100
Stationery and materials - at cost	17 127	19 706	17 127	19 706
Spare parts - at cost	2 101 944	1 895 822	2 101 944	1 895 822
Water stock - net realisable value	757 809	652 030	757 809	652 030
Total	**3 204 441**	**2 895 658**	**3 204 441**	**2 895 658**

No inventory were pledged as security for liabilities.

Fuel were purchased on a needs basis as from March 2017 resulting in the decrease on the inventory recognised as an expense during the year.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

3 INVENTORY (CONTINUED)

Inventory recognised as an expense during the year.	8 891	161 308	8 891	161 308
Inventory Adjustments made for the year (loss)	-	-	-	-

Water inventory Consumed - In terms of GRAP 12.50

Some entities adopt a format for surplus or deficit that results in amounts being disclosed other than the cost of inventories recognised as an expense during the period. Under this format, an entity presents an analysis of expenses using a classification based on the nature of expenses. In this case, the entity discloses the costs recognised as an expense for raw materials and consumables, labour costs and other costs together with the amount of the net change in inventories for the period. Included in the following line items are expenses related to inventory consumed and inventory losses during the year:

Nature of expenditure:				
Bulk purchases	8 035 675	5 106 678	8 035 675	5 106 678
Contracted Services	105 931	1 661 172	105 931	1 661 172
Depreciation and Amortisation	58 716 598	57 371 725	58 716 598	57 371 725
Employee related costs	113 761 726	104 032 156	113 761 726	104 032 156
Other Expenditure	47 136 860	36 090 150	47 136 860	36 090 150
Repairs and Maintenance	5 518 031	24 869 027	5 518 031	24 869 027
Total cost	**233 274 823**	**229 130 908**	**233 274 823**	**229 130 908**
The above cost can be classified as follows:				
Inventory consumed	190 386 307	172 355 989	190 386 307	172 355 989
Inventory loss - Refer to note 51	42 888 515	56 774 919	42 888 515	56 774 919
	233 274 823	**229 130 908**	**233 274 823**	**229 130 908**

Council took a decision to replace the conventional water meters with pre paid water meters. Below are the detail of the meters procured and balance in store at year end. The cost of the meters were expensed during the year.

Number of pre paid meters procured for the period:	-	-	-	-
Number of pre paid meters in stores at year end:	-	10	-	10

4 RECEIVABLES FROM EXCHANGE TRANSACTIONS

ECONOMIC ENTITY

30 JUNE 2024

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**1 548 606 116**	**691 077 978**	**857 528 138**
Water	1 223 448 311	545 127 975	678 320 336
Sewerage	310 479 429	145 950 003	164 529 427
Walter Sisulu Local Municipality	14 678 375	-	14 678 375
Other Receivables	**7 203 841**	**2 955 063**	**4 248 779**
Deposits	157 631	-	157 631
Staff and other debtors	7 046 211	2 955 063	4 091 148
Total	**1 555 809 957**	**694 033 041**	**861 776 916**

4 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2023

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**1 244 674 268**	**598 122 855**	**646 551 413**
Water	970 566 095	466 904 577	503 661 518
Sewerage	259 429 798	118 186 468	141 243 330
Walter Sisulu Local Municipality	14 678 375	13 031 811	1 646 564
Other Receivables	**7 514 861**	**2 371 814**	**5 143 047**
Deposits	157 631	-	157 631
DBSA Interest	2 137 309	-	2 137 309
Staff and other debtors	5 219 921	2 371 814	2 848 107
Total	**1 252 189 128**	**600 494 669**	**651 694 459**
Balance previously reported	**1 253 106 818**	**600 494 669**	**652 612 149**
Prior period adjustment - Refer to note 46.01	(917 690)	-	(917 690)
Restated on 30 June 2023	**1 252 189 128**	**600 494 669**	**651 694 459**

MUNICIPALITY

30 JUNE 2024

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**1 548 606 116**	**691 077 978**	**857 528 138**
Water	1 223 448 311	545 127 975	678 320 336
Sewerage	310 479 429	145 950 003	164 529 427
Walter Sisulu Local Municipality	14 678 375	-	14 678 375
Other Receivables	**7 191 171**	**2 955 063**	**4 236 109**
Deposits	144 961	-	144 961
Staff and other debtors	7 046 211	2 955 063	4 091 148
Total	**1 555 797 287**	**694 033 041**	**861 764 246**

30 JUNE 2023

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**1 244 674 268**	**598 122 855**	**646 551 413**
Water	970 566 095	466 904 577	503 661 518
Sewerage	259 429 798	118 186 468	141 243 330
Walter Sisulu Local Municipality	14 678 375	13 031 811	1 646 564
Other Receivables	**7 502 191**	**2 371 814**	**5 130 377**
Deposits	144 961	-	144 961
DBSA Interest	2 137 309	-	2 137 309
Staff and other debtors	5 219 921	2 371 814	2 848 107
Total	**1 252 176 458**	**600 494 669**	**651 681 789**
Balance previously reported	**1 253 094 148**	**600 494 669**	**652 599 479**
Prior period adjustment - Refer to note 46.01	(917 690)	-	(917 690)
Restated on 30 June 2023	**1 252 176 458**	**600 494 669**	**651 681 789**

Walter Sisulu Local Municipality (Previously known as Gariep Local Municipality and Maletswai Local Municipality) owe the Economic Entity for cash received for water and sanitation as per the billing agreement. The entire provision for impairment was reversed in the current year based on legal guidance received.

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

4 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 2% is charged on overdue accounts.

Ageing of service receivables:				
Water Ageing				
Current (0 - 30 days)	28 355 670	62 940 819	28 355 670	62 940 819
Past Due (31 - 60 Days)	25 828 387	19 398 026	25 828 387	19 398 026
Past Due (61 - 90 Days)	24 467 461	18 559 334	24 467 461	18 559 334
Past Due (90 Days +)	1 144 796 794	869 667 916	1 144 796 794	869 667 916
Total	**1 223 448 312**	**970 566 095**	**1 223 448 312**	**970 566 095**
Sewerage Ageing				
Current (0 - 30 days)	5 223 037	16 694 585	5 223 037	16 694 585
Past Due (31 - 60 Days)	4 927 625	5 074 512	4 927 625	5 074 512
Past Due (61 - 90 Days)	4 814 108	4 893 560	4 814 108	4 893 560
Past Due (90 Days +)	295 514 659	232 767 141	295 514 659	232 767 141
Total	**310 479 429**	**259 429 798**	**310 479 429**	**259 429 798**
Other Services Ageing				
Current (0 - 30 days)	218 380	2 423 700	218 380	2 423 700
Past Due (31 - 60 Days)	152 524	86 490	152 524	86 490
Past Due (61 - 90 Days)	155 860	94 414	155 860	94 414
Past Due (90 Days +)	21 342 783	19 575 962	21 342 783	19 575 962
Total	**21 869 547**	**22 180 566**	**21 869 547**	**22 180 566**
Total Service Receivables Ageing				
Current (0 - 30 days)	33 797 086	82 059 105	33 797 086	82 059 105
Past Due (31 - 60 Days)	30 908 536	24 559 028	30 908 536	24 559 028
Past Due (61 - 90 Days)	29 437 428	23 547 307	29 437 428	23 547 307
Past Due (90 Days +)	1 461 654 237	1 122 011 019	1 461 654 237	1 122 011 019
Total	**1 555 797 287**	**1 252 176 458**	**1 555 797 287**	**1 252 176 458**
Reconciliation of Allowance for impairment				
Balance at the beginning of the year	600 494 669	507 508 196	600 494 669	507 508 196
Contribution to the provision	97 871 890	96 435 623	97 871 890	96 435 623
Water	81 371 034	85 675 006	81 371 034	85 675 006
Sewerage	28 949 417	10 211 573	28 949 417	10 211 573
Walter Sisulu Local Municipality	(13 031 811)	-	(13 031 811)	-
Staff and other debtors	583 249	549 044	583 249	549 044
Bad Debts Written off	(4 333 518)	(3 449 150)	(4 333 518)	(3 449 150)
Water	(3 147 636)	(2 434 326)	(3 147 636)	(2 434 326)
Sewerage	(1 185 882)	(1 012 956)	(1 185 882)	(1 012 956)
Staff and other debtors	-	(1 868)	-	(1 868)
Balance at the end of the year	**694 033 041**	**600 494 669**	**694 033 041**	**600 494 669**

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

5 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other receivables	368 517	172 198	-	-
Total	**368 517**	**172 198**	**-**	**-**

Other receivables relate to amounts to be recovered as a result of overpayment to suppliers and/or employees.

6 UNPAID CONDITIONAL GOVERNMENT GRANTS

National Government	4 563 240	4 563 240	4 563 240	4 563 240
Provincial Government	6 261 575	1 638 614	6 261 575	1 638 614
Total Unpaid Grants	**10 824 815**	**6 201 854**	**10 824 815**	**6 201 854**
Unpaid Conditional Grants and Receipts consist out of the following:				
Municipal Infrastructure Grant (MIG)	4 563 240	4 563 240	4 563 240	4 563 240
Public Works - Special Programme	6 261 575	1 638 614	6 261 575	1 638 614
Total Unpaid Grants	**10 824 815**	**6 201 854**	**10 824 815**	**6 201 854**

7 NON-CURRENT INVESTMENTS

Financial Instruments				
Fixed Deposits	-	2 147 455	-	2 147 455
Transferred to Current Investments	-	(2 147 455)	-	(2 147 455)
Unlisted				
Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	-	621 319
Cost	-	-	6 886 141	6 886 141
Provision for Impairment	-	-	(6 886 141)	(6 264 822)
Total	**-**	**-**	**-**	**621 319**
Fixed deposit consist of the following accounts:				
ABSA - Account number 660000135 - DBSA Loan	**-**	**2 147 455**	**-**	**2 147 455**

The fixed deposit serve as collateral security for the DBSA Building loan - Refer to note 12

The investment matured on 1 April 2024. Accordingly, the investment was transferred to current investments on 30 June 2023. The investment earned interest at an average interest rate of 9.13% per annum. (2023 - 9.13%). Interest rates are considered to be market related. The carrying amount of these fixed deposits approximates their fair value.

Investments are made in terms of the Economic Entity's Cash Management and Investment Policy, as required by Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd (JoGEDA). The purpose of the entity is to promote economic development in the district.

Prior to 1 July 2012, JoGEDA was still in its establishment phase. All contributions made by the Municipality during the establishment phase was capitalised as part of the investment. In the 2012/13 year, JoGEDA became operational as a result thereof, contributions made by the Municipality are no longer capitalised. These contributions are treated as Grants and Subsidies Paid.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

7 NON-CURRENT INVESTMENTS (CONTINUED)

The provision for impairment is based on the difference between the amount invested and the net asset value of JoGEDA. The provision for impairment is calculated on an annual basis. Net asset value of JoGEDA as disclosed in their annual financial statements was stated at a deficit and accordingly the full amount of the investment was impaired. (2023 - R 621 319 before restatements in the prior year that also resulted in the comparative year being in a deficit position).

8 INVESTMENT PROPERTY

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
Investment Property - Carrying Value	**3 150 486**	**3 173 414**	**1 750 486**	**1 773 414**
The movement in investment properties is reconciled as follows:				
Opening Carrying Value	**3 173 414**	**2 896 343**	**1 773 414**	**1 796 343**
Cost	4 384 061	5 026 392	2 117 526	2 759 857
Accumulated Depreciation	(380 951)	(663 456)	(344 111)	(626 616)
Accumulated Impairment	(829 695)	(1 466 593)	-	(336 898)
Depreciation for the year	(22 928)	(22 928)	(22 928)	(22 928)
Reversal of impairment for the year	-	300 000	-	-
Write-offs	-	-	-	-
Cost	-	(642 331)	-	(642 331)
Accumulated Depreciation	-	305 433	-	305 433
Accumulated Impairment	-	336 898	-	336 898
Closing Carrying Value	**3 150 486**	**3 173 414**	**1 750 486**	**1 773 414**
Cost	4 384 061	4 384 061	2 117 526	2 117 526
Accumulated Depreciation	(403 879)	(380 951)	(367 039)	(344 111)
Accumulated Impairment	(829 695)	(829 695)	-	-

No revenue derived from the rental of investment property.

No operating expenditure was incurred on investment property during the 2022/2023 and 2023/2024 financial years on investment properties.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The condition of the improvements of 2 properties deteriorated to such an extent that there are no future economic benefits associated with these assets. The properties were demolished in the 2022/2023 financial year.

Valuations performed in 2022/23 indicated a slight improvement in values from prior years. This triggered the partial reversal of impairment previously recognised on land. The buildings on the investment properties remain fully impaired with no indicators to further impair nor reverse these impairment charges previously raised.

9 PROPERTY PLANT AND EQUIPMENT

ECONOMIC ENTITY

Reconciliation of Carrying Value:

30 June 2024	Opening Carrying Value R	Cost: Opening Balance R	Cost: Additions R	Cost: Write Offs R	Cost: Transfers R	Cost: Closing Balance R	Accumulated Depreciation: Opening Balance R	Accumulated Depreciation: Additions R	Accumulated Depreciation: Write Offs R	Accumulated Depreciation: Closing Balance R	Accumulated Impairment: Opening Balance R	Accumulated Impairment: Additions R	Accumulated Impairment: Write Offs R	Accumulated Impairment: Closing Balance R	Closing Carrying Value R
Land and Buildings	**10 769 552**	**20 522 333**	**-**	**-**	**-**	**20 522 333**	**9 752 781**	**690 746**	**-**	**10 443 527**	**-**	**-**	**-**	**-**	**10 078 806**
Land	2 043 000	2 043 000	-	-	-	2 043 000	-	-	-	-	-	-	-	-	2 043 000
Buildings	8 726 552	18 479 333	-	-	-	18 479 333	9 752 781	690 746	-	10 443 527	-	-	-	-	8 035 806
Infrastructure	**1 960 910 302**	**2 696 269 309**	**198 712 733**	**(1 005 318)**	**-**	**2 893 976 723**	**730 336 327**	**72 886 092**	**(592 195)**	**802 630 225**	**5 022 679**	**-**	**-**	**5 022 679**	**2 086 323 820**
Sewerage network	364 931 215	519 771 715	-	(81 465)	73 504	519 763 754	151 208 616	14 169 494	(75 571)	165 302 539	3 631 885	-	-	3 631 885	350 829 330
Water network	1 155 864 610	1 736 383 116	1 711 411	(923 853)	37 821 505	1 774 992 178	579 127 711	58 716 598	(516 624)	637 327 686	1 390 794	-	-	1 390 794	1 136 273 699
Work in Progress	440 114 478	440 114 478	197 001 322	-	(37 895 009)	599 220 791	-	-	-	-	-	-	-	-	599 220 791
Other Assets	**15 439 461**	**47 309 039**	**2 209 250**	**(253 552)**	**-**	**49 264 738**	**31 739 934**	**2 044 642**	**(209 105)**	**33 575 471**	**129 645**	**-**	**(2 154)**	**127 491**	**15 561 776**
Office Equipment	630 598	1 737 594	298 095	(41 952)	-	1 993 736	1 106 047	144 518	(40 142)	1 210 422	949	-	(949)	-	783 314
Furniture & Fittings	1 003 571	3 747 981	84 877	(4 277)	-	3 828 581	2 740 987	145 146	(2 989)	2 883 144	3 423	-	(1 205)	2 218	943 219
Motor Vehicles	5 853 788	16 662 849	-	-	-	16 662 849	10 809 060	388 399	-	11 197 459	-	-	-	-	5 465 390
Fire Engines	1 954 570	10 228 477	-	-	-	10 228 477	8 273 906	64 092	-	8 337 998	-	-	-	-	1 890 478
Computer Equipment	3 612 107	6 494 257	55 357	(205 551)	-	6 344 062	2 878 167	827 581	(164 202)	3 541 547	3 982	-	-	3 982	2 798 534
Special Vehicles	1 340 607	5 568 825	1 690 021	-	-	7 258 846	4 228 219	320 078	-	4 548 297	-	-	-	-	2 710 550
Tools and Equipment	1 044 219	2 869 057	80 902	(1 772)	-	2 948 187	1 703 547	154 829	(1 772)	1 856 604	121 291	-	-	121 291	970 292
Total	**1 987 119 315**	**2 764 100 680**	**200 921 984**	**(1 258 870)**	**-**	**2 963 763 794**	**771 829 042**	**75 621 481**	**(801 300)**	**846 649 223**	**5 152 324**	**-**	**(2 154)**	**5 150 169**	**2 111 964 402**

Other than Work in Progress relating to infrastructure assets, the Economic Entity also has the following Work in Progress at year-end included in the above-mentioned balances:

Computer equipment	695 046
Furniture and fittings	12 559
Leasehold Improvements	71 213
Total	**778 818**

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

ECONOMIC ENTITY

30 June 2023		Cost					Accumulated Depreciation				Accumulated Impairment				
	Carrying Value R	Opening Balance R	Additions R	Write Offs R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Write Offs R	Closing Balance R	Opening Balance R	Additions R	Write Offs R	Closing Balance R	Carrying Value R
Land and Buildings	**11 460 298**	**20 522 333**	**-**	**-**	**-**	**20 522 333**	**9 062 034**	**690 746**	**-**	**9 752 781**	**-**	**-**	**-**	**-**	**10 769 552**
Land	2 043 000	2 043 000	-	-	-	2 043 000	-	-	-	-	-	-	-	-	2 043 000
Buildings	9 417 298	18 479 333	-	-	-	18 479 333	9 062 034	690 746	-	9 752 781	-	-	-	-	8 726 552
Infrastructure	**1 913 412 233**	**2 578 859 575**	**120 755 018**	**(3 345 284)**	**-**	**2 696 269 309**	**662 712 391**	**70 930 584**	**(3 306 647)**	**730 336 327**	**2 734 951**	**2 287 728**	**-**	**5 022 679**	**1 960 910 302**
Sewerage network	323 992 242	464 756 527	-	(1 377 350)	56 392 538	519 771 715	139 026 548	13 558 859	(1 376 791)	151 208 616	1 737 737	1 894 147	-	3 631 885	364 931 215
Water network	1 112 454 797	1 637 137 853	-	(1 967 934)	101 213 196	1 736 383 116	523 685 843	57 371 725	(1 929 856)	579 127 711	997 214	393 581	-	1 390 794	1 155 864 610
Work in Progress	476 965 194	476 965 194	120 755 018	-	(157 605 735)	440 114 478	-	-	-	-	-	-	-	-	440 114 478
Other Assets	**15 489 760**	**46 874 589**	**1 962 086**	**(1 527 636)**	**-**	**47 309 039**	**31 279 025**	**1 988 348**	**(1 527 439)**	**31 739 934**	**105 804**	**23 841**	**-**	**129 645**	**15 439 461**
Office Equipment	560 072	2 280 006	180 653	(723 065)	-	1 737 594	1 719 934	113 028	(726 916)	1 106 047	-	949	-	949	630 598
Furniture & Fittings	1 124 316	3 902 597	19 000	(173 616)	-	3 747 981	2 776 047	134 754	(169 813)	2 740 987	2 234	1 188	-	3 423	1 003 571
Motor Vehicles	5 590 874	16 018 390	644 459	-	-	16 662 849	10 427 516	381 545	-	10 809 060	-	-	-	-	5 853 788
Fire Engines	2 021 273	10 228 477	-	-	-	10 228 477	8 207 203	66 703	-	8 273 906	-	-	-	-	1 954 570
Computer Equipment	3 299 383	5 535 842	1 029 302	(70 887)	-	6 494 257	2 236 459	708 149	(66 441)	2 878 167	-	3 982	-	3 982	3 612 107
Special Vehicles	1 770 699	5 568 825	-	-	-	5 568 825	3 798 126	430 093	-	4 228 219	-	-	-	-	1 340 607
Tools and Equipment	1 123 142	3 340 452	88 673	(560 068)	-	2 869 057	2 113 740	154 077	(564 269)	1 703 547	103 570	17 721	-	121 291	1 044 219
Total	**1 940 362 291**	**2 646 256 496**	**122 717 104**	**(4 872 921)**	**-**	**2 764 100 680**	**703 053 450**	**73 609 677**	**(4 834 086)**	**771 829 042**	**2 840 755**	**2 311 568**	**-**	**5 152 324**	**1 987 119 315**

Other than Work in Progress relating to infrastructure assets, the Economic Entity also has the following Work in Progress at year-end included in the above-mentioned balances:

Computer equipment	695 046
Furniture and fittings	12 559
Leasehold Improvements	71 213
Total	**778 818**

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

MUNICIPALITY

Reconciliation of Carrying Value:

30 June 2024	**Opening Carrying Value**	**Cost**					**Accumulated Depreciation**				**Accumulated Impairment**				**Closing Carrying Value**
		Opening Balance	**Additions**	**Write Offs**	**Transfers**	**Closing Balance**	**Opening Balance**	**Additions**	**Write Offs**	**Closing Balance**	**Opening Balance**	**Additions**	**Write Offs**	**Closing Balance**	
	R	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Land and Buildings	**8 329 489**	**17 787 494**	**-**	**-**	**-**	**17 787 494**	**9 458 006**	**587 753**	**-**	**10 045 758**	**-**	**-**	**-**	**-**	**7 741 736**
Land	2 043 000	2 043 000	-	-	-	2 043 000	-	-	-	-	-	-	-	-	2 043 000
Buildings	6 286 489	15 744 494	-	-	-	15 744 494	9 458 006	587 753	-	10 045 758	-	-	-	-	5 698 736
Infrastructure	**1 960 910 302**	**2 696 269 309**	**198 712 733**	**(1 005 318)**	**-**	**2 893 976 723**	**730 336 327**	**72 886 092**	**(592 195)**	**802 630 225**	**5 022 679**	**-**	**-**	**5 022 679**	**2 086 323 820**
Sewerage network	364 931 215	519 771 715	-	(81 465)	73 504	519 763 754	151 208 616	14 169 494	(75 571)	165 302 539	3 631 885	-	-	3 631 885	350 829 330
Water network	1 155 864 610	1 736 383 116	1 711 411	(923 853)	37 821 505	1 774 992 178	579 127 711	58 716 598	(516 624)	637 327 686	1 390 794	-	-	1 390 794	1 136 273 699
Work in Progress	440 114 478	440 114 478	197 001 322	-	(37 895 009)	599 220 791	-	-	-	-	-	-	-	-	599 220 791
Other Assets	**13 598 005**	**44 710 870**	**1 924 401**	**(50 599)**	**-**	**46 584 672**	**30 983 220**	**1 733 653**	**(47 501)**	**32 669 372**	**129 645**	**-**	**(2 154)**	**127 491**	**13 787 809**
Office Equipment	462 620	1 432 626	99 212	(41 952)	-	1 489 885	969 056	77 935	(40 142)	1 006 849	949	-	(949)	-	483 036
Furniture & Fittings	589 291	3 187 256	12 127	(4 035)	-	3 195 348	2 594 542	77 219	(2 747)	2 669 015	3 423	-	(1 205)	2 218	524 115
Motor Vehicles	5 853 788	16 662 849	-	-	-	16 662 849	10 809 060	388 399	-	11 197 459	-	-	-	-	5 465 390
Fire Engines	1 954 570	10 228 477	-	-	-	10 228 477	8 273 906	64 092	-	8 337 998	-	-	-	-	1 890 478
Computer Equipment	2 426 213	4 866 501	42 140	(2 840)	-	4 905 801	2 436 306	661 573	(2 840)	3 095 039	3 982	-	-	3 982	1 806 780
Special Vehicles	1 340 607	5 568 825	1 690 021	-	-	7 258 846	4 228 219	320 078	-	4 548 297	-	-	-	-	2 710 550
Tools and Equipment	970 916	2 764 337	80 902	(1 772)	-	2 843 466	1 672 131	144 357	(1 772)	1 814 715	121 291	-	-	121 291	907 460
Total	**1 982 837 797**	**2 758 767 673**	**200 637 134**	**(1 055 917)**	**-**	**2 958 348 890**	**770 777 553**	**75 207 498**	**(639 696)**	**845 345 355**	**5 152 324**	**-**	**(2 154)**	**5 150 169**	**2 107 853 365**

