UTHUKELA
UMKHANDLU WESIFUNDA
DISTRIKSMUNISIPALITEIT
DISTRICT MUNICIPALITY

Uthukela District Municipality
Consolidated Annual Financial Statements
for the year ended June 30, 2021

General Information

Legal form of entity	District Municipality
Nature of business and principal activities	The main business operations ot the Municipality is to engage in Local Government activities, which includes planning and promotion of integrated development planning, economic, social and environmental development and supplying of the following services to the community: the supply of water and sanitation services, as well as infrastructure development. Water is obtained from (DWS) Department of Water and Sanitation and distributed to the consumers by the Municipality.
Municipal Demarcation Code	DC23
Executive Committee	
Mayor	Cllr. A.S. Mazibuko
	Cllr. N.W. Sibiya (Deputy Mayor)
	Cllr. S.A.B. Dlungwane
	Cllr. S.V. Shabalala
	Cllr. T.P. Shabalala
	Cllr. S.A. Mvelase
Councillors	Cllr. P.G. Strydom (Speaker)
	Cllr. G. Ndaba
	Cllr. S.Z. Khumalo
	Cllr. G.S. Mdluli
	Cllr. Z. Msobomvu
	Cllr. N.M. Hadebe
	Cllr. N.K.P. Mbongwa
	Cllr. B.S. Dladla
	Cllr. E.S. Ndomu
	Cllr. S.E. Mbongwa
	Cllr. S.W. Khumalo
	Cllr. K.L. Msibi
	Cllr. G.E. Mbhele
	Cllr. M.N. Mlosthwa
	Cllr. M.B. Mbhele
	Cllr. N.L. Zikalala
	Cllr. K.A. Vilakazi
	Cllr. S.Z.P. Msibi
	Cllr. T.B. Njapha
	Cllr. M.M. Khoza
	Cllr. T.P. Dlamini
	Cllr. X.F. Mhlongo
	Cllr. S.M. Buthelezi
	Cllr. P.A.M. Mfuphi
	Cllr. M.H. Msimanga
	Cllr. M.V. Khumalo
	Cllr. T.Y. Nqubuka
Grading of local authority	Grade 4
	Medium Capacity
Accounting Officer (MM)	M.M. Sithole
	Municipal Manager

General Information

Chief Financial Officer (CFO)	Ms. P.H.Z. Kubheka
Registered office	33 Forbes Street Ladysmith Tel: 036-6385100 Fax: 036-6385126 pa.mm@uthukela.gov.za
Business address	33 Forbes Street Ladysmith Kwazulu Natal 3370
Postal address	PO Box 116 Ladysmith Kwazulu Natal 3370
Bankers	First National Bank
Auditors	Auditor General - South Africa
Attorneys	Ramhkelewan Incorporated Shepstone & Wylie

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

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

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the economic entity’s cash flow forecast for the year to June 30, 2022 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer Certifies that the salaries, allowances and benefits of Councillors as disclosed in the notes to the financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read in conjunction with the Remuneration of Public Office Bearers Act and Minister of Provincial and Local Governments determination in accourdance with the Act.

The municipality is wholly dependent on the municipality for continued funding of operations. The consolidated annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the Accounting Officer are primarily responsible for the financial affairs of the municipality, they are supported by the economic entity's external auditors.

The consolidated annual financial statements set out on page 1 to 107, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 January 2022 and were signed on its behalf by:

M.M. Sithole
Accounting Officer

Statement of Financial Position as at June 30, 2021

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Assets					
Current Assets					
Inventories	10	8,921,989	7,890,183	8,921,989	7,890,183
Receivables from exchange transactions	11	47,000,050	29,856,518	47,000,050	29,856,518
Receivables from non-exchange transactions	12	125,796	125,796	125,796	125,796
Employee benefit asset	7	-	590,407	-	590,407
Consumer debtors	13	56,649,788	234,854,257	56,649,788	234,854,257
Bank reconcilliation clearing control account	9	6,673,137	-	6,673,137	-
Cash and cash equivalents	14	40,513,707	57,079,384	39,184,719	55,284,392
		159,884,467	**330,396,545**	**158,555,479**	**328,601,553**
Non-Current Assets					
Property, plant and equipment	4	3,036,191,139	2,875,658,824	3,034,806,559	2,874,766,005
Intangible assets	5	447,100	473,253	447,100	473,253
Receivables from exchange transactions	11	4,044,813	4,044,813	4,044,813	4,044,813
Prepayments	8	-	3,058,699	-	3,027,080
		3,040,683,052	**2,883,235,589**	**3,039,298,472**	**2,882,311,151**
Total Assets		**3,200,567,519**	**3,213,632,134**	**3,197,853,951**	**3,210,912,704**
Liabilities					
Current Liabilities					
Other liabilities - Sundry debtors with credit balances	16	53,143	5,498,811	53,143	5,498,811
Operating lease liability	6	406,412	626,497	406,412	626,497
Payables from exchange transactions	21	369,596,079	320,043,942	369,530,556	322,250,609
Consumer deposits	22	20,807,339	19,561,713	20,807,339	19,561,713
Employee benefit obligation	7	4,595,593	-	4,595,593	-
Unspent conditional grants and receipts	15	16,504,355	5,722,624	16,504,355	5,722,624
Provisions	17	39,128,898	34,952,917	39,128,898	34,952,917
VAT payable	18	51,290,638	21,003,190	51,290,638	21,003,190
Other liability - Consumer debtors with credit balances	19	18,347,584	12,024,307	18,347,584	12,024,307
Other liabilities - Unclaimed wages	20	378,161	390,361	378,161	390,361
		521,108,202	**419,824,362**	**521,042,679**	**422,031,029**
Non-Current Liabilities					
Employee benefit obligation	7	34,897,407	30,956,407	34,897,407	30,956,407
		34,897,407	**30,956,407**	**34,897,407**	**30,956,407**
Total Liabilities		**556,005,609**	**450,780,769**	**555,940,086**	**452,987,436**
Net Assets		**2,644,561,910**	**2,762,851,365**	**2,641,913,865**	**2,757,925,268**

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	24	271,046,066	164,402,170	271,046,066	164,402,170
Interest received (trading)	23	66,652,774	59,908,929	66,652,774	59,908,929
Other income	26	7,131,801	2,402,600	7,131,801	2,402,600
Impairment reversal	4	-	2,740,513	-	2,740,513
Interest received - investment	27	7,639,137	6,564,929	7,568,402	6,512,027
Actuarial gains	7	-	3,342,941	-	3,342,941
Total revenue from exchange transactions		**352,469,778**	**239,362,082**	**352,399,043**	**239,309,180**
Revenue from non-exchange transactions					
Taxation revenue					
VAT refunds	23	55,647,930	59,380,155	55,647,930	59,380,155
Transfer revenue					