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

MUNICIPALITY

30 JUNE 2023		Cost					Accumulated Depreciation				Accumulated Impairment				
	Carrying Value R	Opening Balance R	Additions R	Write Offs R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Write Offs R	Closing Balance R	Opening Balance R	Additions R	Write Offs R	Closing Balance R	Carrying Value R
Land and Buildings	**8 917 241**	**17 787 494**	**-**	**-**	**-**	**17 787 494**	**8 870 253**	**587 753**	**-**	**9 458 006**	**-**	**-**	**-**	**-**	**8 329 489**
Land	2 043 000	2 043 000	-	-	-	2 043 000	-	-	-	-	-	-	-	-	2 043 000
Buildings	6 874 241	15 744 494	-	-	-	15 744 494	8 870 253	587 753	-	9 458 006	-	-	-	-	6 286 489
Infrastructure	**1 913 412 233**	**2 578 859 575**	**120 755 018**	**(3 345 284)**	**-**	**2 696 269 309**	**662 712 391**	**70 930 584**	**(3 306 647)**	**730 336 327**	**2 734 951**	**2 287 728**	**-**	**5 022 679**	**1 960 910 302**
Sewerage network	323 992 242	464 756 527	-	(1 377 350)	56 392 538	519 771 715	139 026 548	13 558 859	(1 376 791)	151 208 616	1 737 737	1 894 147	-	3 631 885	364 931 215
Water network	1 112 454 797	1 637 137 853	-	(1 967 934)	101 213 196	1 736 383 116	523 685 843	57 371 725	(1 929 856)	579 127 711	997 214	393 581	-	1 390 794	1 155 864 610
Work in Progress	476 965 194	476 965 194	120 755 018	-	(157 605 735)	440 114 478	-	-	-	-	-	-	-	-	440 114 478
Other Assets	**13 809 611**	**44 687 458**	**1 551 049**	**(1 527 636)**	**-**	**44 710 870**	**30 772 042**	**1 738 617**	**(1 527 439)**	**30 983 220**	**105 804**	**23 841**	**-**	**129 645**	**13 598 005**
Office Equipment	488 492	2 110 752	44 939	(723 065)	-	1 432 626	1 622 260	73 712	(726 916)	969 056	-	949	-	949	462 620
Furniture & Fittings	675 044	3 360 872	-	(173 616)	-	3 187 256	2 683 593	80 762	(169 813)	2 594 542	2 234	1 188	-	3 423	589 291
Motor Vehicles	5 590 874	16 018 390	644 459	-	-	16 662 849	10 427 516	381 545	-	10 809 060	-	-	-	-	5 853 788
Fire Engines	2 021 273	10 228 477	-	-	-	10 228 477	8 207 203	66 703	-	8 273 906	-	-	-	-	1 954 570
Computer Equipment	2 223 861	4 164 410	772 978	(70 887)	-	4 866 501	1 940 548	562 198	(66 441)	2 436 306	-	3 982	-	3 982	2 426 213
Special Vehicles	1 770 699	5 568 825	-	-	-	5 568 825	3 798 126	430 093	-	4 228 219	-	-	-	-	1 340 607
Tools and Equipment	1 039 367	3 235 732	88 673	(560 068)	-	2 764 337	2 092 795	143 605	(564 269)	1 672 131	103 570	17 721	-	121 291	970 916
Total	**1 936 139 086**	**2 641 334 527**	**122 306 067**	**(4 872 921)**	**-**	**2 758 767 673**	**702 354 686**	**73 256 953**	**(4 834 086)**	**770 777 553**	**2 840 755**	**2 311 568**	**-**	**5 152 324**	**1 982 837 797**

The detail of the Work in progress follows. No depreciation was recorded against these assets as they are still under construction.

There are no assets pledged as security for liabilities.

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Work in Progress (both Economic Entity and Municipality)

30 June 2024 Project Name	Opening Balance R	WIP Transfers R	Expenditure Incurred (VAT Exclusive) R	Completed R	Closing Balance R	Civil R	Electrical R	Mechanical R	Other R	Project started	Number of years project is on WIP	Current phase starting date	Number of years current phase is on WIP	Comment
Ugie Bulk Water Infrastructure Phase B	779 473	-	-	-	779 473	-	-	-	779 473	2014/15	10	2019/20	5	This phase started in 2019/20 and consists of the construction of the new dam. The project has gone through the feasibility stage and the dam design was approved by Department of Water & Sanitation (DWS). The tender documentation and construction drawings must be still be finalized.
RBIG - LADY GREY BULK WATER	15 678 808	-	681 590	-	16 360 398	14 881 643	492 918	985 836	-	2015/16	9	2017/18	7	This RBIG project started in 2017/18 and has since gone through the Feasibility phase, Design phase as well as the Implementation Ready Study (IRS) Phase. Currently there is a delay in approval of the IRS by National DWS due to design queries. Construction can only commence once the IRS is approved by DWS.
MT FLETCHER BULK WATER SUPPLY-PHASE 2	37 182 224	-	4 676 526	(5 215 726)	36 643 024	33 953 501	1 610 983	1 078 540	-	2010/11	14	2010/11	14	There is a delay in the close out of the project due to untimely death of the consultant. Council approved VO to close out project which was completed in 2023/24. Close out of project to be achieved in 2024/25.
UPGRADING STERKSPRUIT WATER TREATMENT WORKS	35 411 854	-	704 080	-	36 115 934	30 970 496	528 459	4 616 979	-	2010/11	14	2010/11	14	Linked with Project 73. This project is in Retention Phase. There was a delay in completion of Herschel pipeline due to contractor's dispute which was subsequently resolved and the project to be Closed Out in 2014/15.
JAMESTOWN BUCKET ERADICATION & SANITATION - PHASE 2	7 726 454	-	-	-	7 726 454	6 763 362	98 914	864 178	-	2010/11	14	2018/19	6	The bulk infrastructure as well as the reticulation have been completed in phase 1 and phase 2 respectively. The project is currently in retention stage after which it will be Closed Out.
MACLEAR BULK SANITATION INFRASTRUCTURE UPGRADE	58 092 041	-	6 261 023	-	64 353 064	45 504 881	3 141 364	15 706 819	-	2012/13	12	2018/19	6	This is a multi-year project with multiple phases. The current one, Phase 3B in construction phase and due for completion in 2024/25. The project was delayed due to waiting for SANRAL permission for a pipe crossing a section of road.
ORIO & MIG ELUNDINI RURAL WATER PROGRAMME	53 267 839	-	4 508 886	-	57 776 726	57 776 726	-	-	-	2012/13	12	2017/18	7	Linked with Project No.147. This is a multi-year project with multiple phases. The Project is in Final Design Stage and the tender process to appoint a contractor for Zone 1 is underway with construction to start in 2024/25. Zone 2 & 3 in in the prelim Design stage.
WSOS STERKSPRUIT WTW REFURBISHMENT	146 751	-	-	-	146 751	146 751	-	-	-	2012/13	12	2012/13	12	This project is linked with Project 59 which is in Retention Phase and will reach Closed Out stage in 2024/25.
SENQU RURAL WATER SUPPLY (WORK PACKAGE 1 TO 7)	80 042 115	-	-	-	80 042 115	72 492 516	-	7 549 599	-	2013/14	11	2013/14	11	This is a multi-year project. This project is linked with projects No. 153 to 159, work packages 1 to 7. There is no delay in these projects and partial unbundling will occur as and when stages of the projects are being completed.
SENQU RURAL WATER SUPPLY: Work Package 1	845 978	-	6 868 894	-	7 714 873	6 987 203	-	727 669	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 2: Lusizini/ Ntubeni Village	-	-	15 505 833	-	15 505 833	14 043 318	-	1 462 515	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 3	5 812 095	-	12 539 495	-	18 351 589	16 620 661	-	1 730 928	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 4	3 990 711	-	9 054 716	-	13 045 427	11 814 978	-	1 230 449	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 5	2 098 622	-	14 166 691	-	16 265 313	14 731 163	-	1 534 150	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 6	-	-	9 197 795	-	9 197 795	8 330 255	-	867 539	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 June 2024 Project Name	Opening Balance R	WIP Transfers R	Expenditure Incurred (VAT Exclusive) R	Completed R	Closing Balance R	Civil R	Electrical R	Mechanical R	Other R	Project started	Number of years project is on WIP	Current phase starting date	Number of years current phase is on WIP	Comment
SENQU RURAL WATER SUPPLY: Work Package 7	6 107 034	-	21 849 480	-	27 956 514	25 319 646	-	2 636 868	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
MACLEAR BULK WATER INFRASTRUCTURE UPGRADE (All Phases)	1 441 917	-	1 424 277	-	2 866 193	2 652 366	35 638	178 190	-	2013/14	11	2018/19	6	This is a multi-year project with multiple phases. The current phase consists of the construction of a new WTW. This phase was delayed in court proceedings related to the appointment of the contractor. The tender is due to be re-advertised in 2024/25.
RBIG - Sterkspruit Bulk Sanitation - started 2015	10 959 149	-	7 437 661	-	18 396 810	17 293 001	183 968	919 840	-	2014/15	10	2014/15	10	This is a multi-year project with multiple phases. This project relates to the consulting services and will be on WIP for the full duration of this multi-year projects which has multiple phases.
RBIG - Sterkspruit Construction of Bulk Sewer Lines & Pumpstation for Mokhesi	-	-	10 469 084	-	10 469 084	9 481 637	-	987 448	-	2023/24	1	2023/24	1	This project is linked to Project No. 78 and is Phase 1 of a multi-year project. This project is currently under construction and experienced some delays due to hard rock excavation for pipe laying. This project is due for completion in 2024/25.
WSIG - REFURBISH BURGERSDORP SEWAGE MANAGEMENT SYSTEM (Pump station)	1 854 271	-	-	-	1 854 271	1 854 271	-	-	-	2016/17	8	2016/17	8	This project is linked with Project No. 112a. Emergency procurement was done to complete all 6 pumpstations and the project was under construction in the 2023/24 financial year, to be completed in 2024/25.
Refurbish WTWs	40 734 942	-	-	-	40 734 942	7 119 865	6 548 391	26 193 566	873 119	2017/18	7	2017/18	7	Project to be completed and commissioned in 2024/25
Augment clear water storage	23 164 973	-	-	-	23 164 973	23 164 973	-	-	-	2017/18	7	2017/18	7	Project to be completed and commissioned in 2024/25
Bulk meters	3 555 926	-	4 125 813	(3 603 845)	4 077 895	-	-	4 077 895	-	2017/18	7	2017/18	7	Project in implementation phase. Partial unbundling done.
MIG PLANNING STUDIES	930 587	-	-	-	930 587	-	-	-	930 587	2012/13	12	2012/13	12	No delays. Planning studies. To remain in WIP
Refurbishment of Aliwal North & Burgersdorp WWTW	3 896 154	-	-	-	3 896 154	-	797 724	3 098 430	-	2019/20	5	2019/20	5	Linked to project 149. Refurbishment carried out by WSP to be completed and commissioned in 2024/25
Refurbishment of Mt Fletcher WTW	727 827	-	-	-	727 827	-	-	727 827	-	2019/20	5	2019/20	5	Project to be completed and commissioned in 2024/25
Electro-mechanical Assets Replacement	4 296 951	-	-	-	4 296 951	-	-	4 296 951	-	2019/20	5	2019/20	5	Project to be completed and commissioned in 2024/25
District Wide Drought Relief Mitigation	13 116 310	-	-	-	13 116 310	2 292 537	2 108 527	8 434 109	281 137	2019/20	5	2019/20	5	Project to be completed and commissioned in 2024/25
Rural Rudimentary Water Supply (Mt Fletcher, Maclear and Ugie)	9 347 952	-	-	-	9 347 952	1 695 692	1 559 588	5 884 726	207 945	2020/21	4	2020/21	4	Linked to project 71 and to completed and commissioned in 2024/25
District Wide Refurbishment of WWTW	8 100 869	-	-	-	8 100 869	1 415 912	1 302 264	5 209 057	173 635	2020/21	4	2020/21	4	Linked to project 131. Refurbishment carried out by WSP to be completed and commissioned in 2024/25
Replacement of asbestos water pipeline - Oviston WTWS	5 216 771	-	3 470 804	(8 687 575)	-	-	-	-	-	2022/23	2	2022/23	2	Project completed and unbundled in 2023/24 financial year.
Geohydrological Professional Services Provider for Elundini Rural Water Supply Project	4 560 417	-	6 719 960	-	11 280 377	6 656 957	-	3 643 136	980 285	2021/22	3	2021/22	3	This project is linked with Project No.71 and provide geohydrological services. No delays are experienced.
Upgrade Ugie Water Treatment works sedimentation tank	-	-	21 600 587	-	21 600 587	3 775 463	3 472 427	13 889 707		2023/24	1	2023/24	1	This project is linked to Project No. 126. Construction in 2023/24 and to be completed in 2024/25.
Aliwal North Water Treatment Works Holding Dams	1 027 464	-	714 516	-	1 741 980	1 741 980	-	-	-	2021/22	3	2021/22	3	Multi-year project. Delay due to tender process being cancelled and re0advertised in 2023/24
Provision of Sanitation Infrastructure For Ugie: Phase 1	-	-	6 020 478	-	6 020 478	3 010 239	-	-	3 010 239	2023/24	1	2023/24	1	Multi-year project. Project commenced in 2023/24 and is under construction.
Thembisi Water Supply	-	-	4 076 326	(4 076 326)	-	-	-	-	-	2023/24	1	2023/24	1	Project started and completed in 2023/24. Unbundled to FAR.
District Wide Telemetry	-	-	15 267 677	(15 267 677)	-	-	-	-	-	2023/24	1	2023/24	1	Multi-year project. Project commenced in 2023/24 and is under construction.
Burgersdorp Sanitation upgrade	-	-	8 615 270	-	8 615 270	7 802 675	-	812 595	-	2023/24	1	2023/24	1	This project is linked with Project No. 112 and was under construction in 2023/24 and to be completed in 2024/25.
Capitalised from O&M	-	-	1 043 859	(1 043 859)	-	-	-	-	-	2023/24	1	2023/24	1	Operational expenditure capitalised
Total	**440 114 478**	**-**	**197 001 322**	**(37 895 009)**	**599 220 791**	**450 294 670**	**21 881 165**	**119 345 546**	**7 236 420**					

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 June 2023 Project Name	Opening Balance R	WIP Transfers R	Expenditure Incurred (VAT Exclusive) R	Completed R	Closing Balance R	Civil R	Electrical R	Mechanical R	Other R	Project started	Number of years project is on WIP	Current phase starting date	Number of years current phase is on WIP	Comment
Ugie Bulk Water Infrastructure Phase B	779 473	-	-	-	779 473	-	-	-	779 473	2014/15	9	2019/2020	4	Phase B In planning phase. No delays
RBIG - LADY GREY BULK WATER	13 132 410	-	2 546 398	-	15 678 808	14 261 660	472 383	944 765	-	2015/16	8	2017/2018	6	Delay in approval of IRS by National DWS due to design queries.
MT FLETCHER BULK WATER SUPPLY-PHASE 2	37 182 224	-	-	-	37 182 224	34 453 125	1 634 688	1 094 411	-	2010/11	13	2011/2012	12	Delay in close out to death of consultant. Council approved VO in 2022/23 to close out project.
UPGRADING STERKSPRUIT WATER TREATMENT WORKS	33 275 534	-	2 136 319	-	35 411 854	30 353 814	519 483	4 538 556	-	2010/11	13	2011/2012	12	Linked with Project 73. Delay in completion of Herschel pipeline due to contractor's dispute
JAMESTOWN BUCKET ERADICATION & SANITATION - PHASE 2	46 723 319	-	13 785 249	(52 782 114)	7 726 454	6 763 362	98 914	864 178	-	2010/11	13	2018/2019	5	Multi-year project. Phase 3 is complete and partial unbundling was done.
MACLEAR BULK SANITATION INFRASTRUCTURE UPGRADE	42 948 224	-	15 143 817	-	58 092 041	41 243 420	2 808 104	14 040 518	-	2012/13	11	2017/2018	6	No delays. Multi-year project. Phase 3B in construction phase.
ORIO & MIG ELUNDINI RURAL WATER PROGRAMME	43 135 136	-	10 132 703	-	53 267 839	53 267 839	-	-	-	2012/13	11	2017/2018	6	Linked with Project No.147. Project in Final Design Stage in Zone 1. Zone 2 & 3 in prelim Design
WSOS STERKSPRUIT WTW REFURBISHMENT	146 751	-	-	-	146 751	146 751	-	-	-	2012/13	11	2012/2013	11	Linked with Project 59. Delay in completion of Herschel pipeline due to testing of pipeline
SENQU RURAL WATER SUPPLY (WORK PACKAGE 1 TO 7)	96 373 733	(16 331 618)	-	-	80 042 115	72 492 516	-	7 549 599	-	2013/14	10	2013/2014	10	Linked with projects No. 153 to 159. Work packages 1 to 7. Partial unbundling in 2022/23.
SENQU RURAL WATER SUPPLY: Work Package 1	-	-	845 978	-	845 978	766 185	-	79 793	-	2022/23	1	2022/2023	1	Linked with Project No.76. under design phase and or construction
SENQU RURAL WATER SUPPLY: Work Package 2: Lusizini/ Ntubeni Village	-	3 910 603	5 716 764	(9 627 368)	-	-	-	-	-	2022/23	1	2022/2023	1	Linked with Project No.76. under design phase and or construction
SENQU RURAL WATER SUPPLY: Work Package 3	-	-	5 812 095	-	5 812 095	5 263 896	-	548 199	-	2022/23	1	2022/2023	1	Linked with Project No.76. under design phase and or construction
SENQU RURAL WATER SUPPLY: Work Package 4	-	-	3 990 711	-	3 990 711	3 614 305	-	376 405	-	2022/23	1	2022/2023	1	Linked with Project No.76. under design phase and or construction
SENQU RURAL WATER SUPPLY: Work Package 5	-	-	7 453 964	(5 355 342)	2 098 622	1 900 679	-	197 943	-	2022/23	1	2022/2023	1	Linked with Project No.76. under design phase and or construction
SENQU RURAL WATER SUPPLY: Work Package 6	-	12 421 015	8 693 967	(21 114 982)	-	-	-	-	-	2022/23	1	2022/2023	1	Linked with Project No.76. under design phase and or construction
SENQU RURAL WATER SUPPLY: Work Package 7	-	-	6 107 034	-	6 107 034	5 531 016	-	576 017	-	2022/23	1	2022/2023	1	Linked with Project No.76. under design phase and or construction
MACLEAR BULK WATER INFRASTRUCTURE UPGRADE (All Phases)	43 299 260	-	8 199 414	(50 056 757)	1 441 917	1 355 402	14 419	72 096	-	2013/14	10	2018/2019	5	Multi-year project and phases. Partial unbundling in 2022/23.
RBIG - Sterkspruit Bulk Sanitation - started 2015	9 268 030	-	1 691 120	-	10 959 149	10 301 600	109 591	547 957	-	2014/15	9	2018/2019	5	DWS approval achieved in 2022/23. Project in tender stage.
WSIG - REFURBISH BURGERSDORP SEWAGE MANAGEMENT SYSTEM (Pump station)	1 854 271	-	-	-	1 854 271	1 854 271	-	-	-	2016/17	7	2016/2017	7	Emergency procurement done in 2022/23 to complete all 3 pump stations. To unbundle in 2023/24
Refurbish WTWs	40 734 942	-	-	-	40 734 942	7 119 865	6 548 391	26 193 566	873 119	2017/18	6	2017/2018	6	Linked to projects 126b to 126g. Partial unbundling done in 2022/23
Augment clear water storage	23 164 973	-	-	-	23 164 973	23 164 973	-	-	-	2017/18	6	2017/2018	6	At handover stage. To be unbundled in 2023/24 financial year
Bulk meters	3 555 926	-	-	-	3 555 926	-	-	3 555 926	-	2017/18	6	2017/2018	6	At handover stage. To be unbundled in 2023/24 financial year
MIG PLANNING STUDIES	930 587	-	-	-	930 587	-	-	-	930 587	2012/13	11	2012/2013	11	No delays. Planning studies. To remain in WIP
Refurbishment of Aliwal North & Burgersdorp WWTW	3 896 154	-	-	-	3 896 154	-	797 724	3 098 430	-	2019/20	4	2019/2020	4	Linked to project 112. Emergency work underway to complete outstanding work.
Refurbishment of Mt Fletcher WTW	727 827	-	-	-	727 827	-	-	727 827	-	2019/20	4	2019/2020	4	Emergency procurement done in 2022/23 to complete final phase of work. To unbundle in 2023/24
Electro-mechanical Assets Replacement	4 296 951	-	-	-	4 296 951	-	-	4 296 951	-	2019/20	4	2019/2020	4	At handover stage. To be unbundled in 2023/24 financial year
District Wide Drought Relief Mitigation	13 116 310	-	-	-	13 116 310	2 292 537	2 108 527	8 434 109	281 137	2019/20	4	2019/2020	4	Linked with project 135b and 135c. Partial unbundling done.
Rural Rudimentary Water Supply (Mt Fletcher, Maclear and Ugie)	9 347 952	-	-	-	9 347 952	1 695 692	1 559 588	5 884 726	207 945	2020/21	3	2020/2021	3	At handover stage. To be unbundled in 2023/24 financial year
District Wide Refurbishment of WWTW	8 100 869	-	-	-	8 100 869	1 415 912	1 302 264	5 209 057	173 635	2020/21	3	2020/2021	3	Linked to projects 149b, 149c, 149d, 149e and 149f. Partial unbundling done.
Supply and install two raw water pumps at Rhodes pump station	-	-	73 704	(73 704)	-	-	-	-	-	2022/23	1	2022/2023	1	Project capitalised
3 KSB Pumps in Mount Fletcher	-	-	1 250 000	(1 250 000)	-	-	-	-	-	2022/23	1	2022/2023	1	Project capitalised

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 June 2023 Project Name	Opening Balance R	WIP Transfers R	Expenditure Incurred (VAT Exclusive) R	Completed R	Closing Balance R	Civil R	Electrical R	Mechanical R	Other R	Project started	Number of years project is on WIP	Current phase starting date	Number of years current phase is on WIP	Comment
Replacement of asbestos water pipeline - Oviston WTWS	-	-	5 216 771	-	5 216 771	911 814	838 628	3 354 512	111 817	2022/23	1	2022/2023	1	Under construction
REPAIRS OF MACLEAR WWTW AERATORS_ MIXERS AND CLARIFIER'S	-	-	70 000	(70 000)	-	-	-	-	-	2022/23	1	2022/2023	1	Project capitalised
Sewer pumps for Thembisa Pump Station. 15kw motor rexa supra submersible pump	-	-	843 399	(843 399)	-	-	-	-	-	2022/23	1	2022/2023	1	Project capitalised
Electro-mechanical work at Aliwal North WWTW	-	-	2 568 800	(2 568 800)	-	-	-	-	-	2022/23	1	2022/2023	1	Project capitalised
Service Pumps T6 Gorman-rupp- Assembly T6 Gorman-rupp-Impeller 37kw Motor-1400rpm 380v	-	-	128 225	(128 225)	-	-	-	-	-	2022/23	1	2022/2023	1	Project capitalised
Geohydrological Professional Services Provider for Elundini Rural Water Supply Project	-	-	4 560 417	-	4 560 417	1 422 791	-	2 472 369	665 258	2022/23	1	2022/2023	1	Linked with Project No.71. Project in Final Design Stage in Zone 1. Zone 2 & 3 in prelim Design
Upgrade Ugie Water Treatment works sedimentation tank	974 339	-	12 626 122	(13 600 460)	-	-	-	-	-	2021/22	2	2021/2022	2	No delays. Project in construction phase.
Aliwal North Water Treatment Works Holding Dams	-	-	1 027 464	-	1 027 464	1 027 464	-	-	-	2022/23	1	2022/2023	1	No delays. Project in design stage.
Capitalised from O&M	-	-	134 583	(134 583)	-	-	-	-	-	2022/23	1	2022/2023	1	Project capitalised
Total	**476 965 194**	**-**	**120 755 018**	**(157 605 735)**	**440 114 478**	**322 620 891**	**18 812 704**	**94 657 911**	**4 022 971**					

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

10 INTANGIBLE ASSETS

Intangible Assets - Carrying Value	**210 784**	**355 282**	**92 289**	**138 563**

The movement in intangible assets is reconciled as follows:

Opening Carrying Value	**355 282**	**341 681**	**138 563**	**1 038**
Cost	1 908 424	1 743 224	1 252 409	1 087 209
Accumulated Amortisation	(1 552 914)	(1 401 315)	(1 113 846)	(1 086 171)
Accumulated Impairment	(228)	(228)	-	-
Additions	-	165 200	-	165 200
Amortisation for the year	(144 498)	(151 599)	(46 274)	(27 675)
Closing Carrying Value	**210 784**	**355 282**	**92 289**	**138 563**
Cost	1 908 424	1 908 424	1 252 409	1 252 409
Accumulated Amortisation	(1 697 412)	(1 552 914)	(1 160 120)	(1 113 846)
Accumulated Impairment	(228)	(228)	-	-

No Work In Progress was included in carrying value of intangible assets.

Intangible Assets consist only out of Computer Software and Websites

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

11 CURRENT EMPLOYEE BENEFITS

Bonuses	6 746 152	6 550 401	6 364 843	6 092 215
Staff Leave	19 896 525	19 958 071	19 331 984	19 210 526
Performance Bonuses	13 080 082	12 909 570	13 080 082	12 909 570
Other Provisions	582 342	582 342	582 342	582 342
Current Portion of Non-Current Employee Benefits - Refer to note 18	4 811 100	3 306 550	4 811 100	3 306 550
Post-Retirement Medical Benefits	1 885 000	1 525 000	1 885 000	1 525 000
Long Service Awards	2 766 000	1 754 000	2 766 000	1 754 000
Ex Gratia Gratuities	160 100	27 550	160 100	27 550
Total	**45 116 201**	**43 306 934**	**44 170 352**	**42 101 203**

The movement in current employee benefits are reconciled as follows:

Bonuses

Opening Balance	6 550 401	6 109 419	6 092 215	5 750 268
Contribution during the year	13 922 475	14 108 445	13 235 604	13 336 650
Payments made	(13 726 724)	(13 667 462)	(12 962 976)	(12 994 704)
Closing Balance	**6 746 152**	**6 550 401**	**6 364 843**	**6 092 215**

Bonuses are being paid to all municipal staff, excluding Directors Technical Services and Community Services who have structured their packages differently. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle. This bonus will be paid out annually in December or pro-rata when employment is terminated.

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

11 CURRENT EMPLOYEE BENEFITS (CONTINUED)

Staff Leave

Opening Balance	19 958 071	19 955 646	19 210 526	19 264 752
Contribution during the year	3 374 613	3 571 870	3 066 436	3 455 671
Payments made	(3 436 160)	(3 569 445)	(2 944 978)	(3 509 897)
Closing Balance	**19 896 525**	**19 958 071**	**19 331 984**	**19 210 526**

Staff leave is accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

Performance Bonuses

Opening Balance	12 909 570	12 459 586	12 909 570	12 459 586
Contribution during the year	5 850 912	5 840 303	5 850 912	5 840 303
Payments made	(5 680 400)	(5 390 320)	(5 680 400)	(5 390 320)
Closing Balance	**13 080 082**	**12 909 570**	**13 080 082**	**12 909 570**

Performance bonuses are being provided for and only paid to the Municipal Manager, Directors and middle management after an evaluation of performance by the council.

Other Provisions

Opening Balance	582 342	582 342	582 342	582 342
Closing Balance	**582 342**	**582 342**	**582 342**	**582 342**

Other provisions are non-recurring provisions which consists out of the shortfall in annual earnings of Cape Joint Pension Fund.

It was reported that the established investment return of the fund for the 2009 financial year was -0.94%. Local authorities, including the Economic Entity, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets.

12 LONG-TERM LIABILITIES

Annuity Loans	-	1 299 613	-	1 299 613
Finance Leases	72 463	113 412	-	-
Sub-Total	**72 463**	**1 413 025**	**-**	**1 299 613**
Less: Current portion of Long-term Liabilities	52 110	885 840	-	844 891
Annuity Loans	-	844 891	-	844 891
Finance Leases	52 110	40 949	-	-
Total	**20 354**	**527 185**	**-**	**454 722**

In 2023, an amount of R 2 147 455, as per note 2, was held as guarantee in favour of DBSA for the outstanding long-term liability. The loan was settled during the current year and the guarantee was released.

Further detail relating to Annuity Loans is included in Appendix A.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

12 LONG-TERM LIABILITIES (CONTINUED)

Annuity Loans

Development Bank of South Africa (DBSA)	-	1 299 613	-	1 299 613
The loan was raised to finance the main municipal building in Barkly East. Interest is calculated at 11.50% and instalments are paid every 6 months. The loan will be fully redeemed during the current year.				
	-	**1 299 613**	**-**	**1 299 613**

The Economic Entity opted to finance assets from external funding during the current financial year. Details are as follows:

Opening Balance - Unspent Financing/(Outstanding Financing)	-	10 830 795	-	10 830 795
Assets purchased	-	(10 830 795)	-	(10 830 795)
Closing Balance - Unspent Financing/(Outstanding Financing)	**-**	**-**	**-**	**-**

The total outstanding financing on 30 June 2021 relates asset additions which were approved to be financed from external loans. Front loading loans were raised during 2021/22 amounting to R 60 million. It is expected that a further R 85 million loans will be raised after 30 June 2024 in line with previous Council Resolutions.

Annuity loans are payable as follows:

Payable within one year	-	968 850	-	968 850
Payable within two to five years	-	484 425	-	484 425
Total amount payable	**-**	**1 453 275**	**-**	**1 453 275**
Less: Outstanding Future Finance Charges	-	(153 663)	-	(153 663)
Present value of annuity loans	**-**	**1 299 613**	**-**	**1 299 613**

Finance Leases

Finance Leases, disclosed at amortised cost, consist out of the following agreements:

Nr	Institution	Interest Rate	Redemption Date	Interest Rate	Redemption Date
1	Xerox (Printer)	24.35%	2025/10/31	-	-

Assets and liabilities associated with finance leases:

Nr	Institution	Carrying Value of Liability		Carrying Value of Liability	
1	Xerox (Printer)	72 463	113 412	-	-

Nr	Institution	Carrying Value of Asset		Carrying Value of Asset	
1	Xerox (Printer)	90 476	117 718	-	-

The Economic Entity entered into a finance lease agreement for a Xerox C8170 printer in November 2022. The lease is over a 36 month period, coming to an end in October 2025, and there are no escalation over the term. Ownership is not transferred to the Economic Entity at the end of the lease term.

Finance Leases are payable as follows:

Payable within one year	64 190	64 190	-	-
Payable in 2-5 years	21 397	85 586	-	-
Total amount payable	**85 586**	**149 776**	**-**	**-**
Less: Outstanding Future Finance Charges	(13 123)	(36 364)	-	-
Present value of finance leases	**72 463**	**113 412**	**-**	**-**

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

13 CONSUMER DEPOSITS

Water	1 451 143	1 390 387	1 451 143	1 390 387
Total	**1 451 143**	**1 390 387**	**1 451 143**	**1 390 387**
Guarantees held in lieu of Water Deposits	-	-	-	-

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

Consumer deposits were transferred from the local Municipalities and not all accounts had consumer deposits. All new accounts however are being charged a consumer deposit when consumers do open the account themselves, in cases where the Economic Entity opened an account to ensure completeness of billing, deposits might not have been paid.

14 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	132 543 170	142 348 729	133 884 448	144 235 051
Balance previously reported		140 773 294		142 659 616
Prior period adjustment - Refer to note 46.02		1 575 435		1 575 435
Retentions	9 999 563	10 270 225	9 999 563	10 270 225
Interest Accrued	-	37 359	-	37 359
Unallocated Receipts	1 457 628	1 324 166	1 457 628	1 324 166
Payments received in advance	4 554 926	4 308 153	4 554 926	4 308 153
Senqu Local Municipality	2 994 408	3 176 307	2 994 408	3 176 307
Total	**151 549 696**	**161 464 939**	**152 890 973**	**163 351 261**

Payables are being recognised net of any discounts received.

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Deposits amounting to R144 961 (2023 - R144 961) serve as security for Payables. The remainder of Payables are unsecured.

15 SOUTH AFRICAN REVENUE SERVICES

VAT Payable	52 388 089	40 876 677	37 314 322	30 449 787
Balance previously reported		41 295 668		32 303 561
Prior period adjustment - Refer to note 46.03		(418 991)		(1 853 773)
Total	**52 388 089**	**40 876 677**	**37 314 322**	**30 449 787**

The VAT Payable can be summarised as follows:

VAT Output in Suspense	96 209 783	75 532 895	83 747 118	66 072 235
VAT Input in Suspense	(38 164 263)	(34 511 348)	(40 764 822)	(35 391 286)
VAT Payable to/(Refundable from) SARS	(5 657 431)	(144 870)	(5 667 974)	(231 162)
Total	**52 388 089**	**40 876 677**	**37 314 322**	**30 449 787**

VAT is accounted for on the cash basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

16 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	200 000	151 964	200 000	151 964
Total Unspent Grants	**200 000**	**151 964**	**200 000**	**151 964**

16 UNSPENT CONDITIONAL GOVERNMENT GRANTS (CONTINUED)

Total Conditional Grants and Receipts due to Economic Entity taking into account unpaid grants included in note 6	**10 624 815**	**6 049 889**	**10 624 815**	**6 049 889**

Also refer to Appendix B for further detail relating to grants.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

17 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Joe Gqabi Economic Development Agency (SoC) Ltd	-	-	2 250 000	-
Total	**-**	**-**	**2 250 000**	**-**

18 EMPLOYEE BENEFITS

Post-Retirement Medical Benefits	32 321 000	26 411 000	32 321 000	26 411 000
Ex Gratia Gratuities	498 430	27 830	498 430	27 830
Long Service Awards	12 365 000	11 616 000	12 365 000	11 616 000
Sub-Total	**45 184 430**	**38 054 830**	**45 184 430**	**38 054 830**
Less: Current portion of Employee Benefits - Refer to note 11	**4 811 100**	**3 306 550**	**4 811 100**	**3 306 550**
Post-Retirement Medical Benefits	1 885 000	1 525 000	1 885 000	1 525 000
Ex Gratia Gratuities	160 100	27 550	160 100	27 550
Long Service Awards	2 766 000	1 754 000	2 766 000	1 754 000
Total	**40 373 330**	**34 748 280**	**40 373 330**	**34 748 280**

18.1 Post-Retirement Medical Benefits

The movement in Post-Retirement Medical Benefits are reconciled as follows:

Opening Balance	**26 411 000**	**27 828 000**	**26 411 000**	**27 828 000**
Contribution during the year	5 064 000	5 121 000	5 064 000	5 121 000
Current Service Cost	1 294 000	1 367 000	1 294 000	1 367 000
Interest Expense	3 770 000	3 754 000	3 770 000	3 754 000
Payments made	(1 496 046)	(1 467 737)	(1 496 046)	(1 467 737)
Actuarial Loss/(Gain)	2 342 046	(5 070 263)	2 342 046	(5 070 263)
Change in Financial Assumptions	(501 000)	(4 228 000)	(501 000)	(4 228 000)
Change in Demographic Assumptions	-	-	-	-
Experience Adjustments	2 843 046	(842 263)	2 843 046	(842 263)
Total balance at year-end	**32 321 000**	**26 411 000**	**32 321 000**	**26 411 000**
Less Current Portion	1 885 000	1 525 000	1 885 000	1 525 000
Total	**30 436 000**	**24 886 000**	**30 436 000**	**24 886 000**

The Post-Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service members	211	202	211	202
Continuation members	41	37	41	37
Total	**252**	**239**	**252**	**239**

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

18 EMPLOYEE BENEFITS (CONTINUED)

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

In-service members	16 085 000	12 506 000	16 085 000	12 506 000
Continuation members	16 236 000	13 905 000	16 236 000	13 905 000
Total Unfunded Liability	**32 321 000**	**26 411 000**	**32 321 000**	**26 411 000**

The obligation is unfunded, and therefore no disclosures are made relating to plan assets and the effect of any asset ceiling.

Last Valuation and Actuarial Valuation Method

The last valuation was performed on 14 August 2024. The Projected Unit Credit Method has been used to value the liabilities.

Characteristics of defined benefit plans and risks associated with them

The Economic Entity provides post employment medical benefits as follows:

- Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement.
- Continuation members and their eligible dependants receive a 70% subsidy.
- All post-employment subsidies are subject to a maximum subsidy. The maximum subsidy was assumed to be R 5,541 per principal member per month for the year ending 30 June 2025, and has been assumed to increase annually on 1 July at 75% of salary inflation.
- Upon a member's death-in-service, surviving dependants are not entitled to commence receipt of the subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Notable benefit plan risks faced by the Economic Entity can be summarised as follows:

- Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
- Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the Defined-Benefit Obligation may be volatile which is exacerbated by its long-term nature.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Economic Entity.
- Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the Defined-Benefit Obligation for the Economic Entity.

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

18 EMPLOYEE BENEFITS (CONTINUED)

Significant Actuarial Assumptions

Interest Rates

Discount rate	12.23%	12.47%	12.23%	12.47%
Medical aid contribution inflation rate	7.71%	8.08%	7.71%	8.08%

The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.

Mortality Rates

The SA 85-90 is utilised as reference for mortality during employment. The PA 90 -1 with a 1% mortality improvement per annum from 2010 is utilised as reference for mortality post-employment.

Average Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2023 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

Member Continuation

The continuation of membership at retirement is estimated at 75% (2023 - 75%).

Other Assumptions

Interest Rates

CPI Inflation	6.21%	6.58%	6.21%	6.58%
Net Discount Rate (medical aid contributions)	4.20%	4.06%	4.20%	4.06%
Maximum subsidy inflation rate	5.41%	5.69%	5.41%	5.69%
Net Discount Rate (maximum subsidy)	6.47%	6.42%	6.47%	6.42%

Replacement Ratio

A Replacement Ratio (expected pension as a percentage of final salary, at retirement) of 65% (2023 - 65%) was used.

Termination of Service

If an eligible employee leaves due to resignation or retrenchment, the employer's Defined-Benefit Obligation in respect of that employee ceases. The termination rates are as follows:

Age: 20 - 24	9.00%	9.00%	9.00%	9.00%
Age: 25 - 29	8.00%	8.00%	8.00%	8.00%
Age: 30 - 34	6.00%	6.00%	6.00%	6.00%
Age: 35 - 39	5.00%	5.00%	5.00%	5.00%
Age: 40 - 44	5.00%	5.00%	5.00%	5.00%
Age: 45 - 49	4.00%	4.00%	4.00%	4.00%
Age: 50 - 54	3.00%	3.00%	3.00%	3.00%
Age: 55 +	0.00%	0.00%	0.00%	0.00%

18 EMPLOYEE BENEFITS (CONTINUED)

Other Assumptions

The proportion with a spouse dependant at retirement is estimated at 60% (2023 - 60%). The proportion of eligible in-service non-members joining a scheme by retirement and continuing with the subsidy at and after retirement is estimated at 15% (2023 - 15%). It has been assumed that female spouses will be five years younger than their male counterparts. Furthermore, its assumed that 60% (2023 - 60%) of eligible employees on a health care arrangement at retirement will have a subsidised spouse dependant. For current retiree members, actual subsidised spouse dependants were used and the potential for remarriage was ignored.

Medical Schemes

The Economic Entity contributes to the following medical schemes on a monthly basis:

Bonitas	LA Health
Keyhealth	Sizwe-Hosmed
Samwumed	

It is assumed that the that continuation members and in service members will remain on the same medical scheme and option. In-service non-members were assumed to join Samwumed B, should they join a scheme by retirement and continue to receive the post-employment subsidy.

Sensitivity Analysis - Defined Benefit Obligation at year-end

The Defined-Benefit Obligation are based on a number of assumptions as indicated above. The extent to which the actual Defined-Benefit Obligation faced in the future by the Economic Entity differs from these results will depend on the extent to which actual experience differs from the assumptions made. The assumption which tends to have the greatest impact on the results is the medical aid contribution inflation rate relative to the discount rate. The impact of the aforementioned and the other significant assumptions are disclosed below:

Assumption (Both Economic Entity and Municipality)	**In-service members R m**	**Continuation members R m**	**Total liability R m**	**% change**
Liability	16.085	16.236	32.321	
Medical aid contribution inflation rate				
+ 1%	17.462	17.108	34.570	7%
- 1%	14.299	15.317	29.616	-8%
Discount rate				
+ 1%	13.657	15.136	28.793	-11%
- 1%	19.138	17.499	36.637	13%
Post-employment mortality				
+ 1 year	15.749	15.695	31.444	-3%
- 1 year	16.412	16.778	33.190	3%
Average retirement age				
- 1 year	18.043	16.236	34.279	6%
Membership continuation				
- 10%	13.940	16.236	30.176	-7%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

18 EMPLOYEE BENEFITS (CONTINUED)

Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the Economic Entity which aims to ensure that the cash position of the Economic Entity remains sufficient to cover all working capital requirements (which includes contributions to the relevant medical schemes).

The Economic Entity expects to make contributions to the various medical schemes amounting to R 1 885 000 in the next financial year.

Maturity analysis of expected benefits to be paid in respect of the current eligible employees and continuation members can be illustrated as follows (Undiscounted):

Future years (Both Economic Entity and Municipality)	**Expected Benefit Payments R m**	**% contribution of bracket**
Future year 1 to 10	33.035	3%
Future year 11 to 20	93.522	8%
Future year 21 to 30	208.700	17%
Future year 31 to 40	309.026	25%
Future year 41 to 50	309.367	25%
Future year 51 to 60	196.962	16%
Future year 61 to 70	67.864	6%
Future year 71 to 80	9.588	1%
Total	**1 228.064**	**100%**

The contributions subsequent 80 years (relating to current eligible employees and continuation member) is considered insignificant to be included in the analysis.

18.2 Ex Gratia Gratuities

The movement in Ex Gratia Gratuities are reconciled as follows:

	Economic Entity 30 June 2024	Economic Entity 30 June 2023	Municipality 30 June 2024	Municipality 30 June 2023
Opening Balance	**27 830**	**41 570**	**27 830**	**41 570**
Contribution during the year	1 390	1 720	1 390	1 720
Interest Expense	1 390	1 720	1 390	1 720
Payments made	(76 287)	(13 961)	(76 287)	(13 961)
Actuarial Loss/(Gain)	545 497	(1 499)	545 497	(1 499)
Change in Financial Assumptions	-	(560)	-	(560)
Change in Demographic Assumptions	-	-	-	-
Experience Adjustments	545 497	(939)	545 497	(939)
Total balance at year-end	**498 430**	**27 830**	**498 430**	**27 830**
Less Current Portion	160 100	27 550	160 100	27 550
Total	**338 330**	**280**	**338 330**	**280**

The Ex Gratia Gratuities plans are defined benefit plans.

The following members are eligible for Ex Gratia benefits:

Ex Gratia Members	59	6	59	6

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

18 EMPLOYEE BENEFITS (CONTINUED)

Last Valuation and Actuarial Valuation Method

The last valuation was performed on 14 August 2024. The Projected Unit Credit Method has been used to value the liabilities.

Characteristics of Plan and Associated Risks

The Economic Entity provides a Ex-Gratia benefits as follows:

- A gratuity is granted to eligible employees on retirement, death whilst in service, resignation, ill health, dismissal, or retrenchment.
- The gratuity granted is calculated as follows:

  Lowest historical annual earnings x whole years of service to 30 June 1995 x 6% (Non-Department of Roads and Public Works employees)
  Lowest historical annual earnings x 3 x 6% (Non-Department of Roads and Public Works employees)

Notable benefit plan risks faced by the Economic Entity can be summarised as follows:

- Termination of service: The risk that fewer eligible employees terminate their service at the Economic Entity i.e. more benefits will be payable than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the DBO may be volatile which is exacerbated by its long-term nature.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Economic Entity.
- Future changes in legislation: The risk that changes to legislation with respect to the ex-gratia benefits may increase the Defined-Benefit Obligation for the Economic Entity.