Government grants & subsidies	29	829,202,151	765,310,377	829,202,151	765,310,377
Public contributions and donations	30	23,753	10,145,379	23,753	10,145,379
Total revenue from non-exchange transactions		**884,873,834**	**834,835,911**	**884,873,834**	**834,835,911**
Total revenue	23	**1,237,343,612**	**1,074,197,993**	**1,237,272,877**	**1,074,145,091**
Expenditure					
Employee related costs	31	(360,270,471)	(332,104,773)	(358,708,122)	(330,770,362)
Remuneration of councillors and Board members	32	(6,868,584)	(6,895,857)	(6,585,623)	(6,486,438)
Depreciation and amortisation	33	(71,240,031)	(65,909,986)	(71,044,937)	(65,829,279)
Reversal of impairments	34	(1,573,028)	(33,764)	(1,573,028)	(33,764)
Interest incurred	35	(3,879,966)	(8,775,855)	(3,879,966)	(8,775,855)
Lease rentals on operating lease	41	(1,707,573)	(2,564,396)	(1,306,481)	(2,063,061)
Debt Impairment	36	228,791,666	(40,012,732)	228,791,666	(40,012,732)
Incentive Discount	58	(7,857,924)	(5,185,052)	(7,857,924)	(5,185,052)
Bad debts written off	59	(637,572,396)	(60,455,993)	(637,572,396)	(60,455,993)
Bulk purchases	37	(127,213,754)	(129,021,611)	(127,213,754)	(129,021,611)
Contracted services	38	(120,157,852)	(56,715,177)	(119,391,179)	(56,070,020)
Transfers and Subsidies	28	-	-	(3,000,000)	(2,514,233)
Loss on disposal of assets and liabilities	4	(5,240,102)	(512,127)	(5,240,102)	(512,127)
Actuarial losses	7	(3,442,000)	-	(3,442,000)	-
General Expenses	39	(175,668,152)	(129,714,521)	(174,845,720)	(129,639,284)
Total expenditure		**(1,293,900,167)**	**(837,901,844)**	**(1,292,869,566)**	**(837,369,811)**
(Deficit) surplus for the year		**(56,556,555)**	**236,296,149**	**(55,596,689)**	**236,775,280**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Economic entity		
Balance at July 1, 2019	**2,526,555,216**	**2,526,555,216**
Changes in net assets		
Surplus for the year	236,296,149	236,296,149
Total changes	236,296,149	236,296,149
Restated* Balance at July 1, 2020	**2,762,851,365**	**2,762,851,365**
Changes in net assets		
Surplus for the year	(56,556,555)	(56,556,555)
Movement in accumulated surplus	(61,732,900)	(61,732,900)
Total changes	(118,289,455)	(118,289,455)
Balance at June 30, 2021	**2,644,561,910**	**2,644,561,910**
Note(s)		
Controlling entity		
Balance at July 1, 2019	**2,521,149,988**	**2,521,149,988**
Changes in net assets		
Reversal of impairment losses on revalued capital assets	-	-
Net income (losses) recognised directly in net assets	-	-
Restated surplus for the year	236,775,280	236,775,280
Total recognised income and expenses for the year	236,775,280	236,775,280
Total changes	236,775,280	236,775,280
Opening balance restated	2,757,925,268	2,757,925,268
Restated* Balance at July 1, 2020 as restated*	**2,757,925,268**	**2,757,925,268**
Changes in net assets		
Surplus for the year	(55,596,689)	(55,596,689)
Movement in accumulated surplus	(60,414,714)	(60,414,714)
Total changes	(116,011,403)	(116,011,403)
Balance at June 30, 2021	**2,641,913,865**	**2,641,913,865**

Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Cash flows from operating activities					
Receipts					
Vat refunds		55,647,930	59,380,155	55,647,930	59,380,155
Service charges		118,246,796	106,805,724	118,246,796	106,805,724
Grants		829,202,151	765,310,377	829,202,151	765,310,377
interest income		7,639,137	6,564,929	7,568,402	6,512,027
Public donations		-	250,000	-	250,000
Other cash item		7,131,801	2,402,600	7,131,801	2,402,600
		1,017,867,815	940,713,785	1,017,797,080	940,660,883
Payments					
Employee and councillor costs		(367,095,598)	(339,000,630)	(365,293,745)	(337,256,800)
Suppliers and others		(399,304,561)	(347,455,520)	(401,256,532)	(351,805,561)
Interest incurred		(3,879,966)	(8,775,855)	(3,879,966)	(8,775,855)
		(770,280,125)	(695,232,005)	(770,430,243)	(697,838,216)
Net cash flows from operating activities	42	**247,587,690**	**245,481,780**	**247,366,837**	**242,822,667**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(257,480,230)	(236,900,835)	(256,793,373)	(236,036,714)
Decrease in receivables from non-exchange transactions		-	4,592,424	-	4,592,424
Bank reconcilliation clearing account		(6,673,137)	-	(6,673,137)	-
Net cash flows from investing activities		**(264,153,367)**	**(232,308,411)**	**(263,466,510)**	**(231,444,290)**
Net increase in cash and cash equivalents		**(16,565,677)**	**13,173,369**	**(16,099,673)**	**11,378,377**
Cash and cash equivalents at the beginning of the year		57,079,384	43,906,015	55,284,392	43,906,015
Cash and cash equivalents at the end of the year	14	**40,513,707**	**57,079,384**	**39,184,719**	**55,284,392**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	283,251,000	(18,022,000)	**265,229,000**	271,046,066	**5,817,066**	
Interest received (trading)	68,674,000	-	**68,674,000**	66,652,774	**(2,021,226)**	
Other income	26,575,000	4,304,000	**30,879,000**	7,131,801	**(23,747,199)**	
Government grants-transfers recognised (operational	481,218,000	74,369,000	**555,587,000**	528,625,468	**(26,961,532)**	
Interest received - investment	6,097,000	-	**6,097,000**	7,639,137	**1,542,137**	
Total revenue from exchange transactions	**865,815,000**	**60,651,000**	**926,466,000**	**881,095,246**	**(45,370,754)**	
Revenue from non-exchange transactions						
Taxation revenue						
VAT refunds	-	-	**-**	55,647,930	**55,647,930**	
Transfer revenue						
Government grants- transfers recognosed (capital)	307,046,000	(23,209,000)	**283,837,000**	300,576,683	**16,739,683**	
Public contributions and donations	-	-	**-**	23,753	**23,753**	
Total revenue from non-exchange transactions	**307,046,000**	**(23,209,000)**	**283,837,000**	**356,248,366**	**72,411,366**	
Total revenue	**1,172,861,000**	**37,442,000**	**1,210,303,000**	**1,237,343,612**	**27,040,612**	
Expenditure						
Personnel	(312,771,000)	(16,438,000)	**(329,209,000)**	(360,270,471)	**(31,061,471)**	
Remuneration of councillors	(6,372,000)	-	**(6,372,000)**	(6,868,584)	**(496,584)**	
Depreciation and amortisation	(61,048,000)	-	**(61,048,000)**	(71,240,031)	**(10,192,031)**	
Impairment loss/ Reversal of impairments	-	-	**-**	(1,573,028)	**(1,573,028)**	
Finance costs	-	-	**-**	(3,879,966)	**(3,879,966)**	
Lease rentals on operating lease	-	-	**-**	(1,707,573)	**(1,707,573)**	
Debt Impairment	(175,709,000)	-	**(175,709,000)**	228,791,666	**404,500,666**	
Incentive discounts	-	-	**-**	(7,857,924)	**(7,857,924)**	
Bad debt written off	-	-	**-**	(637,572,396)	**(637,572,396)**	
Bulk purchases	(136,846,000)	16,902,000	**(119,944,000)**	(127,213,754)	**(7,269,754)**	
Contracted Services	(69,806,000)	(45,610,000)	**(115,416,000)**	(120,157,852)	**(4,741,852)**	
Transfers and Subsidies	-	(10,000,000)	**(10,000,000)**	-	**10,000,000**	
General Expenses	(103,263,000)	(48,383,000)	**(151,646,000)**	(175,668,152)	**(24,022,152)**	
Total expenditure	**(865,815,000)**	**(103,529,000)**	**(969,344,000)**	**(1,285,218,065)**	**(315,874,065)**	
Operating deficit	**307,046,000**	**(66,087,000)**	**240,959,000**	**(47,874,453)**	**(288,833,453)**	
Loss on disposal of assets and liabilities	-	-	**-**	(5,240,102)	**(5,240,102)**	
Actuarial gains/losses	-	-	**-**	(3,442,000)	**(3,442,000)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	-	**-**	**-**	**(8,682,102)**	**(8,682,102)**	
Deficit before taxation	**307,046,000**	**(66,087,000)**	**240,959,000**	**(56,556,555)**	**(297,515,555)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**307,046,000**	**(66,087,000)**	**240,959,000**	**(56,556,555)**	**(297,515,555)**	