Key Actuarial Assumptions used are as follows:

Interest Rates

Discount rate	10.22%	9.66%	10.22%	9.66%

The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.

Normal and Average Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2023 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

Mortality Rates

The SA 85-90 is utilised as reference for mortality during employment.

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

18 EMPLOYEE BENEFITS (CONTINUED)

Termination of Service

If an eligible employee leaves due to resignation or retrenchment, the employer's Defined-Benefit Obligation in respect of that employee ceases. The following termination rates are as follows:

Age: 20 - 24	9.00%	9.00%	9.00%	9.00%
Age: 25 - 29	8.00%	8.00%	8.00%	8.00%
Age: 30 - 34	6.00%	6.00%	6.00%	6.00%
Age: 35 - 39	5.00%	5.00%	5.00%	5.00%
Age: 40 - 44	5.00%	5.00%	5.00%	5.00%
Age: 45 - 49	4.00%	4.00%	4.00%	4.00%
Age: 50 - 54	3.00%	3.00%	3.00%	3.00%
Age: 55 +	0.00%	0.00%	0.00%	0.00%

Sensitivity Analysis - Defined Benefit Obligation at year-end

The impact of the aforementioned assumptions are disclosed below:

Assumption (both Economic Entity and Municipality)	**Total liability R m**	**% change**
Liability	0.498	
Discount rate		
+ 1%	0.474	-5%
- 1%	0.527	6%
Rates of termination (withdrawal) of service		
x 200 %	0.611	23%
x 50 %	0.427	-14%
Average retirement age		
+ 1 years	0.484	-3%
- 1 years	0.513	3%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the Economic Entity which aims to ensure that the cash position of the Economic Entity remains sufficient to cover all working capital requirements (which includes ex-gratia payments when it becomes due).

The Economic Entity expects to make long service awards payments amounting to R 160 100 in the next financial year.

Maturity analysis of expected benefits to be paid in respect of the current eligible employees can be illustrated as follows (Undiscounted):

Future years (both Economic Entity and Municipality)	**Expected Benefit Payments R m**	**% contribution of bracket**
Future year 1 to 10	0.519	52%
Future year 11 to 20	0.298	30%
Future year 21 to 30	0.186	19%
Future year 31 to 40	-	0%
Total	**1.003**	**100%**

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

18 EMPLOYEE BENEFITS (CONTINUED)

18.3 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	**11 616 000**	**10 929 000**	**11 616 000**	**10 929 000**
Contribution during the year	2 343 000	2 306 000	2 343 000	2 306 000
Current Service Cost	1 158 000	1 174 000	1 158 000	1 174 000
Interest Expense	1 185 000	1 132 000	1 185 000	1 132 000
Payments made	(819 554)	(629 582)	(819 554)	(629 582)
Actuarial Gain	(774 447)	(989 418)	(774 447)	(989 418)
Change in Financial Assumptions	(157 000)	(550 000)	(157 000)	(550 000)
Change in Demographic Assumptions	-	-	-	-
Experience Adjustments	(617 447)	(439 418)	(617 447)	(439 418)
Total balance at year-end	**12 365 000**	**11 616 000**	**12 365 000**	**11 616 000**
Less Current Portion	2 766 000	1 754 000	2 766 000	1 754 000
Total	**9 599 000**	**9 862 000**	**9 599 000**	**9 862 000**

The following members are eligible for long service bonuses:

In-service members	490	475	490	475

Last Valuation and Actuarial Valuation Method

The last valuation was performed on 14 August 2024. The Projected Unit Credit Method has been used to value the liabilities.

Characteristics of Plan and Associated Risks

The Economic Entity provides a long service award benefits as follows:

- The Economic Entity offers employees Long Service Awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.
- In the month that each "Completed Service" milestone is reached, the employee is granted a Long Service Award.
- The award ranges from 4% of total earnings for the first "Completed Service" milestone reached (i.e. 5 years) up to 12% of total annual earnings for the last "Completed Service" milestone reached (i.e. 45 years).
- Earnings relates to the officials basic salary.
- The Economic Entity does not pay any pro-rata Long Service Awards.
- Several eligible fixed-term five-year contract employees have been included in the valuation. Some of these employees are serving their second or subsequent five-year contracts.

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

18 EMPLOYEE BENEFITS (CONTINUED)

Notable benefit plan risks faced by the Economic Entity can be summarised as follows:

- Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.
- Termination of service: The risk that fewer eligible employees terminate their service at the Economic Entity i.e. more long service awards vest than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the Defined-Benefit Obligation may be volatile which is exacerbated by its long-term nature.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Economic Entity.
- Future changes in legislation: The risk that changes to legislation with respect to long service awards may increase the Defined-Benefit Obligation for the Economic Entity.

Key Actuarial Assumptions used are as follows:

Interest Rates

Discount rate	10.83%	11.01%	10.83%	11.01%
CPI inflation rate	4.98%	5.44%	4.98%	5.44%
General earnings inflation rate	5.98%	6.44%	5.98%	6.44%
Net Discount Rate	4.57%	4.29%	4.57%	4.29%

The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.

Normal and Average Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2023 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

Mortality Rates

The SA 85-90 is utilised as reference for mortality during employment.

Termination of Service

If an eligible employee leaves due to resignation or retrenchment, the employer's Defined-Benefit Obligation in respect of that employee ceases. The following termination rates are as follows:

Age: 20 - 24	9.00%	9.00%	9.00%	9.00%
Age: 25 - 29	8.00%	8.00%	8.00%	8.00%
Age: 30 - 34	6.00%	6.00%	6.00%	6.00%
Age: 35 - 39	5.00%	5.00%	5.00%	5.00%
Age: 40 - 44	5.00%	5.00%	5.00%	5.00%
Age: 45 - 49	4.00%	4.00%	4.00%	4.00%
Age: 50 - 54	3.00%	3.00%	3.00%	3.00%
Age: 55 +	0.00%	0.00%	0.00%	0.00%

18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Defined Benefit Obligation at year-end

The Defined-Benefit Obligation are based on a number of assumptions as indicated above. The extent to which the actual Defined-Benefit Obligation faced in the future by the Economic Entity differs from these results will depend on the extent to which actual experience differs from the assumptions made. The assumptions which tends to have the greatest impact on the results are as follows:

- the general earnings inflation rate assumption;
- the discount rate assumption;
- the average retirement age of employees; and
- assumed service termination rates.

The impact of the aforementioned assumptions are disclosed below:

Assumption (both Economic Entity and Municipality)	**Total liability R m**	**% change**
Liability	12.365	
General earnings inflation rate		
+ 1%	12.959	5%
- 1%	11.820	-4%
Discount rate		
+ 1%	11.804	-5%
- 1%	12.984	5%
Average retirement age		
+ 2 years	13.074	6%
- 2 years	10.832	-12%
Rates of termination of service		
x 200 %	10.424	-16%
x 50 %	13.622	10%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the Economic Entity which aims to ensure that the cash position of the Economic Entity remains sufficient to cover all working capital requirements (which includes long service awards when it becomes due).

The Economic Entity expects to make long service awards payments amounting to R 2 766 000 in the next financial year.

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

18 EMPLOYEE BENEFITS (CONTINUED)

Maturity analysis of expected benefits to be paid in respect of the current eligible employees can be illustrated as follows (Undiscounted):

Future years (both Economic Entity and Municipality)	Expected Benefit Payments R m	% contribution of bracket
Future year 1 to 10	22.383	43%
Future year 11 to 20	20.915	40%
Future year 21 to 30	8.217	16%
Future year 31 to 40	0.582	1%
Total	**52.097**	**100%**

The benefits vesting subsequent 40 years (relating to current eligible employees) is considered insignificant to be included in the analysis.

18.4 Defined Contribution Plans

Council contributes to the following defined contribution plans:

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
Government Employees Pension Fund	605 885	631 998	605 885	631 998
Municipal Councillors Pension Fund	136 798	132 986	136 798	132 986
IMATU Retirement Fund	3 204 994	3 105 862	3 204 994	3 105 862
SAMWU National Provident Fund	1 944 603	2 035 450	1 944 603	2 035 450
SALA Pension Fund	1 887 404	1 884 394	1 887 404	1 884 394
Consolidated Retirement Fund	15 561 531	13 668 149	15 561 531	13 668 149
Total	**23 341 215**	**21 458 838**	**23 341 215**	**21 458 838**

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

The Economic Entity previously assessed the Consolidated Retirement Fund to be Multi-Employer Defined-Benefit Plan. This assessment was incorrect as the Economic Entity is only liable for the required contributions to the fund and will not be liable for any shortfall in the fund (if any). This is in contrast to the former fund (Cape Joint Retirement Fund) which was deemed to be a Defined-Benefit Plan. Accordingly, all contributions previously disclosed as Defined-Benefit Plan contributions are now included as part of the Defined Contributions Plan contributions. All disclosures previously made in relation to Defined-Benefit Plans were also removed.

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
Defined-Benefit Plan contributions previously disclosed		13 668 149		13 668 149
Defined-Benefit Plan contributions reallocated to Defined Contribution Plans contributions		(13 668 149)		(13 668 149)
Restated disclosure relating to Defined-Benefit Plan contributions		-		-

19 RESERVES

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
Accumulated Surplus	2 707 092 110	2 379 360 318	2 710 178 122	2 380 795 100
Total	**2 707 092 110**	**2 379 360 318**	**2 710 178 122**	**2 380 795 100**

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

20 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government	**356 119 000**	**334 540 000**	**356 119 000**	**334 540 000**
Equitable Share	356 119 000	334 540 000	356 119 000	334 540 000
Unconditional Grants - Other National Departments	**523 860**	**459 319**	**523 860**	**459 319**
LG Seta	523 860	459 319	523 860	459 319
Conditional Grants - National Government	**261 232 965**	**245 064 000**	**261 232 965**	**245 064 000**
Finance Management Grant (FMG)	1 500 000	1 500 000	1 500 000	1 500 000
Municipal Infrastructure Grant (MIG)	175 999 000	180 246 000	175 999 000	180 246 000
Expanded Public Works Program (EPWP)	1 732 000	1 314 000	1 732 000	1 314 000
Water Services Infrastructure Grant (WSIG)	62 000 000	60 000 000	62 000 000	60 000 000
Regional Bulk Infrastructure Grant (RBIG)	20 000 000	2 000 000	20 000 000	2 000 000
Rural Roads Asset Management Grant	1 965	-	1 965	-
Rural Households Infrastructure Grant	-	4 000	-	4 000
Conditional Grants - Provincial Government	**23 291 259**	**21 027 810**	**23 291 259**	**21 027 810**
Public Works - Special Programme	23 291 259	21 027 810	23 291 259	21 027 810
Total	**641 167 083**	**601 091 129**	**641 167 083**	**601 091 129**

Disclosed as:

Government Grants and Subsidies - Capital	196 866 959	161 233 271	196 866 959	161 233 271
Government Grants and Subsidies - Operating	444 300 124	439 857 858	444 300 124	439 857 858
Total	**641 167 083**	**601 091 129**	**641 167 083**	**601 091 129**

The Economic Entity does not expect any significant changes to the level of grants.

Grants per Vote (MFMA Sec 123 (c)):

Equitable share	356 119 000	334 540 000	356 119 000	334 540 000
Financial Services	19 406 745	3 191 120	19 406 745	3 191 120
Corporate Services	523 860	459 319	523 860	459 319
Technical Services	203 117 478	202 900 690	203 117 478	202 900 690
Water Services Provision	62 000 000	60 000 000	62 000 000	60 000 000
Total	**641 167 083**	**601 091 129**	**641 167 083**	**601 091 129**

The movements per grant can be summarised as follows:

20.01 Equitable Share

Grants Received	356 119 000	334 540 000	356 119 000	334 540 000
Transferred to Revenue - Operating	(356 119 000)	(334 540 000)	(356 119 000)	(334 540 000)
Closing Unspent Balance	-	-	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the Economic Entity by the National Treasury.

20.02 LG Seta

Grants Received	523 860	459 319	523 860	459 319
Transferred to Revenue - Operating	(523 860)	(459 319)	(523 860)	(459 319)
Closing Unspent Balance	-	-	-	-

This grant is used to assist with the training needs of the Economic Entity.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

20.03 Finance Management Grant (FMG)

Grants received	1 500 000	1 500 000	1 500 000	1 500 000
Transferred to Revenue - Operating	(1 500 000)	(1 500 000)	(1 500 000)	(1 500 000)
Closing Unspent Balance	-	-	-	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

20.04 Municipal Infrastructure Grant (MIG)

Grants received	175 999 000	180 246 000	175 999 000	180 246 000
Transferred to Revenue - Operating	(45 791 889)	(48 041 287)	(45 791 889)	(48 041 287)
Transferred to Revenue - Capital	(130 207 111)	(132 204 713)	(130 207 111)	(132 204 713)
Closing Unspent Balance	-	-	-	-

The vision of the MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor. This also includes the rehabilitation and upgrading of existing infrastructure. The Economic Entity's programmes covers both Sanitation and Water projects.

20.05 Expanded Public Works Program (EPWP)

Grants Received	1 732 000	1 314 000	1 732 000	1 314 000
Transferred to Revenue - Operating	(1 732 000)	(1 314 000)	(1 732 000)	(1 314 000)
Closing Unspent Balance	-	-	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

20.06 Water Services Infrastructure Grant (WSIG)

Grants Received	62 000 000	60 000 000	62 000 000	60 000 000
Transferred to Revenue - Operating	(13 246 897)	(32 662 561)	(13 246 897)	(32 662 561)
Transferred to Revenue - Capital	(48 753 103)	(27 337 439)	(48 753 103)	(27 337 439)
Closing Unspent Balance	-	-	-	-

The WSIG grant is a conditional grant used to facilitate the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities as well as support to municipalities in implementing water conservation and water demand management projects.

20.07 Rural Households Infrastructure Grant

Opening balance	-	4 000	-	4 000
Transferred to Revenue - Operating	-	(4 000)	-	(4 000)
Closing Unspent Balance	-	-	-	-

The grant was introduced as rapid response to the high infrastructure backlogs in rural areas and was intended to respond to the specific conditions of rural areas which made it too costly to provide rural households with connector services.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

20.08 Regional Bulk Infrastructure Grant (RBIG)

Grants Received	20 000 000	2 000 000	20 000 000	2 000 000
Transferred to Revenue - Operating	(2 093 255)	(308 880)	(2 093 255)	(308 880)
Transferred to Revenue - Capital	(17 906 745)	(1 691 120)	(17 906 745)	(1 691 120)
Closing Unspent Balance	**-**	**-**	**-**	**-**

The grant is utilised to upgrade bulk infrastructure in the municipal area.

20.09 Rural Roads Asset Management System

Opening balance	151 965	2 234 965	151 965	2 234 965
Grants Received	200 000	150 000	200 000	150 000
Transferred to Revenue - Operating	(1 965)	-	(1 965)	-
Monies returned to National Treasury	(150 000)	(2 233 000)	(150 000)	(2 233 000)
Closing Unspent Balance	**200 000**	**151 965**	**200 000**	**151 965**

The purpose of the grant is to assist rural district municipalities to set up rural road asset management systems (RRAMS), collect road data, traffic data and road classification in line with the Road Infrastructure Strategic Framework South African (RISFSA).

20.10 Public Works - Special Programme

Grants Received	18 668 297	25 736 996	18 668 297	25 736 996
Transferred to Revenue - Operating	(23 291 259)	(21 027 810)	(23 291 259)	(21 027 810)
Transfer to/(from) Receivables	4 622 961	(4 709 186)	4 622 961	(4 709 186)
Closing Unspent Balance	**-**	**-**	**-**	**-**

This grant is used for the maintenance of gravel roads in the Gariep and Maletswai parts of the district. At times special projects are also allocated to the Economic Entity by the Department of Roads and Public Works in other parts of the district.

20.11 Total Grants

Opening Balance	151 965	2 238 965	151 965	2 238 965
Grants Received	636 742 157	605 946 315	636 742 157	605 946 315
Transferred to Revenue - Capital	(196 866 959)	(161 233 271)	(196 866 959)	(161 233 271)
Transferred to Revenue - Operating	(444 300 124)	(439 857 858)	(444 300 124)	(439 857 858)
Monies returned to National Treasury	(150 000)	(2 233 000)	(150 000)	(2 233 000)
Transfer to/(from) Receivables	4 622 961	(4 709 186)	4 622 961	(4 709 186)
Closing Unspent Balance	**200 000**	**151 965**	**200 000**	**151 965**

21 PUBLIC CONTRIBUTIONS AND DONATIONS

Sanlam	459 408	-	459 408	-
Total	**459 408**	**-**	**459 408**	**-**
Disclosed as:				
Public Contributions and Donations - Operating	459 408	-	459 408	-
Total	**459 408**	**-**	**459 408**	**-**

The Economic Entity received consumables from Sanlam.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

22 CONTRIBUTED ASSETS

DBSA - Water Truck	1 606 102	-	1 606 102	-
Sanlam - Branded Trailer and Computer Equipment	187 273	-	187 273	-
United Nations (via Rhodes University) - Reservoirs	1 711 411	-	1 711 411	-
Total	**3 504 786**	**-**	**3 504 786**	**-**

The fair value of contributed assets was determined with reference to actual cost.

23 ACTUARIAL GAINS

Post-Retirement Medical Obligations	-	5 070 263	-	5 070 263
Ex Gratia Gratuities	-	1 499	-	1 499
Long Service Awards	774 447	989 418	774 447	989 418
Total	**774 447**	**6 061 180**	**774 447**	**6 061 180**

24 REVERSAL OF IMPAIRMENT

Investment Property	-	300 000	-	-
Total	**-**	**300 000**	**-**	**-**

25 SERVICE CHARGES

Water Revenue	193 028 056	194 579 767	193 028 056	194 579 767
Sewerage and Sanitation Revenue	48 301 201	45 370 699	48 301 201	45 370 699
Total Revenue	**241 329 257**	**239 950 466**	**241 329 257**	**239 950 466**
Less: Rebates	(31 605 468)	(37 748 554)	(31 605 468)	(37 748 554)
Water Revenue	(21 771 791)	(26 871 604)	(21 771 791)	(26 871 604)
Sewerage and Sanitation Revenue	(9 833 676)	(10 876 950)	(9 833 676)	(10 876 950)
Total	**209 723 790**	**202 201 912**	**209 723 790**	**202 201 912**

Rebates are based on the indigents registers being implemented at each of the local municipalities within the Districts' borders. Accordingly, the registers are based on the policies and procedures being implemented at each of the local municipality (Elundini -, Senqu - and Walter Sisulu Local Municipality).

Rebates can be defined as any income that the Economic Entity is entitled to levy, but in terms of Council's own policy opted not to collect it.

26 INTEREST EARNED - EXTERNAL INVESTMENTS

Call Investment Deposits	5 840 153	3 508 666	5 379 856	3 065 737
Primary Bank Account	239 348	280 334	239 348	280 334
Total	**6 079 502**	**3 789 000**	**5 619 204**	**3 346 072**

27 INTEREST EARNED - OUTSTANDING DEBTORS

Water Debtors	89 157 109	64 582 247	89 157 109	64 582 247
Sewerage Debtors	13 576 566	16 106 266	13 576 566	16 106 266
Other	612 615	401 112	612 615	401 112
Total	**103 346 291**	**81 089 625**	**103 346 291**	**81 089 625**

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

28 OTHER INCOME

Environmental Resource Management	-	2 436 212	-	2 436 212
Sundry Income	2 044 670	340 498	2 012 454	239 396
Total	**2 044 670**	**2 776 710**	**2 012 454**	**2 675 608**

29 EMPLOYEE RELATED COSTS

Salaries and Wages	176 563 082	174 793 076	164 176 531	160 984 637
Bonuses	13 922 475	14 108 445	13 235 604	13 336 650
Contributions for UIF, Pensions and Medical Aids	36 062 344	34 930 578	35 852 935	34 889 705
Housing Benefits and Allowances	6 473 751	4 734 778	6 473 751	4 734 778
Overtime Payments	17 978 490	24 540 300	17 978 490	24 540 300
Performance Bonuses	5 850 912	5 840 303	5 850 912	5 840 303
Travel, Motor Car, Telephone, Subsistence and Other Benefits and Allowances	13 279 648	12 723 335	12 713 968	12 576 431
Staff Leave	3 374 613	3 571 870	3 066 436	3 455 671
Long Service Awards	1 158 000	1 174 000	1 158 000	1 174 000
Post-Retirement Medical	1 294 000	1 367 000	1 294 000	1 367 000
Total	**275 957 315**	**277 783 684**	**261 800 626**	**262 899 475**

Remuneration of Key Personnel

The Municipal Manager and all Section 57 Managers as well as those directly reporting to the Municipal are appointed on a 5-year fixed contract. They have all signed a performance agreement in terms of section 51(1)(b) of the Municipal Systems Act, No 32 of 2000.

Remuneration of the Remuneration of the Municipal Manager - MP Nonjola

Salary and other allowances	1 501 850	1 642 074	1 501 850	1 642 074
Travel Allowance	204 000	204 000	204 000	204 000
Telephone allowance	37 200	28 400	37 200	28 400
Contributions to UIF, Medical and Pension Funds	2 125	2 255	2 125	2 255
Acting Allowance	-	227 510	-	227 510
Leave Pay	-	424 433	-	424 433
Performance Bonuses	431 937	335 861	431 937	335 861
Total	**2 177 112**	**2 864 533**	**2 177 112**	**2 864 533**

MP Nonjola acted as Municipal Manger from 1 July 2022 to 28 February 2023, before he was appointed in the capacity as Municipal Manager on 1 March 2023.

During the current year, the former Municipal Manager, ZA Williams, received a performance bonus amounting to R 407 613 relating to the 2021/2022 financial year (2023 - R 443 673 paid relating to the 2020/2021 financial year)

Remuneration of the Director Technical Services - RJ Fortuin

Salary and other allowances	872 988	1 406 493	872 988	1 406 493
Travel Allowance	120 000	320 000	120 000	320 000
Telephone allowance	29 628	29 628	29 628	29 628
Contributions to UIF, Medical and Pension Funds	195 479	104 829	195 479	104 829
Acting Allowance	54 000	-	54 000	-
Leave pay	-	378 969	-	378 969
Performance Bonuses	378 012	377 122	378 012	377 122
Total	**1 650 107**	**2 617 041**	**1 650 107**	**2 617 041**

The contract of RJ Fortuin came to an end on 31 August 2022. He acted in this position from 1 September 2022 up to 31 March 2023, before he was permanently appointed from 1 May 2023. RJ Fortuin also acted as Director Community Services up to July 2023.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

29 EMPLOYEE RELATED COSTS (CONTINUED)

Remuneration of the Director Corporate Services - HZ Jantjie

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
Salary and other allowances	54 216	1 302 552	54 216	1 302 552
Travel Allowance	-	70 000	-	70 000
Telephone allowance	-	25 159	-	25 159
Contributions to UIF, Medical and Pension Funds	177	287 274	177	287 274
Leave pay	-	45 493	-	45 493
Performance Bonuses	378 012	297 728	378 012	297 728
Total	**432 405**	**2 028 206**	**432 405**	**2 028 206**

The contract of HZ Jantjie concluded on 31 March 2023. During the current year he only received back pay as well as his performance bonus for the 2021/2022 financial year.

Remuneration of the Acting Director Corporate Services - SL Botha

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
Salary and other allowances	1 125 258	-	1 125 258	-
Travel Allowance	137 735	-	137 735	-
Telephone allowance	27 228	-	27 228	-
Acting Allowance	327 362	-	327 362	-
Contributions to UIF, Medical and Pension Funds	177 613	-	177 613	
Long Service Awards	29 248	-	29 248	-
Performance Bonuses	222 235	-	222 235	-
Total	**2 046 679**	**-**	**2 046 679**	**-**

SL Botha acted in the position from 1 August 2023.

Remuneration of the Acting Director Financial Services - S du Toit

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
Salary and other allowances	985 115	1 626 377	985 115	1 626 377
Travel Allowance	114 779	120 000	114 779	120 000
Telephone allowance	27 628	29 628	27 628	29 628
Contributions to UIF, Medical and Pension Funds	181 711	56 163	181 711	56 163
Acting Allowance	232 218	-	232 218	-
Leave pay	37 612	375 872	37 612	375 872
Performance Bonuses	344 542	321 383	344 542	321 383
Total	**1 923 606**	**2 529 423**	**1 923 606**	**2 529 423**

S du Toit acted as the Director Financial Services from 1 March 2023.

Remuneration of the Director Community Services - N Mketelwa-Libazi

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
Salary and other allowances	1 153 906	-	1 153 906	-
Telephone allowance	27 828	-	27 828	-
Contributions to UIF, Medical and Pension Funds	171 764	-	171 764	-
Acting Allowance	212 675	-	212 675	-
Performance Bonuses	246 385	-	246 385	-
Leave pay	92 883	-	92 883	-
Total	**1 905 439**	**-**	**1 905 439**	**-**

N Mketelwa-Libazi acted as the Director Community Services from 1 August 2023 to 31 March 2024, whereafter she was appointed full-time. The leave pay and performance bonus relates to her previous position held.

During the 2023/2024 financial year, a performance bonus amounting to R 220 507 was paid to former director Community Services, F Sephton. (2023 - R 377 122 was paid out relating to the 2020/2021 financial year.)

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

29 EMPLOYEE RELATED COSTS (CONTINUED)

Remuneration of the Chief Operations Officer - N Mshumi

Salary and other allowances	1 269 122	1 333 252	1 269 122	1 333 252
Travel Allowance	60 000	60 000	60 000	60 000
Telephone allowance	5 628	5 628	5 628	5 628
Contributions to UIF, Medical and Pension Funds	281 608	302 302	281 608	302 302
Acting Allowance	39 000	-	39 000	-
Performance Bonuses	424 285	287 184	424 285	287 184
Total	**2 079 642**	**1 988 366**	**2 079 642**	**1 988 366**

Remuneration of the Water Service provision Manager - D Lusawana

Salary and other allowances	1 279 951	1 344 465	1 279 951	1 344 465
Contributions to UIF, Medical and Pension Funds	269 055	290 611	269 055	290 611
Telephone allowance	5 628	5 628	5 628	5 628
Performance Bonuses	413 601	276 951	413 601	276 951
Total	**1 968 234**	**1 917 655**	**1 968 234**	**1 917 655**

Remuneration of the Chief Executive Officer (JoGEDA)

Salary and other allowances	1 132 070	1 756 667	-	-
Travel Allowance	132 000	132 000	-	-
Telephone allowance	24 000	24 000	-	-
Contributions to UIF, Medical and Pension Funds	21 137	59 235	-	-
Total	**1 309 207**	**1 971 903**	**-**	**-**

During the financial year the Chief Executive Officer resigned effectively from 31 December 2023. Subsequently the Chief Financial Officer acted as the Chief Executive Officer from 1 January 2024 to March 2024 and the Finance Manager acted as Chief Financial Officer during the same period. From 1st April 2024 to 30 June 2024 Head of Property and Infrastructure acted as the Chief Executive Officer.

Remuneration of the Chief Financial Officer (JoGEDA)

Salary and other allowances	1 443 476	1 358 392	-	-
Telephone allowance	12 000	11 000	-	-
Contributions to UIF, Medical and Pension Funds	13 771	1 594	-	-
Acting Allowance	8 983	-	-	-
Total	**1 478 231**	**1 370 986**	**-**	**-**

Remuneration of the Acting Chief Financial Officer (JoGEDA)

Acting Allowance	11 383	-	-	-
Total	**11 383**	**-**	**-**	**-**

Remuneration of the Executive Manager: Head-Infrastructure and Project Development (JoGEDA)

Salary and other allowances	1 508 112	1 181 877	-	-
Telephone allowance	12 000	-	-	-
Contributions to UIF, Medical and Pension Funds	2 125	4 251	-	-
Acting Allowance	17 827	-	-	-
Total	**1 540 065**	**1 186 128**	**-**	**-**

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

30 REMUNERATION OF COUNCILLORS

Councillors' Allowances	6 623 310	5 964 410	6 623 310	5 964 410
Councillors' Pension and Medical Aid Contributions	427 215	297 068	427 215	297 068
Total	**7 050 525**	**6 261 478**	**7 050 525**	**6 261 478**

In-kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Economic Entity. The Executive Mayor and the Speaker may utilise official Council transportation when engaged in official duties.

30 JUNE 2024

Remuneration per Councillor	**Remuneration R**	**Contributions R**	**Total R**
Executive Mayor - NL Mposelwa	1 038 327	5 227	1 043 554
Speaker - M Bomela	818 763	26 651	845 414
Mayoral Committee - NU Hlathuka	702 652	92 924	795 576
Mayoral Committee - SE Ntsoelinyane	776 460	19 116	795 576
Mayoral Committee - N Mabunu	679 324	116 252	795 576
Mayoral Committee - A Skoti	795 576	-	795 576
Proportional - G Shaw	349 716	-	349 716
Proportional - SG Moroahae	317 253	49 154	366 408
Proportional - NL Lengs	430 594	24 638	455 232
Proportional - S Mei	361 980	93 252	455 232
Representative Councillors	352 665	-	352 665
Sub-Total	**6 623 310**	**427 215**	**7 050 525**

30 JUNE 2023

Remuneration per Councillor	**Remuneration R**	**Contributions R**	**Total R**
Executive Mayor - NL Mposelwa	961 756	-	961 756
Speaker - M Bomela	752 898	24 732	777 630
Mayoral Committee - NU Hlathuka	641 803	90 105	731 908
Mayoral Committee - SE Ntsoelinyane	714 268	17 640	731 908
Mayoral Committee - N Mabunu	694 333	37 575	731 908
Mayoral Committee - A Skoti	731 908	-	731 908
Proportional - G Shaw	286 406	-	286 406
Proportional - SG Moroahae	316 633	15 823	332 456
Proportional - NL Lengs	391 853	23 155	415 008
Proportional - AM van Zyl	48 136	-	48 136
Proportional - S Mei	326 971	88 037	415 008
Representative Councillors	97 447	-	97 447
Total	**5 964 410**	**297 068**	**6 261 478**

31 REMUNERATION OF DIRECTORS

Sitting Allowances	1 825 233	1 573 559	-	-
Total	**1 825 233**	**1 573 559**	**-**	**-**

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

31 REMUNERATION OF DIRECTORS (CONTINUED)

Directors Sitting Allowance	**1 538 108**	**1 353 415**	**-**	**-**
B Mhlaba (Term ended 30 April 2024)	166 000	161 000	-	-
GB Qotywa	274 239	201 000	-	-
L Mbokotho	242 000	140 000	-	-
L Magqashela	186 500	147 000	-	-
M Sibam (Term ended 30 April 2024)	105 000	129 000	-	-
Prof J Snyman (Term ended 30 April 2024)	114 000	129 000	-	-
SS Tindleni	180 000	165 500	-	-
W Dukuza	221 000	186 000	-	-
X Titus	-	27 500	-	-
Board Travelling Expenses	49 369	67 415	-	-
Independent Audit Committee Members	**287 125**	**220 144**	**-**	**-**
C Sparg - Chairperson	217 525	178 544	-	-
A Jordan	18 400	5 600	-	-
B Mbewu	-	12 800	-	-
M Tshofela	20 000	-		
L Smith	31 200	23 200	-	-
Total	**1 825 233**	**1 573 559**	**-**	**-**

The members of the board of directors are all non-executive directors.

The following directors are Municipal Managers of the Local Municipalities within the Joe Gqabi District whose remuneration is paid by the respective Local Municipalities:

J Mdeni
K Gashi
TA Mawonga

32 DEBT IMPAIRMENT

Contributions to provision	97 871 890	96 435 623	97 871 890	96 435 623
Less Movement VAT included in debt impairment	(9 465 744)	(9 606 419)	(9 465 744)	(9 606 419)
Total	**88 406 145**	**86 829 204**	**88 406 145**	**86 829 204**

33 DEPRECIATION AND AMORTISATION

Investment Property	22 928	22 928	22 928	22 928
Property, Plant and Equipment	75 621 481	73 609 677	75 207 498	73 256 953
Intangible Assets	144 498	151 599	46 274	27 675
Total	**75 788 907**	**73 784 204**	**75 276 700**	**73 307 556**

34 IMPAIRMENTS

Property, Plant and Equipment	-	2 311 568	-	2 311 568
Non-Current Investments - Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	621 319	1 272 736
Total	**-**	**2 311 568**	**621 319**	**3 584 305**

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

35 ACTUARIAL LOSSES

Post-Retirement Medical Obligations	2 342 046	-	2 342 046	-
Ex Gratia Gratuities	545 497	-	545 497	-
Total	**2 887 543**	**-**	**2 887 543**	**-**

36 REPAIRS AND MAINTENANCE

Infrastructure	9 816 031	26 884 796	9 816 031	26 884 796
Land and Buildings	403 107	331 064	403 107	331 064
Other Assets	1 731 720	1 223 436	1 701 895	1 198 174
Total	**11 950 859**	**28 439 296**	**11 921 033**	**28 414 034**

It should be noted that a substantial amount of Repairs and Maintenance that were done are reflecting under the Employee related cost due to the fact that the repairs and maintenance are done internally.

37 FINANCE CHARGES

Long-term Liabilities	130 623	6 797	107 382	(13 695)
Non-current Employee Benefits	4 956 390	4 887 720	4 956 390	4 887 720
Total	**5 087 013**	**4 894 517**	**5 063 772**	**4 874 025**

38 BULK PURCHASES

Water	8 035 675	5 106 678	8 035 675	5 106 678
Total	**8 035 675**	**5 106 678**	**8 035 675**	**5 106 678**

39 CONTRACTED SERVICES

Sanitation Services	16 149 583	15 413 918	16 149 583	15 413 918
Water Services	105 931	1 661 172	105 931	1 661 172
Total	**16 255 514**	**17 075 089**	**16 255 514**	**17 075 089**

40 TRANSFERS AND GRANTS

Joe Gqabi Economic Development Agency (SoC) Ltd	-	-	11 304 348	9 565 217
Total	**-**	**-**	**11 304 348**	**9 565 217**

The grant paid to Joe Gqabi Economic Development Agency (SoC) Ltd (JoGEDA) is in terms of the service level agreement with the IDC. This grant is used for operating activities by JoGEDA.

41 VIP TOILET EXPENDITURE

Technical Services	4 916 093	11 004 527	15 811 555	18 694 298
Total	**4 916 093**	**11 004 527**	**15 811 555**	**18 694 298**

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

42 OTHER EXPENDITURE

Advertising Fees	728 452	948 713	690 104	790 732
Audit Fees	5 608 140	5 072 610	4 647 139	4 127 742
Bank Charges	569 251	517 373	547 580	494 383
Bursaries	37 517	-	37 517	-
Chemicals	11 776 583	8 776 874	11 776 583	8 776 874
Consulting Fees	11 003 405	8 139 226	8 458 860	6 161 255
Fuel and oil	14 079 683	16 632 825	14 079 683	16 632 825
Insurance	4 574 064	4 031 956	4 397 098	3 854 220
IT Cost	3 891 091	5 989 538	2 733 269	4 863 511
Legal Fees	809 349	1 697 817	809 349	1 697 817
Local Economic Development	3 000	189 672	3 000	189 672
Material and protective clothing	4 821 485	5 308 130	4 821 485	5 308 130
Membership Fees	2 788 787	2 671 580	2 788 787	2 671 580
Occupational Health	105 306	66 359	105 306	66 359
Postage	-	6 276	-	6 276
Printing and Stationary	502 829	358 820	447 372	331 460
Security	4 685 083	4 064 256	4 677 922	4 054 534
Special Programmes	256 410	336 359	256 410	336 359
Telephone	892 694	657 501	758 007	634 798
Training	245 653	501 143	205 274	355 248
Travel and Subsistence	18 195 343	21 622 268	15 464 700	18 382 520
Vehicle and Other Rentals	7 395 748	9 925 822	7 395 748	9 925 822
Water and Electricity	41 243 040	37 686 853	41 159 427	37 570 833
Water Testing & Quality Monitoring	3 184 361	2 749 864	3 184 361	2 749 864
Other	3 460 452	2 243 626	3 036 416	3 705 843
Total	**140 857 724**	**140 195 461**	**132 481 397**	**133 688 657**

43 INVENTORY ADJUSTMENTS

Stock (Surpluses)/Losses - Refer to note 3	(105 779)	(142 225)	(105 779)	(142 225)
Total	**(105 779)**	**(142 225)**	**(105 779)**	**(142 225)**

44 LOSS ON DISPOSAL OF PPE

Carrying value of Property, Plant and Equipment disposed or written off	455 416	38 835	414 067	38 835
Total	**455 416**	**38 835**	**414 067**	**38 835**

45 TAXATION

South African Normal Tax

Amount receivable / (payable) at the beginning of the year	-	-	-	-
Interest earned	-	-	-	-
Add: Paid during the year	-	-	-	-
Less: Tax Refund	-	-	-	-
Current year tax	-	-	-	-
Amount receivable / (payable) at the end of the year	-	-	-	-

A prior estimated assessed loss of R10,795,000 is available for set off against future taxable income. The asset is not disclosed as there is no probable future taxable income that is expected to be earned to in the next financial year and the MTREF period. Subsequent the previous estimated loss, the Entity incurred further losses.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

46 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3

46.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported		**652 612 149**		**652 599 479**
Overpayment of Councillors allocated to receivables - Refer to note 46.05		52 970		52 970
Correction of debtors up to 30 June 2022 due to incorrect billing corrected retrospectively		(190 069)		(190 069)
Effect on Accumulated Surplus - Refer to note 46.04		(179 099)		(179 099)
Effect on South African Revenue Services - Refer to note 46.03		(10 970)		(10 970)
Correction of debtors up to 30 June 2023 due to incorrect billing corrected retrospectively		(780 591)		(780 591)
Effect on Statement of Financial Performance - Refer to note 46.05		(564 858)		(564 858)
Effect on South African Revenue Services - Refer to note 46.03		(215 733)		(215 733)
Restated Balance on 30 June 2023		**651 694 459**		**651 681 789**

46.02 PAYABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported		**159 889 505**		**161 775 826**
Recognise payables on 30 June 2022 previously not recorded due to late submission of claims		1 343 043		1 343 043
Effect on Accumulated Surplus - Refer to note 46.04		1 175 470		1 175 470
Effect on South African Revenue Services - Refer to note 46.03		167 573		167 573
Recognise payables on 30 June 2023 previously not recorded due to late submission of claims		232 392		232 392
Effect on Statement of Financial Performance - Refer to note 46.05		207 677		207 677
Effect on South African Revenue Services - Refer to note 46.03		24 715		24 715
Restated Balance on 30 June 2023		**161 464 939**		**163 351 261**

46.03 SOUTH AFRICAN REVENUE SERVICES

Balance previously reported		**41 295 668**		**32 303 561**
VAT incorrectly not accounted for on transfer to Joe Gqabi Development Agency - Refer to note 46.05		-		(1 434 783)
Recognise payables on 30 June 2022 previously not recorded due to late submission of claims - Refer to note 46.02		(167 573)		(167 573)
Recognise payables on 30 June 2023 previously not recorded due to late submission of claims - Refer to note 46.02		(24 715)		(24 715)
Correction of debtors up to 30 June 2022 due to incorrect billing corrected retrospectively - Refer to note 46.01		(10 970)		(10 970)
Correction of debtors up to 30 June 2023 due to incorrect billing corrected retrospectively - Refer to note 46.01		(215 733)		(215 733)
Restated Balance on 30 June 2023		**40 876 677**		**30 449 787**

46.04 ACCUMULATED SURPLUS

Balance previously reported		**2 381 434 452**		**2 381 434 451**
Corrections during 2022/2023 - Refer to note 46.05		(719 564)		715 218
Corrections up to 30 June 2022		(1 354 569)		(1 354 569)
Recognise payables on 30 June 2022 previously not recorded due to late submission of claims - Refer to note 46.02		(1 175 470)		(1 175 470)
Correction of debtors up to 30 June 2023 due to incorrect billing corrected retrospectively - Refer to note 46.01		(179 099)		(179 099)
Restated Balance on 30 June 2023		**2 379 360 318**		**2 380 795 100**

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

46 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

46.05 STATEMENT OF FINANCIAL PERFORMANCE

	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023
Surplus previously reported		**242 873 245**		**245 553 682**
Service Charges		(954 940)		(954 940)
Correction of debtors up to 30 June 2023 due to incorrect billing corrected retrospectively - Refer to note 46.01		(954 940)		(954 940)
Interest Earned - Outstanding Debtors		(511 250)		(511 250)
Correction of debtors up to 30 June 2023 due to incorrect billing corrected retrospectively - Refer to note 46.01		(511 250)		(511 250)
Other Income		39 603		39 603
Correction of debtors up to 30 June 2023 due to incorrect billing corrected retrospectively - Refer to note 46.01		39 603		39 603
Employee Related Costs		445 422		445 422
Correction of debtors up to 30 June 2023 due to incorrect billing corrected retrospectively - Refer to note 46.01		445 422		445 422
Remuneration of Councillors		52 970		52 970
Overpayment of Councillors allocated to receivables - Refer to note 46.01		52 970		52 970
Transfers and Grants		-		1 434 783
VAT incorrectly not accounted for on transfer to Joe Gqabi Development Agency - Refer to note 46.03		-		1 434 783
Repairs and Maintenance		(3 798)		(3 798)
Recognise payables on 30 June 2023 previously not recorded due to late submission of claims - Refer to note 46.02		(3 798)		(3 798)
Other Expenditure		212 428		212 428
Recognise payables on 30 June 2023 previously not recorded due to late submission of claims - Refer to note 46.02		(203 879)		(203 879)
Correction of debtors up to 30 June 2023 due to incorrect billing corrected retrospectively - Refer to note 46.01		416 307		416 307
Restated Surplus on 30 June 2023		**242 153 680**		**246 268 900**

46.06 DISCLOSURE AND OTHER ADJUSTMENTS

- Refer to note 18.4 for disclosure adjustment relating to pension fund contributions.
- Refer to note 42 for the reallocation of license fees previously incorrectltly included as part of consulting fees.
- Meetings and discussion were held on several occasions with SARS Representatives (Ms Xoliswa Sikuza: Director – Taxpayer Engagement and Mr Magane Doctor Mphela: Lead – Management of Focused Taxpayer Segments), of which the last meeting was on the 22nd of August 2024. SARS in these deliberations indicated that the change in interpretations of the VAT Act is not their responsibility. Management made a formal submission on the matter to SARS during February 2024 and subsequent to that, during August 2024 SARS confirmed the status as Compliant and there is no special VAT assessment or audit sanctioned by SARS on the Economic Entity.

  The Economic Entity has therefore corrected its financial statements to comply with GRAP and VAT Act, regarding VAT portion on revenue from exchange transactions or operation grant as an emerging risk raised in prior year audit, through engagements with the South African Revenue Services it is not fully possible or practical to account for the correction of the error retrospectively since inception of the agency 15 years ago (2009). Consequently, the error has been corrected retrospectively from the beginning of 2024 financial period with adjustment of opening or closing balances from 2023 financial year.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

47 NET CASH FROM OPERATING ACTIVITIES

	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023
Net Surplus for the year adjusted for	327 731 793	242 153 680	329 383 022	246 268 900
Non-Cash Revenue	(4 844 420)	(6 597 406)	(4 844 420)	(6 297 406)
Actuarial Gains	(774 447)	(6 061 180)	(774 447)	(6 061 180)
Reversal of Impairment	-	(300 000)	-	-
Inventory Adjustments	(105 779)	(142 225)	(105 779)	(142 225)
Interest Earned - External Investments	-	(94 000)	-	(94 000)
Public Contributions and Donations	(459 408)	-	(459 408)	-
Contributed Assets	(3 504 786)	-	(3 504 786)	-
Non-Cash Expenditure	172 953 809	167 851 532	173 021 572	168 647 620
Debt Impairment	88 406 145	86 829 204	88 406 145	86 829 204
Depreciation and Amortisation	75 788 907	73 784 204	75 276 700	73 307 556
Impairments	-	2 311 568	621 319	3 584 305
Actuarial Losses	2 887 543	-	2 887 543	-
Finance Charges	4 956 390	4 887 720	4 956 390	4 887 720
Public Contributions and Donations	459 408	-	459 408	-
Loss on disposal of PPE	455 416	38 835	414 067	38 835
Contributions - Provisions and Employee Benefits	25 600 000	26 061 618	24 604 952	25 173 625
Post-Retirement Medical Benefits	1 294 000	1 367 000	1 294 000	1 367 000
Long Service Awards	1 158 000	1 174 000	1 158 000	1 174 000
Performance Bonuses	5 850 912	5 840 303	5 850 912	5 840 303
Bonuses	13 922 475	14 108 445	13 235 604	13 336 650
Staff Leave	3 374 613	3 571 870	3 066 436	3 455 671
Expenditure - Provisions and Employee Benefits	(25 235 170)	(24 738 506)	(23 980 240)	(24 006 200)
Post-Retirement Medical Benefits	(1 496 046)	(1 467 737)	(1 496 046)	(1 467 737)
Long Service Awards	(819 554)	(629 582)	(819 554)	(629 582)
Ex Gratia Gratuities	(76 287)	(13 961)	(76 287)	(13 961)
Performance Bonuses	(5 680 400)	(5 390 320)	(5 680 400)	(5 390 320)
Bonuses	(13 726 724)	(13 667 462)	(12 962 976)	(12 994 704)
Staff Leave	(3 436 160)	(3 569 445)	(2 944 978)	(3 509 897)
Other adjustments	(4 483 518)	(7 819 459)	(4 483 518)	(7 819 459)
Bad Debts Written Off	(4 333 518)	(3 449 150)	(4 333 518)	(3 449 150)
DBSA interest Receivable	-	(2 137 309)	-	(2 137 309)
Grants Returned to National Treasury	(150 000)	(2 233 000)	(150 000)	(2 233 000)
Operating Surplus before changes in working capital	491 722 494	396 911 459	493 701 369	401 967 079
Movement in working capital	(297 383 165)	(236 766 507)	(300 128 768)	(237 697 589)
Receivables from Exchange Transactions	(276 706 904)	(247 866 882)	(276 706 904)	(247 866 882)
Receivables from Non-Exchange Transactions	(196 320)	(67 401)	-	-
Inventory	(203 004)	(924 041)	(203 004)	(924 041)
Payables from Exchange transactions	(9 915 244)	(6 810 143)	(10 460 288)	(360 942)
Payables from Non-Exchange transactions	-	-	2 250 000	-
Unspent Conditional Government Grants	198 036	146 000	198 036	146 000
Unpaid Conditional government grants	(4 622 961)	4 709 186	(4 622 961)	4 709 186
South African Revenue Services	(5 936 769)	14 046 774	(10 583 646)	6 599 089
Cash Flow from Operating Activities	**194 339 329**	**160 144 952**	**193 572 601**	**164 269 490**

48 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023
Primary Bank Account	2 222 291	651 094	2 027 379	586 706
Call and short-term investments deposits	4 410 779	8 166 195	1 201 618	5 267 440
Cash floats	300	300	300	300
Petty cash	109 300	135 300	109 300	135 300
Total	**6 742 670**	**8 952 889**	**3 338 597**	**5 989 746**

Refer to note 2 for more details relating to cash and cash equivalents. There are no reconciling items to report on in terms of GRAP 2 paragraph 46.

49 BUDGET COMPARISONS

49.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

Statement of financial position

South African Revenue Services is disclosed as VAT in the budget statement.

Receivables from Exchange Transactions are included in Trade and other receivables from exchange transactions in the budget statement, while Unpaid Conditional Government Grants are disclosed as Receivables from non-exchange transactions.

Non-Current Investments are disclosed as Investments (Non-current) in the budget statement.

Current Portion of Long-Term Liabilities are disclosed as Financial liabilities (Current), while Long-Term Liabilities are disclosed as Borrowing (Non-Current).

Payables from Exchange Transactions is disclosed as part of Trade and other payables from exchange transactions in the budget statement.

Unspent Conditional Government Grants are disclosed as Trade and other payables from non-exchange transactions in the budget statement.

Current Employee Benefits are disclosed Provisions (current) in the budget statement.

Employee Benefits are disclosed as Provisions (Non-Current) in the budget statement.

Statement of financial performance

In order to ensure that the actual results for the year is compared to the final budget on a comparable basis, the following reclassifications are done on the actuals to ensure alignment (Where applicable, the budget title is disclosed in brackets, where both the actuals and budgets figures are similar in nature, but the naming of the item differs between the 2 statements):

ECONOMIC ENTITY	**Statement of Financial Performance R**	**Reclassification due to mSCOA/NT versus GRAP classification R**	**Per Budget Comparison R**
Revenue			
Revenue from Non-Exchange Transactions			
Government Grants and Subsidies - Operating / (Transfer and subsidies - Operational)	444 300 124	459 408	444 759 532
Public Contributions and Donations - Operating	459 408	(459 408)	-
Fines / (Fines, penalties and forfeits)	-	33 812	33 812
Actuarial Gains / (Other Gains)	774 447	105 779	880 226
Inventory Adjustments	105 779	(105 779)	-
Revenue from Exchange Transactions			
Service Charges	209 723 790	32 050	209 755 839
Service charges - Water	171 256 265	32 050	171 288 315
Service charges - Waste Water Management	38 467 525	-	38 467 525
Sale of Goods and Rendering of Services	-	940 741	940 741
Rental from Fixed Assets	-	34 427	34 427
Interest Earned - External Investments / (Interest earned from Current and Non Current Assets)	6 079 502	-	6 079 502
Interest Earned - Outstanding Debtors / (Interest earned from Receivables)	103 346 291	-	103 346 291
Licences and Permits	-	251 839	251 839
Agency Services	-	465 825	465 825
Other Income	2 044 670	(2 044 670)	-
Operational Revenue	-	285 974	285 974
Capital Revenue			
Government Grants and Subsidies - Capital / (Transfers and subsidies - Capital)	196 866 959	-	196 866 959
Contributed Assets / (Transfers and subsidies - capital (in-kind))	3 504 786	-	3 504 786
Total Revenue	**967 205 755**	**-**	**967 205 755**

49 BUDGET COMPARISONS (CONTINUED)

ECONOMIC ENTITY	Statement of Financial Performance R	Reclassification due to mSCOA/NT versus GRAP classification R	Per Budget Comparison R
Expenditure			
Employee Related Costs	275 957 315	(2 301 296)	273 656 019
Remuneration of Councillors	7 050 525	-	7 050 525
Remuneration of Directors	1 825 233	-	1 825 233
Debt Impairment	88 406 145	(4 333 518)	84 072 627
Irrecoverable debts written off	-	4 333 518	4 333 518
Depreciation and Amortisation	75 788 907	-	75 788 907
Impairments	-	-	-
Actuarial Losses	2 887 543	(2 887 543)	-
Repairs and Maintenance	11 950 859	(11 950 859)	-
Finance Charges / (Interest)	5 087 013	-	5 087 013
Bulk Purchases	8 035 675	(8 035 675)	-
Inventory Consumed	-	24 470 171	24 470 171
Contracted Services	16 255 514	31 466 877	47 722 391
Transfers and Grants / (Transfers and Subsidies)	-	60 100	60 100
VIP Toilet Expenditure	4 916 093	(4 916 093)	-
Other Expenditure / (Operational Costs)	140 857 724	(28 793 225)	112 064 499
Loss on Disposal of Property, Plant and Equipment/ (Loss on Disposal of Assets)	455 416	-	455 416
Other Losses	-	2 887 543	2 887 543
Total Expenditure	**639 473 962**	**-**	**639 473 962**

MUNICIPALITY	Statement of Financial Performance R	Reclassification due to mSCOA/NT versus GRAP classification R	Per Budget Comparison R
Revenue			
Revenue from Non-Exchange Transactions			
Government Grants and Subsidies - Operating / (Transfer and subsidies - Operational)	444 300 124	459 408	444 759 532
Public Contributions and Donations - Operating	459 408	(459 408)	-
Fines / (Fines, penalties and forfeits)	-	33 812	33 812
Actuarial Gains / (Other Gains)	774 447	105 779	880 226
Inventory Adjustments	105 779	(105 779)	-
Revenue from Exchange Transactions			
Service Charges	209 723 790	32 050	209 755 839
Service charges - Water	171 256 265	32 050	171 288 315
Service charges - Waste Water Management	38 467 525	-	38 467 525
Sale of Goods and Rendering of Services	-	940 741	940 741
Rental from Fixed Assets	-	34 427	34 427
Interest Earned - External Investments / (Interest earned from Current and Non Current Assets)	5 619 204	-	5 619 204
Interest Earned - Outstanding Debtors / (Interest earned from Receivables)	103 346 291	-	103 346 291
Licences and Permits	-	251 839	251 839
Agency Services	-	465 825	465 825
Other Income	2 012 454	(2 012 454)	-
Operational Revenue	-	253 758	253 758
Capital Revenue			
Government Grants and Subsidies - Capital / (Transfers and subsidies - Capital)	196 866 959	-	196 866 959
Contributed Assets / (Transfers and subsidies - capital (in-kind))	3 504 786	-	3 504 786
Total Revenue	**966 713 241**	**-**	**966 713 241**

49 BUDGET COMPARISONS (CONTINUED)

MUNICIPALITY	Statement of Financial Performance R	Reclassification due to mSCOA/NT versus GRAP classification R	Per Budget Comparison R
Expenditure			
Employee Related Costs	261 800 626	(2 301 296)	259 499 330
Remuneration of Councillors	7 050 525	-	7 050 525
Debt Impairment	88 406 145	(4 333 518)	84 072 627
Irrecoverable debts written off	-	4 333 518	4 333 518
Depreciation and Amortisation	75 276 700	-	75 276 700
Impairments	621 319	(621 319)	-
Actuarial Losses	2 887 543	(2 887 543)	-
Repairs and Maintenance	11 921 033	(11 921 033)	-
Finance Charges / (Interest)	5 063 772	-	5 063 772
Bulk Purchases	8 035 675	(8 035 675)	-
Inventory Consumed	-	24 470 171	24 470 171
Contracted Services	16 255 514	42 362 339	58 617 853
Transfers and Grants / (Transfers and Subsidies)	11 304 348	60 100	11 364 448
VIP Toilet Expenditure	15 811 555	(15 811 555)	-
Other Expenditure / (Operational Costs)	132 481 397	(28 823 050)	103 658 346
Loss on Disposal of Property, Plant and Equipment/ (Loss on Disposal of Assets)	414 067	-	414 067
Other Losses	-	3 508 862	3 508 862
Total Expenditure	**637 330 219**	**-**	**637 330 219**

Significant reclassifications relating to revenue are as follows:

Service Charges are consolidated on the face of the Statement of Financial Performance, while being disclosed per service in the budget statements.

Other income is included in Service Charges, Sale of Goods and Rendering of Services, Operational Revenue, Licences and Permits, Agency Services and Fines, penalties and forfeits in the budget statement.

Significant reclassifications relating to expenditure are as follows:

Employee Related Costs is only affected by Skills Development Levy being disclosed as Operational Costs in the budget statement.

Irrecoverable debts written off is separated from Debt Impairment in the budget statement.

Bulk Purchases are included as Inventory Consumed in the budget statement.

Repairs and Maintenance, VIP Toilets and Other Expenditure are budgeted for as Operational Costs, Contracted Services, Inventory Consumed and a small portion under Transfers and Subsidies.

Cash Flow Statement

The Cash flow statement is comparable on a line by line basis except for the following:

Suppliers and Employees are aggregated on the budget statement while shown separately in the Cash Flow Statement.

Capital Assets includes additions to both Property Plant and Equipment as well as intangible assets.

49.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

Trade and other receivables from exchange transactions	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.
Receivables from non-exchange transactions	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.
VAT (Asset)	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.
Investments	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.
Property, plant and equipment	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.

49 BUDGET COMPARISONS (CONTINUED)

Financial liabilities (Current and Non-Current)	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.
Trade and other payables from exchange transactions	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.
Trade and other payables from non-exchange transactions	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.
VAT (liability)	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.
Provision (Non-Current)	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.
Other non-current liabilities	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.
Accumulated Surplus	The budget adjustment differences vs the original budget is mainly due to the audited opening balances being used as a basis, having a material impact on balances in comparison to the original approved budget.

Statement of financial position - Budget versus Actual

Cash and cash equivalents	The budget included a loan to acquire fleet which were not finalised at year end.
Trade and other receivables from exchange transaction	The collection during the year was less than expected resulted in the balance being more than the budgeted figures.
VAT (Receivable)	The VAT was budgeted as a Payable only and not separately.
Property, Plant And Equipment	The budgeted capital expenditure for the year included VAT and the actual is excluding VAT.
Trade and other payables from exchange transactions	The cash position was worse off at year end and therefore the payables are more than anticipated.
Trade and other payables from non-exchange transactions	There were no significant unspent grants as expected during budget process.
VAT (Payable)	Output VAT impaired not budgeted for.
Provision (Non-Current)	The figure on the budget erroneously reflected as a negative instead of a positive. The provisions at year end was more than anticipated.
Accumulated Surplus	The accumulated surplus is more due to the Trade and other receivables from exchange transactions that are more than the budgeted for.

Statement of financial performance - Budget Adjustments

Service Charges - Water Revenue	The actual performance at the time of the adjustment budget was used as the basis for projections for the remainder of the year, resulting in material adjustments made.
Service charges - Waste Water Management	The actual performance at the time of the adjustment budget was used as the basis for projections for the remainder of the year, resulting in material adjustments made.
Interest earned from Receivables	The actual performance at the time of the adjustment budget was used as the basis for projections for the remainder of the year, resulting in material adjustments made.
Rental from Fixed Assets	The actual performance at the time of the adjustment budget was used as the basis for projections for the remainder of the year, resulting in material adjustments made.
Contracted services	Due to the municipalities cashflow position we had to reprioritise and align the expenditure to the available resources.

49 BUDGET COMPARISONS (CONTINUED)

Transfers and subsidies	JoGEDA funding needed to be increase due to their needs exceeding the initial budget allocated.
Operational costs	Due to the municipalities cashflow position we had to reprioritise and align the expenditure to the available resources.
Other Losses	Actuarial losses were not initially budgeted for an needed to be provided for in the adjustment budget.
Transfers and subsidies - Capital	Changes to grant allocations by National Treasury.

Statement of financial performance - Budget versus Actual

Service Charges - Water Revenue	The information at the time of the adjustment budget suggested based on prior information that the budget will increase, however consumption towards year end was lower as anticipated resulted in a decrease.
Service charges - Waste Water Management	The information at the time of the adjustment budget suggested based on prior information that the budget will increase, however the increase was more than anticipated.
Interest earned from Receivables	Due to the lower than anticipated collection, the interest on receivables were more than budgeted for.
Transfer and subsidies - Operational	Treatment of VAT on capital grants. VAT portion of revenue included as operating grant, while incorrectly budgeted as capital.
Other Gains	Gains, realised from Actuarial provisions were used as the basis for the provision in the budget, however the actual gain at year end was less than anticipated due to various factors in the market impacting on the actuarial calculations.
Employee Related Cost	Employee Related Cost relating to the Department of Roads and Transport incorrectly budgeted for as Operational Costs.
Inventory Consumed	Cash flow constraints contributing to lower spending patterns.
Debt impairment	The variance relates to the reversal of debt Impairment on the Walter Sisulu outstanding balance.
Depreciation and amortisation	Assumed during budget process that more WIP will be completed in the current year.
Transfers and subsidies - Capital	Refer to Transfers and subsidies - Operating

Cash Flow Statement - Budget Adjustments

Service Charges	Adjust for non-collection of billed revenue.
Transfers and Subsidies - Capital	Changes to grant allocations by National Treasury.
Suppliers and Employees	Cash flow constraints contributing to lower spending patterns.
Decrease in non-current investments	Decrease incorrectly recorded in the budget.
Capital Assets	Changes to grant allocations by National Treasury.
Cash (Opening Balance)	Budget aligned to audited results.

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

49 BUDGET COMPARISONS (CONTINUED)

Cash Flow Statement - Budget versus Actual

Transfers and Subsidies - Operating	Refer to Transfers and Subsidies - Capital
Transfers and Subsidies - Capital	VAT portion of expenditure accounted as part of operating while budgeted as part of capital.
Suppliers and Employees	Decrease in outstanding payables.
Transfers and Grants	Allocation to Jogeda not accurately accounted for in cash flow statement.
Decrease in non-current investments	Decrease in budget incorrectly recorded in the budget.
Capital Assets	All projects did not materialise in the current year (i.e. fleet).
Borrowing long term/refinancing	Processes to finalise raising of loan did not materialise.
Cash/cash equivalents at the year end:	Refer to reasons above.

50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

50.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

Opening balance	24 178 356	164 753	24 178 356	164 753
Unauthorised expenditure current year - operating	-	24 013 603	-	24 013 603
Unauthorised expenditure current year - capital	-	-	-	-
Written off by Council	(24 013 603)	-	(24 013 603)	-
Unauthorised expenditure awaiting approval	**164 753**	**24 178 356**	**164 753**	**24 178 356**

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. The unauthorised expenditure is still under investigation. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred pending the outcome of the investigation.

	2024 (Actual) R	2024 (Final Budget) R	2024 (Unauthorised) R
Unauthorised expenditure - Operating			
Office of the Municipal Manager	35 909 420	44 136 162	-
Financial Services	44 288 789	47 952 779	-
Corporate Services	68 126 844	71 973 045	-
Technical Services	58 738 562	62 126 554	-
Community Services	53 318 414	54 919 388	-
Institutional Support Advancement	23 774 459	27 299 378	-
Water Services Provision	353 173 732	354 670 738	-
Total	**637 330 219**	**663 078 044**	**-**
Unauthorised expenditure - Capital			
Corporate Services	1 690 021	30 350 001	-
Technical Services	149 207 770	167 463 672	-
Community Services	54 614	1 518 500	-
Institutional Support Advancement	173 166	3 000 000	-
Water Services Provision	49 511 563	62 000 000	-
Total	**200 637 134**	**264 332 173**	**-**

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

50.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

Opening balance	645 608	631 250	639 488	625 130
Fruitless and wasteful expenditure incurred	-	14 358	-	14 358
Written off by Council	(14 358)	-	(14 358)	-
Fruitless and wasteful expenditure awaiting approval	**631 250**	**645 608**	**625 130**	**639 488**

The Fruitless and Wasteful Expenditure awaiting approval at reporting date are made up as follows:

Extension of Employment Contracts	625 130	625 130	625 130	625 130
Interest on late payment of Transnet invoices	6 120	6 120	-	-
Interest on late payment of AG Invoices	-	14 358	-	14 358
Total	**631 250**	**645 608**	**625 130**	**639 488**

Extension of Employment Contracts

On the 28 March 2019 the Council resolved to rescind its previous resolution to extend the employment contracts of the Municipal Manager, the Director: Corporate Services, the Director: Technical Services and the Director: Community Services.

The matter was determined to be unlawful. A Council meeting did not sit to reverse the decision. The matter was taken to the Labour Court by the affected senior managers and a Rule Nisi was granted in favour of the managers and Joe Gqabi District Municipality was directed to pay the applicant's costs associated with this matter.

An advice was then sought form the National Treasury in this regard and they indicated that is likely fruitless and wasteful expenditure and that it must establish an interim committee to investigate the recoverability of the identified fruitless and wasteful expenditure if the MPAC members are conflicted. The Audit committee was then tasked to investigate the matter and found that the money must be recovered from Councillors.

Interest on late payment of Transnet invoices

The fruitless and wasteful expenditure incurred from June 2015 relates to interest on late payment of Transnet invoices and sometimes late renewal on lease agreements which further delayed the payments of invoices. At the time of payment of the above mentioned amount payments were done by the municipality on behalf of the entity, the matter is still in progress.

The responsible officials are no longer employed by the Agency. Engagements with Transnet are on - going with regard to the request to write off the interest from the account of the entity.

Interest on late payment of AG Invoices

Interest were recognised for late payments on invoices of the Auditor General. Preliminary investigations indicate an amount of R 13 730 relates to invoices received in SPAM mailbox and was therefore paid late. This was reported to council as part of the June 2023 SCM report and was written off by Council during the current year.

50.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	9 599 788	8 633 114	-	-
Irregular expenditure incurred	350 000	44 114 902	-	43 148 228
Written of by Council	-	(43 148 228)	-	(43 148 228)
Irregular expenditure awaiting approval	**9 949 788**	**9 599 788**	**-**	**-**
Details of Irregular expenditure incurred :				
JoGEDA Contractor Development Programme	350 000	44 114 902	-	43 148 228
Due to locality non-compliance (2019/20)	-	43 148 228	-	43 148 228
Due to locality non-compliance (2022/23)	-	966 674	-	-
Due processes not followed in staff appointment	350 000	-	-	-
Total	**350 000**	**44 114 902**	**-**	**43 148 228**

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

The Irregular Expenditure awaiting approval at reporting date are made up as follows:

JoGEDA Contractor Development Programme	9 949 788	9 599 788	-	-
Due to locality non-compliance (Up to 30 June 2020)	3 830 168	3 830 168	-	-
Due to locality non-compliance (2020/21)	2 862 385	2 862 385	-	-
Due to locality non-compliance (2021/22)	1 940 561	1 940 561	-	-
Due to locality non-compliance (2022/23)	966 674	966 674	-	-
Due processes not followed in staff appointment	350 000	-	-	-
Total	**9 949 788**	**9 599 788**	**-**	**-**

Locality non-compliance

Approved by Council on 29 October 2020. On 14 December 2021 the new Council was also briefed on the matter before a resolution was taken in line with the former Council to approve the irregular expenditure incurred relating to functionality. The final payments made during 2022/2023 was presented to Council before 30 June 2023.

The Council of Joe Gqabi District Municipality took a resolution that JoGEDA be the implementing agent for the District Municipality in the implementation of identified the water and sanitation projects. JoGEDA as an entity of the Joe Gqabi District Municipality is bound by the laws and regulations affecting the parent entity. Any findings of irregular expenditure within the entity reflect on the parents records.

Functionality issue:
JoGEDA as an economic development agency used the locality of Joe Gqabi District Municipality as a functionality criterion in its procurement processes until December 2019. This has raised an irregularity in all the procurement undertaken by JoGEDA until December 2019 as procurement was seen as a key driver of local economic development and being able to prefer local suppliers was a stated intention of the agency. The finding has been that locality of Joe Gqabi District Municipality cannot be used as a functionality criterion as the policy refers to South Africa being the local area and this may be seen as unfair to all bidders.

Due to this finding, management has reviewed all tenders awarded prior to the ruling on the matter of locality and included those in irregular expenditure.

Process not followed in staff appointment

The irregular expenditure of R 350 000 is as a result of non-compliance or adherence to human resource management practices and regulations in the appointment of manager special projects. The contract has ended as at 30 June 2024 and there will not be any further expenditure in relation to the appointment.

51 MATERIAL LOSSES

	2024	2023	2024	2023
Water distribution losses				
Kilo litres raw	13 212 841	13 016 434	13 212 841	13 016 434
Kilo litres treated	11 044 574	11 542 054	11 044 574	11 542 054
Kilo litres sold	(8 614 630)	(8 316 893)	(8 614 630)	(8 316 893)
Kilo litres lost during cleaning	2 168 267	1 474 380	2 168 267	1 474 380
Kilo litres lost from treated	2 429 944	3 225 159	2 429 944	3 225 159
Kilo litres lost from raw	4 598 211	4 699 541	4 598 211	4 699 541
Percentage water lost during cleaning	16.41%	11.33%	16.41%	11.33%
Percentage lost from treated vs billed	22.00%	27.94%	22.00%	27.94%
Percentage water lost since abstraction	34.80%	36.10%	34.80%	36.10%
Average cost per kilolitre in Rands (Treated)	17.65	17.60	17.65	17.60
Average cost per kilolitre in Rands (Untreated)	0.6900	0.6300	0.6900	0.6300
Loss in Rand value (Treated) at Treated Value	42 888 515	56 774 919	42 888 515	56 774 919
Loss in Rand value (Raw) at Untreated Value	1 496 104	928 859	1 496 104	928 859

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

51 MATERIAL LOSSES (CONTINUED)

There was a slight decrease of 1.3% in the non-revenue water from 36.10% in 2022/23 to 34.80% in 2023/24. This is due to the Water Conservation & Demand projects being implemented by the Economic Entity slowly taking effect especially in the areas of Senqu and Walter Sisulu Local Municipalities. In addition, the projects being implemented to replace old water pipelines also play a role in reducing the number of pipe bursts resulting in reduced water losses.

The Economic Entity is in the process of implementing a Water Conservation & Demand Management Project funded by the WSIG for the last 3 years, focusing on installation of bulk water meters and fixing of leaks. Another initiative is the provision of new reservoirs in strategic areas to replace old leaking water reservoirs. There is also the MIG funded project being implemented in Maclear called AC Pipe Replacement which will also, once completed, contribute to the reduction of water losses. Various new reservoirs were constructed in the year under review (some donated).

Water treatment losses occur at the water treatment plant where both raw water (measured after the raw water intake meter) and treated water are used to clean the water treatment system by means of processes called backwashing and flushing. These losses are unavoidable as it is a critical operation & maintenance procedure to ensure the water treatment plant operates optimally.

52 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

52.1 SALGA Contributions [MFMA 125 (1)(b)]

Council subscriptions	2 752 869	2 634 372	2 752 869	2 634 372
Payments	(2 752 869)	(2 634 372)	(2 752 869)	(2 634 372)
Outstanding Balance	**-**	**-**	**-**	**-**

52.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	43 207	40 241	43 207	40 241
Current year audit fee	6 305 210	5 691 771	5 344 210	4 746 903
Interest charged	-	14 358	-	14 358
Amount paid	(6 348 418)	(5 703 163)	(5 387 417)	(4 758 295)
Outstanding Balance	**-**	**43 207**	**-**	**43 207**

52.3 VAT [MFMA 125 (1)(c)]

Opening balance	144 870	10 873 177	231 162	11 529 427
Amounts received during the year	(33 300 973)	(37 424 424)	(34 846 512)	(39 141 392)
Amounts paid during the year	38 813 534	26 696 117	40 283 325	27 843 127
Outstanding Balance	**5 657 431**	**144 870**	**5 667 974**	**231 162**

VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.

52.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Current year payroll deductions and Council Contributions	41 863 719	45 215 008	41 863 719	45 215 008
Amount paid - current year	(38 480 419)	(45 215 008)	(38 480 419)	(45 215 008)
Outstanding Balance	**3 383 299**	**-**	**3 383 299**	**-**

52.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]

Current year payroll deductions and Council Contributions	56 566 709	51 380 153	56 566 709	51 380 153
Amount paid - current year	(51 749 309)	(51 380 153)	(51 749 309)	(51 380 153)
Outstanding Balance	**4 817 400**	**-**	**4 817 400**	**-**

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

52 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

52.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

The following councillors had overdue accounts at year-end (Balances 90 days plus disclosed):

	Economic Entity 30 June 2024	Economic Entity 30 June 2023	Municipality 30 June 2024	Municipality 30 June 2023
NR Lengs	-	1 683	-	1 683
Z Mampintsha	766	-	766	-
NS Mathetha	9 370	8 534	9 370	8 534
M Bomela	16 749	15 847	16 749	15 847
NP Mposelwa	32 395	30 720	32 395	30 720
E Theron	63 683	62 269	63 683	62 269
N Mabunu	63 750	58 294	63 750	58 294
S Mfisa	67 963	53 104	67 963	53 104
Outstanding Balance (90 Days plus)	**254 677**	**230 453**	**254 677**	**230 453**

This disclosure was incorrectly omitted in the prior year.

52.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

Approved deviations from Supply Chain Management Regulations were identified on the following categories:

	Economic Entity 30 June 2024	Economic Entity 30 June 2023	Municipality 30 June 2024	Municipality 30 June 2023
Emergencies	25 362 737	27 408 644	25 362 737	27 408 644
Goods and services are available from a Single provider only	306 189	156 517	306 189	99 074
Other exceptional cases where it is impractical or impossible to follow the official procurement processes e.g. Strip and	716 476	2 520 475	716 476	2 520 475
Minor deviation (Regulation 25)	27 100	78 066	-	-
Total	**26 412 502**	**30 163 702**	**26 385 402**	**30 028 193**

The term “strip and quote” is an estimate by a technical person to scope to ascertain any hidden or latent defects before repairs can be started.

It is considered “impractical” where, for example, repairs need to be done and it is not possible for the Economic Entity to ascertain or specify the nature or extent of the work required. This may require a "strip and quote" to determine the scope of work to be done to rectify the situation. This may require dismantling of the asset. This is common on mechanical, electrical and related repairs.

Deviations per department:

	Economic Entity 30 June 2024	Economic Entity 30 June 2023	Municipality 30 June 2024	Municipality 30 June 2023
ISA	-	1 361 563	-	1 361 563
Financial Services	120 750	1 045 063	120 750	1 045 063
Corporate Services	50 761	267 924	50 761	267 924
Community Services	155 847	619 927	155 847	619 927
Water Service Provision	25 362 737	26 729 692	25 362 737	26 729 692
Technical Services	-	4 025	-	4 025
Office of the Municipal Manager/ISA	695 307	-	695 307	-
JoGEDA	27 100	135 509	-	-
Total	**26 412 502**	**30 163 702**	**26 385 402**	**30 028 193**

52.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

None

52.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the Economic Entity did not engage with the employees in service of the state (SCM 44).

Figures in Rand		ECONOMIC ENTITY		MUNICIPALITY	
		30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

52 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

During the year under review, the Economic Entity engaged with the following entities where family members of suppliers are in service of the state (SCM 45):

Supplier	Awarded Amount				
SMS ICT Choice (Pty) Ltd	Rates Based	135 556	586 814	135 556	586 814
Zutari (Pty) Ltd	Rates Based	630 881	504 758	630 881	504 758
Max Internet Technologies CC	R189 980	-	189 980	-	189 980
Sikhokhele Business Consulting	Rates Based	-	251 534	-	251 534
Liqha Group	Per Quotation/Rates Based	20 100	719 000	20 100	719 000
Direction Repairs	Per Quotation	5 740	68 181	5 740	68 181
Inzalo EMS (Pty) Ltd	Rates Based	3 510 457	5 202 312	3 510 457	5 202 312
Centabi (Pty) Ltd	Per Quotation	18 750	-	18 750	-
Total		**4 321 483**	**7 522 578**	**4 321 483**	**7 522 578**

The amount disclosed above relates to the actual expenditure on the relevant contracts during the 2 years under review.

Further disclosure relating to the suppliers above:

Supplier	Initials and Surname of family member and relationship	Organ of State	Capacity of family member
SMS ICT Choice (Pty) Ltd (Sydwell Maqula)	NJ Maqula (Spouse)	Department of Human Settlements	Director: Contracts Management
Zutari (Pty) Ltd (Richard John Ahlschlager)	HC Ahlschlager (Spouse)	SIU (Accountable to parliament and president)	Legal Representative
Zutari (Pty) Ltd (Kevin Pragasen Nadasen)	K Nadasen (Spouse)	National Department of Public Works	Director: Key Account Management
Zutari (Pty) Ltd (Ismail Gasant)	S Seegers (Sibling)	City of Cape Town	Head of Security Architecture
Max Internet Technologies CC (Johannes Jurie Steenekamp)	R Steenekamp (Spouse)	Overstrand Municipality	Media & Social Media Liaison Officer
Sikhokhele Business Consulting (Abongile Peter)	M Peter (Spouse)	Western Cape Provincial Treasury	Assistant Director: Local Government Finance
Liqha Group (Loyiso Hlathuka)	UH Hlatuka (Spouse)	Joe Gqabi District Municipality	Councillor
Direction Repairs (N Labuschagne)	JR Labuschagne (Spouse)	Joe Gqabi District Municipality	Technician
Inzalo EMS (Pty) Ltd (Trinity Sibonelo Mazibuko)	N.T. Mazibuko (Spouse)	KZN Department of Arts and Culture	Provincial Archivist
Centabi (Pty) Ltd (CN Mohai)	MJ Mohai (Spouse)	Joe Gqabi District Municipality	General Worker

53 CAPITAL COMMITMENTS

Commitments in respect of Capital Expenditure:	**844 162 869**	**925 656 354**	**843 813 184**	**925 280 699**
Approved and contracted for:				
Infrastructure	843 813 184	925 280 699	843 813 184	925 280 699
Other Assets	349 684	375 655	-	-
Total	**844 162 869**	**925 656 354**	**843 813 184**	**925 280 699**
This expenditure will be financed from:				
Government Grants	843 813 184	925 280 699	843 813 184	925 280 699
Own Reserves	349 684	375 655	-	-
Total	**844 162 869**	**925 656 354**	**843 813 184**	**925 280 699**

Commitments are disclosed inclusive of Value Added Tax (VAT)

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

54 OPERATING LEASE COMMITMENTS

54.1 Lease of Office Equipment

The Economic Entity entered into an agreement with Vodacom to supply mobile communication devices and services for the 24 Months from 20 October 2022. The entity is committed to the following lease payments over the initial period.

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
Future Payments				
Less than 1 year	44 896	134 687	-	-
2 to 5 years	-	44 896	-	-
Total Payments	**44 896**	**179 582**	**-**	**-**

55 FINANCIAL RISK MANAGEMENT

The Economic Entity is potentially exposed to the following risks:

55.1 Credit Risk

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

The following financial assets are exposed to credit risk:

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
Receivables from Exchange Transactions	861 776 916	651 694 459	861 764 246	651 681 789
Receivables from Non-Exchange Transactions	368 517	172 198	-	-
Cash and Cash Equivalents	6 633 070	8 817 289	3 228 997	5 854 146
Current Investments	-	2 147 455	-	2 147 455
Non-current Investments	-	-	-	621 319
Unpaid Conditional Grants and Subsidies	10 824 815	6 201 854	10 824 815	6 201 854
Total	**879 603 319**	**669 033 255**	**875 818 058**	**666 506 563**

<u>Cash and Cash Equivalents</u>

Deposits of the Economic Entity is only held at reputable banks that are listed on the JSE Stock Exchange. The credit quality is regular monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held, no cash were pledged as security and no collateral is held for any cash and cash equivalents.

Credit risk is further managed and guided by the Cash Management and Investment Policy.

<u>Receivables</u>

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the Economic Entity effectively has the right to terminate services to customers but in practice this is difficult to apply.

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

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 4 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 4 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

Water	650 335 547	504 905 585	650 335 547	504 905 585
Sanitation	159 324 470	141 536 196	159 324 470	141 536 196
Other Services	145 921	132 680	145 921	132 680
Staff and other debtors	3 569 930	6 025 018	3 569 930	6 025 018
Total	**813 375 868**	**652 599 479**	**813 375 868**	**652 599 479**

These receivables can be aged as follows:

1 Month Past due	30 270 629	71 573 305	30 270 629	71 573 305
2 Months Past due	28 844 709	22 395 987	28 844 709	22 395 987
3 Months and more Past due	754 260 530	558 630 187	754 260 530	558 630 187
Total	**813 375 868**	**652 599 479**	**813 375 868**	**652 599 479**

Non-Current Investments

Non-Current Investments consist out of a fixed deposit at the Development Bank of South Africa as well as an investment in a municipal entity. Management assessed the risk of counter party default on these investments as low.

Refer to note 7 for more detail with regards to these assets and any impairment charges raised against these investments to reduce the carrying value of the investment in line with its recoverable amount.

Unpaid Conditional Government Grants

Although the risk pertaining to unpaid conditional grants and subsidies are considered to be very low, the maximum exposure is disclosed. Amounts are receivable from national and provincial government and there are no expectation of counter party will default.

55.2 Currency risk (Market Risk)

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

The financial instruments of the Economic Entity is not directly exposed to any currency risk.

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
Cash and Cash Equivalents (Excluding Cash on Hand)	6 633 070	8 817 289	3 228 997	5 854 146
Long-term Liabilities (Including Current Portion)	(72 463)	(1 413 025)	-	(1 299 613)
Net balance exposed	**6 560 607**	**7 404 264**	**3 228 997**	**4 554 533**

Potential effect of changes in interest rates on surplus and deficit for the year:

	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023
0.5% (2023 - 0.5%) increase in interest rates	32 803	37 021	16 145	22 773
0.5% (2023 - 0.5%) decrease in interest rates	(32 803)	(37 021)	(16 145)	(22 773)

Management does not foresee significant interest rate movements during the next 12 months.

55.4 Liquidity risk

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Economic Entity also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

ECONOMIC ENTITY

		PAYABLE	
30 JUNE 2024	**Within 1 Year**	**Two to five years**	**After five years**
Finance Leases	64 190	21 397	-
Payables from exchange transactions	145 537 141	-	-
Total	**145 601 331**	**21 397**	**-**
30 JUNE 2023			
Annuity Loans	968 850	484 425	-
Finance Leases	64 190	85 586	-
Payables from exchange transactions	155 832 620	-	-
Total	**156 865 660**	**570 011**	**-**

MUNICIPALITY

		PAYABLE	
30 JUNE 2024	**Within 1 Year**	**Two to five years**	**After five years**
Payables from exchange transactions	146 878 419	-	-
Total	**146 878 419**	**-**	**-**
30 JUNE 2023			
Annuity Loans	968 850	484 425	-
Payables from exchange transactions	157 718 942	-	-
Total	**158 687 792**	**484 425**	**-**

Figures in Rand	ECONOMIC ENTITY 30 JUNE 2024	ECONOMIC ENTITY 30 JUNE 2023	MUNICIPALITY 30 JUNE 2024	MUNICIPALITY 30 JUNE 2023

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

The liquidity risk is further managed and guided by the Liquidity Policy.

There were no changes to the exposure to liquidity risk and how the risk is managed during the period under review.

55.5 Other price risk (Market Risk)

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

The Economic Entity is not exposed to any other price risk.

56 FINANCIAL INSTRUMENTS

The Economic Entity recognised the following financial instruments (All balances are recognised at amortised cost).

	Economic Entity 30 June 2024	Economic Entity 30 June 2023	Municipality 30 June 2024	Municipality 30 June 2023
Financial Assets				
Fixed Deposits (Zero coupon)	-	2 147 455	-	2 147 455
Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	-	621 319
Receivables from Exchange Transactions	861 776 916	651 694 459	861 764 246	651 681 789
Receivables from Non-Exchange Transactions	368 517	172 198	-	-
Cash and Cash Equivalents	6 742 670	8 952 889	3 338 597	5 989 746
Unpaid Conditional Government Grants and Receipts	10 824 815	6 201 854	10 824 815	6 201 854
Total	**879 712 919**	**669 168 855**	**875 927 658**	**666 642 163**

	Economic Entity 30 June 2024	Economic Entity 30 June 2023	Municipality 30 June 2024	Municipality 30 June 2023
Financial Liabilities				
Long-term Liabilities	20 354	527 185	-	454 722
Trade and Other Payables	145 537 141	155 832 620	146 878 419	157 718 942
Current Portion of Long-term Liabilities	52 110	885 840	-	844 891
Total	**145 609 605**	**157 245 645**	**146 878 419**	**159 018 555**

57 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the Economic Entity are classified as follows:

	Economic Entity 30 June 2024	Economic Entity 30 June 2023	Municipality 30 June 2024	Municipality 30 June 2023
Taxes				
VAT Receivable from SARS (VAT Control)	5 667 974	231 162	5 667 974	231 162
Total	**5 667 974**	**231 162**	**5 667 974**	**231 162**

The VAT Receivable is considered an Exchange Receivable.

The VAT receivable from SARS is considered to be Statutory Receivable. Input Vat in Suspense is not included in the disclosure as there are no transaction to “settle” with a specific counterparty (SARS) at year-end.

58 EVENTS AFTER REPORTING DATE

Subsequent to year end, management drafted a plan to implement the council resolution to write off a debt on amounts owed by the Walter Sisulu Local Municipality. The draft plan entails the review and recalculations of the amounts owed at year end, the staggered implementation approach and communication in writing by the Joe Gqabi District Municipality to Walter Sisulu Local Municipality of the intention to roll out the plan as well as signing of an agreement between the two parties. The plan will not have a significant impact on the financial position of the Economic Entity, as the affected balances was sufficiently provided for during the impairment evaluation at year-end. The gross value of the affected debtors is estimated at R 88 917 837.

An employee appeared before a disciplinary tribunal on 07 June 2024 and pleaded guilty to all fraud and other charges raised (against the employee). Subsequently, the employee was dismissed on 25 June 2024. The dismissed employee submitted a formal appeal on 08 July 2024 and an appeal hearing was convened on 25 July 2024. The appeal tribunal however upheld the dismissal of the employee in question as per a formal outcome delivered by the appeal chairperson on 16 August 2024. The loss will be recovered from the former employee.

The Office of the Minister of Cooperative Governance and Traditional Affairs approved that the Director Technical Services be remunerated at two notches above the current salary notch of the highest paid divisional manager/ third level manager/ senior manager within the Economic Entity effective from the date of appointment of the incumbent (R 1 754 224). The Municipal Manager in turn was granted approval to be remunerated 2 notches above the aforementioned director (R 1 796 326). This approval was only granted on 22 July 2024, while the request was already submitted before year-end.

The Office of the Minister of Cooperative Governance and Traditional Affairs approved that the Director Comunity Services be remunerated at two notches above the current salary notch of the highest paid divisional manager/ third level manager/ senior manager within the Economic Entity effective from the date of appointment of the incumbent (R 1 754 224). This approval was only granted on 23 October 2024, while the request was already submitted before year-end.

The Minister for local government In terms of section 7 of the Remuneration of Public Office Bearers Act, 1998 is responsible to determine the upper limits of salaries of different members of Municipal Councils by notice in the gazette after consultation with the Member of Executive Councils (MECs) responsible for local government in each province and after, inter alia, taking into consideration the recommendations of the Commission. The determination of the upper limits of salaries, allowances and benefits of the different members of municipal councils has been gazetted after the financial year (2023/24) reporting date per Government Notice No. 5435 in Government Gazette No. 51407, dated 17 October 2024. It was submitted to Council on 31 October 2024 where it was resolved that the new upper limits as gazetted be approved and implemented with effect 1 July 2023, subjected to the concurrence of the MEC responsible for Local Government in the Province. The impact is calculated at R 227 110 if the upper limits is approved by the MEC. The MEC approval was obtained on 26 November 2024.

59 IN-KIND DONATIONS AND ASSISTANCE

Refer to note 22 for donated assets received during the year.

The Economic Entity occupies a building of Walter Sisullu Local Municipality at 27 Dan Pienaar in Aliwal North. Walter Sisulu Local Municipality does not charge any rent for this occupation.

60 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The Economic Entity did not enter into any PPP's in the current and prior year.

61 CONTINGENT LIABILITIES

The Economic Entity were exposed to the following contingent liabilities at year end:

<u>Liabilities applicable to 30 June 2023 and 30 June 2024</u>

61.01 The Department of Water and Sanitation is claiming an amount R37 660 353 from the Economic Entity for raw water extraction costs. This amount is made up of a number of invoices, dating back as far as 2002. The Economic Entity has had extensive interactions with the Department, but this amount has not been finalised. The Economic Entity's Management is of the opinion that this amount is firstly grossly overstated and in some cases refers to areas outside the District's jurisdiction. An accrual of R10 531 551 for bulk water purchases has been made and this amount is considered to be due and payable to the Department. The net amount of the contingency is R27 128 802. The Economic Entity is in ongoing negotiations with the Department. The Economic Entity submitted a request to the Minister and Director General to write off the amount. This decision is still pending. The Department is also considering drought relief measures for the current year's raw water extraction costs. This decision is also pending.

61.02 There was an accident which occurred between a vehicle of Senqu Municipality and a truck driven by an employee of the Economic Entity. The insurance is claiming for damages from the municipality and the municipality is contesting the claim. The case is Pending, JGDM filed a notice of exception. Likelihood of the Economic Entity to lose this case is medium to low. The amount of the claim in this case is R382 119.66 and we are waiting for the Court date and the likelihood of losing this case is still low. The matter is still in trial stage. This matter is being negotiated between two parties for a settlement and the outcome is pending.

61 CONTINGENT LIABILITIES (CONTINUED)

61.03 TA Stera Enterprise - This is a case where the plaintiff is claiming an amount of R1 658 488.60 saying there was an illegitimate expectation created by one of the employees of the Economic Entity where he applied for a tender and such was not granted to him. The likelihood of losing the case is medium. Notice of intention to sue was received and no summons yet. This matter was withdrawn by the Plaintiff. Subsequent to that another summons was received with a different amount of claim and different facts. There is an application to Court by the Economic Entity for the withdrawal of the case by the Plaintiff on the basis that the Economic Entity cannot plead to the summons received as there was no notice to amend the first summons received by the Economic Entity since content is still the same. Rule 30 Notice was served on the Plaintiff. Matter is still pending since the plaintiff is not doing anything about the case and the Economic Entity is the Respondent and it is the duty of the Plaintiff to set the matter down for trial once all pleadings have been closed and in this matter pleadings are not yet closed as the new owner of the company is pursuing the matter. Previous owner passed away.

61.04 Spec v JGDM - This is a case where Spec interdicted Magnocorp from carrying on with the works after it had been awarded a Tender by the Economic Entity. This matter was on trial on the 12 of August 2021 at the Grahamstown High Court and we are waiting for the judgment. This matter is on appeal to the full bench of the Grahamstown High Court as the Applicants are not happy with the decision of the single judge. This matter was finalised in the current year.

61.05 Fiona Sephton v JGDM - The erstwhile Director: Community Services, Mrs F.J Sephton, following her resignation, which took effect on 31 January 2022, referred a constructive dismissal dispute to the SALGBC, which is associated with alleged intolerable working conditions created by the Economic Entity. An arbitration award has since been awarded in favour of the Economic Entity, which the ex-employee in question has since taken on review to the Labour Court (LC) and which matter has not been heard by the LC yet. The ex-employee (who has since been employed by the Economic Entity in a different capacity) is seeking relief in the amount of R1 984 780.09 (One million nine hundred and eighty-four thousand seven hundred and eighty rand and nine cents only), interest on the afore-mentioned amount from the date of mora, alternatively from the date of judgment at the prescribed legal rate of interest of 9% per annum, alternatively an order in terms of section 77A(e) of the BCEA as well as the cost of suit. This constitutes a contingent liability to the Economic Entity. The liability rating, based on the merits of the case is regarded as a medium risk contingent liability to the Economic Entity. The review to the labour court was dismissed and the said employee took the matter on appeal. The outcome of the appeal is still outstanding.

62 CONTINGENT ASSETS

The Economic Entity has the following contingent assets at year end:

62.01 The Economic Entity identified possible fraud which is currently under investigation by the SAPS and the outcome is unsure at this stage. The matter has been referred to the Municipal attorneys to claim from the medical aid scheme in question. No court date has been set on the reporting date. The Economic Entity is awaiting the investigation report to proceed with litigation. No report is forthcoming after numerous correspondence to the Medical Aid and the Municipal Attorneys are proceeding with summons against Medichex and Hosmed. The matter was removed from the Municipal Attorneys roll and reported to the office of the Ombudsman for financial service providers. The outcome is still pending.

62.02 There is an amount of R287 823.18 which is a contingent asset in the matter of WDR Earthmoving Enterprise v JGDM which relates to costs that the Economic Entity has to recover from Amadwala. The attorneys advised that they will apply for Amadwala to be declared insolvent and that is the only route available for now since Amadwala has more debt and could not afford to pay any. This is an ongoing matter. According to the attorneys, Amadwala is under business rescue with creditors in excess of R149 million. The matter is being attended to by our attorneys for recovery.

62.03 A claim has been lodged against Zamazondo, due to the materials as per the cession agreement, that was paid to Sizabantu based on a court order was never used by the service provider on the project. The claim is to recover the monies from Zamazondo that was paid to Sizabantu. The matter was abandoned on 23 December 2023 by the Economic Entity on instruction of the Economic Entity.

62.04 There is a contingent asset for legal costs in favour of the Economic Entity in the TA Stera Enterprise matter which was withdrawn by his attorneys for an amount of R141 396.88. The attorneys is attending to the matter through a claim against his estate. The issue of cost will be addressed once the case is finalised (refer to note 54.03).

63 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

Figures in Rand	ECONOMIC ENTITY		MUNICIPALITY	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023

64 RELATED PARTIES

Related parties are defined in note 1.37

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 29, 30 and 31.

No business transactions took place between the Economic Entity and management personnel and their close family members (including close members of family members) during the year under review.

The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd (JoGEDA) as set out in note 7 to the financial statements. The Municipality incurred expenditure on behalf of JoGEDA.

The Municipality paid a grant to JoGEDA as disclosed in note 40.

Also refer to note 65 relating to the principle agent relationship between the municipality and JoGEDA.

Also refer to note 52.9 for detail conduction with the Liqha Group where there is a relationship with a Councillor.

65 ACCOUNTING FOR PRINCIPALS AND AGENTS

The municipality act as Principle in its binding arrangement with Joe Gqabi Economic Development Agency (Soc) Ltd, which is a fully owned municipal entity. The Joe Gqabi Economic Development Agency (Soc) Ltd engages with service providers and contractors on behalf of the municipality during the implementation of the municipal operating and capital projects. An agency fee is paid to the Joe Gqabi Economic Development Agency (Soc) Ltd in this regard. The following fees were paid and receivables were raised as a result of the agreement:

Fees Paid to Joe Gqabi Economic Development Agency (Soc) Ltd (Excluding VAT)			10 869 365	7 220 969
Implementing fee payable (Including VAT)			-	1 983 356
Payables from exchange transactions where the municipality acts as a principal in the principal-agent binding agreement with the Joe Gqabi Economic Development Agency (Soc) Ltd (Including VAT)			2 738 486	12 162 762

Then municipality/Economic Entity also employed to services of MFS Consulting Chartered Accountants (SA) as implementing agent for Water Services Demand and Conseravation. The following agency fee was paid:

Implementing fees paid (Excluding VAT)			1 131 304	-

66 NON-LIVING RESOURCES

Management identified the following non-living resources (other than land):

- Aquifer (from where water is extracted by utilising boreholes)

67 SEGMENT REPORTING

67.1 General information

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

67 SEGMENT REPORTING (CONTINUED)

The municipal departments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Public Safety	Fire Fighting and Protection Services
2	Planning and Development	Corporate wide strategic planning, economic development and technical project management services
3	Environmental Protection	Nature Conservation
4	Health	Municipal Health Services
5	Road transport	Maintenance relating to Provincial Roads Infrastructure
6	Waste Water Management	Sewerage Services
7	Water Management	Water Services

No	Non-Segments	Goods and/or services delivered
1	Finance and administration	Supply administrative and related support to all segments. Provide and s

No segment disclosure has been prepared for JoGEDA, as the entity operates in one specific/operational unit in one geographical area.

67.2 Reporting on segment assets and liabilities

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

67.3 Geographic Segment Reporting

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

67.4 Measurement of specific segment information

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

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

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed as follows:

67 SEGMENT REPORTING (CONTINUED)

	Non - Segments	Segments							
30 JUNE 2024	**Finance and administration**	**Public Safety**	**Planning and Development**	**Environmental Protection**	**Health**	**Road transport**	**Waste Water Management**	**Water Management**	**Total**
	R	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
REVENUE									
External Revenue from Non-Exchange Transactions	**376 824 051**	**646 682**	**179 824 255**	**-**	**-**	**23 293 223**	**48 753 103**	**16 670 189**	**646 011 503**
Government Grants and Subsidies - Operating	358 142 860	-	49 617 144	-	-	23 293 223	-	13 246 897	444 300 124
Government Grants and Subsidies - Capital	17 906 745	-	130 207 111	-	-	-	48 753 103	-	196 866 959
Public Contributions and Donations - Operating	-	459 408	-	-	-	-	-	-	459 408
Contributed Assets	-	187 273	-	-	-	-	-	3 317 513	3 504 786
Actuarial Gains	774 447	-	-	-	-	-	-	-	774 447
Inventory Adjustments	-	-	-	-	-	-	-	105 779	105 779
External Revenue from Exchange Transactions	**7 009 263**	**-**	**-**	**-**	**455 317**	**465 825**	**52 325 910**	**260 445 424**	**320 701 738**
Service Charges	-	-	-	-	-	-	38 467 525	171 256 265	209 723 790
Interest Earned - External Investments	5 619 204	-	-	-	-	-	-	-	5 619 204
Interest Earned - Outstanding Debtors	612 615	-	-	-	-	-	13 576 566	89 157 109	103 346 291
Other Income	777 443	-	-	-	455 317	465 825	281 819	32 050	2 012 454
TOTAL REVENUE	**383 833 314**	**646 682**	**179 824 255**	**-**	**455 317**	**23 759 049**	**101 079 013**	**277 115 613**	**966 713 241**
EXPENDITURE	**151 282 823**	**16 296 839**	**50 921 913**	**-**	**20 514 191**	**28 633 337**	**69 557 471**	**300 123 644**	**637 330 219**
Employee Related Costs	77 182 138	15 506 671	15 375 021	-	19 853 914	15 286 749	141 489	118 454 645	261 800 626
Remuneration of Councillors	7 050 525	-	-	-	-	-	-	-	7 050 525
Debt Impairment	-	-	-	-	-	-	26 122 271	62 283 874	88 406 145
Depreciation and Amortisation	2 390 608	-	-	-	-	-	14 169 494	58 716 598	75 276 700
Impairments	621 319	-	-	-	-	-	-	-	621 319
Actuarial Losses	2 887 543	-	-	-	-	-	-	-	2 887 543
Repairs and Maintenance	2 105 002	-	3 523 252	-	-	774 747	-	5 518 031	11 921 033
Finance Charges	5 063 772	-	-	-	-	-	-	-	5 063 772
Bulk Purchases	-	-	-	-	-	-	-	8 035 675	8 035 675
Contracted Services	-	-	-	-	-	-	16 149 583	105 931	16 255 514
Transfers and Grants	-	-	11 304 348	-	-	-	-	-	11 304 348
VIP Toilet Expenditure	-	-	15 811 555	-	-	-	-	-	15 811 555
Other Expenditure	53 980 972	790 167	4 907 737	-	660 278	12 571 842	12 968 740	46 601 660	132 481 397
Loss on Disposal of PPE	944	-	-	-	-	-	5 894	407 229	414 067
TOTAL EXPENDITURE	**151 282 823**	**16 296 839**	**50 921 913**	**-**	**20 514 191**	**28 633 337**	**69 557 471**	**300 123 644**	**637 330 219**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**232 550 491**	**(15 650 157)**	**128 902 342**	**-**	**(20 058 875)**	**(4 874 289)**	**31 521 541**	**(23 008 031)**	**329 383 022**
CAPITAL EXPENDITURE FOR THE YEAR	1 863 187	54 614	149 134 266	-	-	-	73 504	49 511 563	**200 637 134**

67 SEGMENT REPORTING (CONTINUED)

	Non - Segments	Segments							
30 JUNE 2023	Finance and administration R	Public Safety R	Planning and Development R	Environmental Protection R	Health R	Road transport R	Waste Water Management R	Water Management R	Total R
REVENUE									
External Revenue from Non-Exchange Transactions	**344 251 619**	**-**	**181 872 880**	**-**	**-**	**21 027 810**	**12 991 224**	**47 151 001**	**607 294 534**
Government Grants and Subsidies - Operating	336 499 319	-	49 668 168	-	-	21 027 810	9 380 799	23 281 762	439 857 858
Government Grants and Subsidies - Capital	1 691 120	-	132 204 713	-	-	-	3 610 424	23 727 014	161 233 271
Actuarial Gains	6 061 180	-	-	-	-	-	-	-	6 061 180
Inventory Adjustments	-	-	-	-	-	-	-	142 225	142 225
External Revenue from Exchange Transactions	**4 694 661**	**-**	**-**	**1 258 285**	**31 581**	**420 556**	**50 600 015**	**232 308 119**	**289 313 217**
Service Charges	-	-	-	-	-	-	34 493 749	167 708 163	202 201 912
Interest Earned - External Investments	3 346 072	-	-	-	-	-	-	-	3 346 072
Interest Earned - Outstanding Debtors	401 112	-	-	-	-	-	16 106 266	64 582 247	81 089 625
Other Income	947 477	-	-	1 258 285	31 581	420 556	-	17 709	2 675 608
TOTAL REVENUE	**348 946 280**	**-**	**181 872 880**	**1 258 285**	**31 581**	**21 448 366**	**63 591 239**	**279 459 121**	**896 607 752**
EXPENDITURE	**171 809 714**	**18 358 270**	**45 634 052**	**2 208 371**	**17 424 337**	**22 458 486**	**57 313 405**	**315 132 216**	**650 338 852**
Employee Related Costs	82 358 982	15 474 785	11 361 421	1 467 616	16 673 574	14 793 105	12 252 070	108 517 922	262 899 475
Remuneration of Councillors	6 261 478	-	-	-	-	-	-	-	6 261 478
Debt Impairment	-	-	-	-	-	-	9 217 869	77 611 335	86 829 204
Depreciation and Amortisation	2 376 972	-	-	-	-	-	13 558 859	57 371 725	73 307 556
Impairments	1 296 577	-	-	-	-	-	1 894 147	393 581	3 584 305
Repairs and Maintenance	1 264 183	263 840	1 142 609	-	1 215	873 161	-	24 869 027	28 414 034
Finance Charges	4 874 025	-	-	-	-	-	-	-	4 874 025
Bulk Purchases	-	-	-	-	-	-	-	5 106 678	5 106 678
Contracted Services	-	-	-	-	-	-	15 413 918	1 661 172	17 075 089
Transfers and Grants	-	-	9 565 217	-	-	-	-	-	9 565 217
VIP Toilet Expenditure	-	-	18 694 298	-	-	-	-	-	18 694 298
Other Expenditure	73 377 299	2 619 645	4 870 506	740 756	749 548	6 792 221	4 975 983	39 562 699	133 688 657
Loss on Disposal of PPE	198	-	-	-	-	-	559	38 078	38 835
TOTAL EXPENDITURE	**171 809 714**	**18 358 270**	**45 634 052**	**2 208 371**	**17 424 337**	**22 458 486**	**57 313 405**	**315 132 216**	**650 338 852**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**177 136 566**	**(18 358 270)**	**136 238 829**	**(950 087)**	**(17 392 756)**	**(1 010 120)**	**6 277 834**	**(35 673 096)**	**246 268 900**
CAPITAL EXPENDITURE FOR THE YEAR	1 620 715	-	90 736 599	-	-	-	3 610 424	26 503 529	**122 471 267**

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2024

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2023 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2024 R
ANNUITY LOANS							
DBSA - Building - c/o Graham and Cole street, Barkly East	3044713107	11.50%	2024/05/31 (Early Settlement)	1 299 613	-	(1 299 613)	-
Total Annuity Loans				**1 299 613**	**-**	**(1 299 613)**	**-**
FINANCE LEASES							
Xerox (Printer)		24.35%	2025/10/31	113 412	-	(40 949)	72 463
Total Finance Leases				**113 412**	**-**	**(40 949)**	**72 463**
Total Long-Term Liabilities				**1 413 025**	**-**	**(1 340 562)**	**72 463**
Disclosed as follow:							
Economic Entity				**1 413 025**	**-**	**(1 340 562)**	**72 463**
Joe Gqabi District Municipality				1 299 613	-	(1 299 613)	-
Joe Gqabi Economic Development Agency (SoC) Ltd				113 412	-	(40 949)	72 463

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2024

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	TRANSFER TO/ (FROM) RECEIVABLES	FUNDS RETURNED TO NT	CLOSING BALANCE
NATIONAL GOVERNMENT	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Equitable Share	-	355 969 000	(356 119 000)	-	-	150 000	-
Financial Management Grant (FMG)	-	1 500 000	(1 500 000)	-	-	-	-
Municipal Infrastructure Grant (MIG)	-	175 999 000	(45 791 889)	(130 207 111)	-	-	-
Water Services Infrastructure Grant (WSIG)	-	62 000 000	(13 246 897)	(48 753 103)	-	-	-
Expanded Public Works Program (EPWP)	-	1 732 000	(1 732 000)	-	-	-	-
Rural Roads Asset Management Grant	151 965	200 000	(1 965)	-	-	(150 000)	200 000
Regional Bulk Infrastructure Grant	-	20 000 000	(2 093 255)	(17 906 745)	-	-	-
Total	**151 965**	**617 400 000**	**(420 485 005)**	**(196 866 959)**	**-**	**-**	**200 000**
PROVINCIAL GOVERNMENT							
Public Works - Special Programme	-	18 668 297	(23 291 259)	-	4 622 961	-	-
Total	**-**	**18 668 297**	**(23 291 259)**	**-**	**4 622 961**	**-**	**-**
OTHER GRANT PROVIDERS							
LG Seta	-	523 860	(523 860)	-	-	-	-
Total	**-**	**523 860**	**(523 860)**	**-**	**-**	**-**	**-**
ALL SPHERES GOVERNMENT	**151 965**	**636 592 157**	**(444 300 124)**	**(196 866 959)**	**4 622 961**	**-**	**200 000**

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX C (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENT (CONSOLIDATED) FOR THE YEAR ENDING 30 JUNE 2024

ECONOMIC ENTITY	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
Financial Performance						
Service charges	245 230 839	(21 385 501)	223 845 338	209 755 839	(14 089 499)	202 219 621
Investment revenue	9 642 989	-	9 642 989	6 079 502	(3 563 487)	3 789 000
Transfer and subsidies - Operational	428 378 700	676 750	429 055 450	444 759 532	15 704 082	439 857 858
Other own revenue	91 754 931	23 613 638	115 368 569	106 239 137	(9 129 432)	90 352 031
Total Operating Revenue	**775 007 459**	**2 904 887**	**777 912 346**	**766 834 010**	**(11 078 336)**	**736 218 510**
Employee costs	272 710 922	(4 593 016)	268 117 906	273 656 019	5 538 113	275 322 811
Remuneration of councillors	7 655 757	(698 186)	6 957 571	7 050 525	92 954	6 261 478
Remuneration of Directors	1 601 903	62 965	1 664 868	1 825 233	160 366	1 573 559
Depreciation & asset impairment	182 974 164	(4 476 318)	178 497 846	159 861 534	(18 636 311)	159 475 827
Interest	3 635 681	1 494 669	5 130 350	5 087 013	(43 337)	4 908 874
Inventory consumed and bulk purchases	28 924 883	1 709 765	30 634 648	24 470 171	(6 164 477)	20 116 164
Transfers and subsidies	5 836 644	7 522 920	13 359 564	60 100	(13 299 464)	72 400
Other expenditure	205 201 804	(18 504 996)	186 696 807	167 463 367	(19 233 441)	187 566 987
Total Expenditure	**708 541 757**	**(17 482 197)**	**691 059 560**	**639 473 962**	**(51 585 598)**	**655 298 101**
Surplus/(Deficit)	**66 465 702**	**20 387 084**	**86 852 786**	**127 360 047**	**40 507 261**	**80 920 409**
Transfers and Subsidies - Capital	246 183 300	(19 588 751)	226 594 549	196 866 959	(29 727 590)	161 233 271
Transfers and subsidies - Capital (in-kind)	-	-	-	3 504 786	3 504 786	-
Surplus/(Deficit) for the year	**312 649 002**	**798 333**	**313 447 335**	**327 731 793**	**14 284 458**	**242 153 680**

Depreciation & asset impairment included only Depreciation and Asset impairment in the original budget, while debt impairment was included as part of Other Expenditure. During the final budget, NT changed the composition of this line to include both Depreciation and Amortisation as well as Debt Impairment. The comparative information is disclosed in line with current year classifications.

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX C (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENT (CONSOLIDATED) FOR THE YEAR ENDING 30 JUNE 2024

ECONOMIC ENTITY	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
Capital expenditure & funds sources						
Capital expenditure	**287 901 800**	**(23 364 627)**	**264 537 173**	**200 921 984**	**(63 615 189)**	**122 717 104**
Transfers recognised - capital	246 333 300	(16 869 628)	229 463 672	196 866 959	(32 596 713)	161 233 271
Transfers recognised - capital (in-Kind)	-	-	-	3 504 786	3 504 786	-
Front Loading Expenditure	-	-	-	-	-	(52 366 307)
Borrowing	30 000 000	-	30 000 000	-	(30 000 000)	9 418 083
Internally generated funds	11 568 500	(6 494 999)	5 073 501	550 238	(4 523 263)	4 597 258
Total sources of capital funds	**287 901 800**	**(23 364 627)**	**264 537 173**	**200 921 984**	**(63 615 189)**	**122 882 304**
Cash flows						
Net cash from (used) operating	252 235 958	16 360 994	268 596 952	194 339 329	(74 257 623)	160 144 952
Net cash from (used) investing	(287 963 300)	9 648 888	(278 314 412)	(195 269 743)	83 044 669	(122 746 590)
Net cash from (used) financing	30 000 000	864 097	30 864 097	(1 279 805)	(32 143 902)	(60 762 091)
Net Cash Movement for the year	**(5 727 342)**	**26 873 979**	**21 146 637**	**(2 210 219)**	**(23 356 857)**	**(23 363 729)**
Cash/cash equivalents at the year begin:	30 450 232	(22 313 031)	8 137 201	8 952 889	815 688	32 316 619
Cash/cash equivalents at the year end	**24 722 890**	**4 560 948**	**29 283 838**	**6 742 670**	**(22 541 168)**	**8 952 889**

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX C (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENT FOR THE YEAR ENDING 30 JUNE 2024

MUNICIPALITY	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
Financial Performance						
Service charges	245 230 839	(21 385 501)	223 845 338	209 755 839	(14 089 499)	202 219 621
Investment revenue	9 230 346	-	9 230 346	5 619 204	(3 611 142)	3 346 072
Transfer and subsidies - Operational	417 378 700	676 750	418 055 450	444 759 532	26 704 082	439 857 858
Other own revenue	75 192 931	22 105 738	97 298 669	106 206 921	8 908 252	89 950 930
Total Operating Revenue	**747 032 816**	**1 396 987**	**748 429 803**	**766 341 496**	**17 911 693**	**735 374 481**
Employee costs	256 583 569	(3 843 016)	252 740 553	259 499 330	6 758 777	260 438 601
Remuneration of councillors	7 655 757	(698 186)	6 957 571	7 050 525	92 954	6 261 478
Depreciation & asset impairment	87 964 318	89 911 712	177 876 030	159 349 327	(18 526 703)	158 999 179
Interest	3 635 681	1 494 669	5 130 350	5 063 772	(66 578)	4 888 383
Inventory consumed and bulk purchases	28 924 883	1 709 765	30 634 648	24 470 171	(6 164 477)	20 116 164
Transfers and subsidies	5 836 644	7 522 920	13 359 564	11 364 448	(1 995 116)	9 637 617
Other expenditure	289 969 799	(113 590 471)	176 379 328	170 532 646	(5 846 682)	189 997 429
Total Expenditure	**680 570 651**	**(17 492 607)**	**663 078 044**	**637 330 219**	**(25 747 825)**	**650 338 852**
Surplus/(Deficit)	**66 462 165**	**18 889 594**	**85 351 759**	**129 011 277**	**43 659 518**	**85 035 629**
Transfers and Subsidies - Capital	246 183 300	(19 588 751)	226 594 549	196 866 959	(29 727 590)	161 233 271
Transfers and subsidies - Capital (in-kind)	-	-	-	3 504 786	3 504 786	-
Surplus/(Deficit) for the year	**312 645 465**	**(699 157)**	**311 946 308**	**329 383 022**	**17 436 714**	**246 268 900**

Depreciation & asset impairment included only Depreciation and Asset impairment in the original budget, while debt impairment was included as part of Other Expenditure. During the final budget, NT changed the composition of this line to include both Depreciation and Amortisation as well as Debt Impairment. The comparative information is disclosed in line with current year classifications.

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX C (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENT FOR THE YEAR ENDING 30 JUNE 2024

MUNICIPALITY	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
Capital expenditure & funds sources						
Capital expenditure	**287 901 800**	**(23 569 627)**	**264 332 173**	**200 637 134**	**(63 695 039)**	**122 306 067**
Transfers recognised - capital	246 333 300	(16 869 628)	229 463 672	196 866 959	(32 596 713)	161 233 271
Transfers recognised - capital (in-Kind)	-	-	-	3 504 786	3 504 786	-
Front Loading Expenditure	-	-	-	-	-	(52 366 307)
Borrowing	30 000 000	-	30 000 000	-	(30 000 000)	9 418 083
Internally generated funds	11 568 500	(6 699 999)	4 868 501	265 389	(4 603 112)	4 186 220
Total sources of capital funds	**287 901 800**	**(23 569 627)**	**264 332 173**	**200 637 134**	**(63 695 039)**	**122 471 267**
Cash flows						
Net cash from (used) operating	252 232 421	15 810 590	268 043 011	193 572 601	(74 470 410)	164 269 490
Net cash from (used) investing	(287 963 300)	11 023 888	(276 939 412)	(194 984 893)	81 954 519	(122 471 267)
Net cash from (used) financing	30 000 000	864 097	30 864 097	(1 238 857)	(32 102 954)	(60 739 789)
Net Cash Movement for the year	**(5 730 879)**	**27 698 575**	**21 967 696**	**(2 651 149)**	**(24 618 845)**	**(18 941 566)**
Cash/cash equivalents at the year begin:	26 167 232	(18 030 031)	8 137 201	5 989 746	(2 147 455)	24 931 312
Cash/cash equivalents at the year end	**20 436 353**	**9 668 544**	**30 104 897**	**3 338 597**	**(26 766 300)**	**5 989 746**