Reconciliation

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	6,895,000	-	**6,895,000**	8,921,989	**2,026,989**	
Receivables from exchange transactions	4,329,000	-	**4,329,000**	47,000,050	**42,671,050**	
Receivables from non-exchange transactions	-	-	**-**	125,796	**125,796**	
Consumer debtors	280,781,000	(21,000,000)	**259,781,000**	56,649,788	**(203,131,212)**	
Other asset 1	-	-	**-**	6,673,137	**6,673,137**	
Cash and cash equivalents	10,888,000	7,168,000	**18,056,000**	40,513,707	**22,457,707**	
	302,893,000	**(13,832,000)**	**289,061,000**	**159,884,467**	**(129,176,533)**	
Non-Current Assets						
Property, plant and equipment	3,135,558,000	(211,467,000)	**2,924,091,000**	3,036,191,139	**112,100,139**	
Intangible assets	523,000	-	**523,000**	447,100	**(75,900)**	
Receivables from exchange transactions	6,532,000	-	**6,532,000**	4,044,813	**(2,487,187)**	
Receivables from non-exchange transactions	2,532,000	-	**2,532,000**	-	**(2,532,000)**	
	3,145,145,000	**(211,467,000)**	**2,933,678,000**	**3,040,683,052**	**107,005,052**	
Total Assets	**3,448,038,000**	**(225,299,000)**	**3,222,739,000**	**3,200,567,519**	**(22,171,481)**	
Liabilities						
Current Liabilities						
Other financial liabilities - Sundry debtors with credit balances	-	-	**-**	53,143	**53,143**	
Operating lease liability	-	-	**-**	406,412	**406,412**	
Payables from exchange transactions	177,566,000	200,381,000	**377,947,000**	369,596,079	**(8,350,921)**	
Consumer deposits	33,440,000	-	**33,440,000**	20,807,339	**(12,632,661)**	
Employee benefit obligation	-	-	**-**	4,595,593	**4,595,593**	
Unspent conditional grants and receipts	-	-	**-**	16,504,355	**16,504,355**	
Provisions	23,429,000	-	**23,429,000**	39,128,898	**15,699,898**	
Other liability (VAT payable)	-	-	**-**	51,290,638	**51,290,638**	
Other liability - consumer debtors with credit balances	-	-	**-**	18,347,584	**18,347,584**	
Other liability - salaries clearing control account	-	-	**-**	378,161	**378,161**	
	234,435,000	**200,381,000**	**434,816,000**	**521,108,202**	**86,292,202**	
Non-Current Liabilities						
Employee benefit obligation	39,126,000	-	**39,126,000**	34,897,407	**(4,228,593)**	
Total Liabilities	**273,561,000**	**200,381,000**	**473,942,000**	**556,005,609**	**82,063,609**	
Net Assets	**3,174,477,000**	**(425,680,000)**	**2,748,797,000**	**2,644,561,910**	**(104,235,090)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	3,174,477,000	(425,680,000)	**2,748,797,000**	2,644,561,910	**(104,235,090)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	283,251,000	(18,022,000)	**265,229,000**	271,046,066	**5,817,066**	PER 1
Interest received	68,674,000	-	**68,674,000**	66,652,774	**(2,021,226)**	PER 2
Other income	26,575,000	4,304,000	**30,879,000**	7,131,801	**(23,747,199)**	PER 3
Government grants-Transfers recognised (operational)	481,218,000	74,369,000	**555,587,000**	528,625,468	**(26,961,532)**	PER 4
Interest received - investment	6,097,000	-	**6,097,000**	7,568,402	**1,471,402**	PER 5
Total revenue from exchange transactions	**865,815,000**	**60,651,000**	**926,466,000**	**881,024,511**	**(45,441,489)**	
Revenue from non-exchange transactions						
Taxation revenue						
VAT refunds	-	59,380,155	**59,380,155**	55,647,930	**(3,732,225)**	
Transfer revenue						
Government grants-Transfers recognised (capital)	307,046,000	(23,209,000)	**283,837,000**	300,576,683	**16,739,683**	PER 6
Public contributions and donations	-	-	**-**	23,753	**23,753**	PER 7
Total revenue from non-exchange transactions	**307,046,000**	**36,171,155**	**343,217,155**	**356,248,366**	**13,031,211**	
Total revenue	**1,172,861,000**	**96,822,155**	**1,269,683,155**	**1,237,272,877**	**(32,410,278)**	
Expenditure						
Employee related costs	(312,771,000)	(16,438,000)	**(329,209,000)**	(358,708,122)	**(29,499,122)**	PER 8
Remuneration of councillors	(6,372,000)	-	**(6,372,000)**	(6,585,623)	**(213,623)**	PER 9
Depreciation and amortisation	(61,048,000)	-	**(61,048,000)**	(71,044,937)	**(9,996,937)**	PER 10
Reversal of impairments	-	-	**-**	(1,573,028)	**(1,573,028)**	PER 11
Interest incurred	-	-	**-**	(3,879,966)	**(3,879,966)**	PER 12
Lease rentals on operating leases	-	-	**-**	(1,306,481)	**(1,306,481)**	PER 13
Bad debt provision	(175,709,000)	-	**(175,709,000)**	228,791,666	**404,500,666**	PER 14
Incentive discounts	-	-	**-**	(7,857,924)	**(7,857,924)**	PER 15
Bad debt written off	-	-	**-**	(637,572,396)	**(637,572,396)**	PER 16
Bulk purchases	(136,846,000)	16,902,000	**(119,944,000)**	(127,213,754)	**(7,269,754)**	PER 17
Contracted Services	(69,806,000)	(45,610,000)	**(115,416,000)**	(119,391,179)	**(3,975,179)**	PER 18
Transfers and Subsidies	-	(10,000,000)	**(10,000,000)**	(3,000,000)	**7,000,000**	PER 19
General Expenses	(103,263,000)	(48,383,000)	**(151,646,000)**	(174,845,720)	**(23,199,720)**	PER 20
Total expenditure	**(865,815,000)**	**(103,529,000)**	**(969,344,000)**	**(1,284,187,464)**	**(314,843,464)**	
Operating deficit	**307,046,000**	**(6,706,845)**	**300,339,155**	**(46,914,587)**	**(347,253,742)**	
Loss on disposal of assets and liabilities	-	-	**-**	(5,240,102)	**(5,240,102)**	PER 21
Actuarial gains/losses	-	-	**-**	(3,442,000)	**(3,442,000)**	PER 22

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	-	-	-	(8,682,102)	(8,682,102)	
Deficit before taxation	**307,046,000**	**(6,706,845)**	**300,339,155**	**(55,596,689)**	**(355,935,844)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**307,046,000**	**(6,706,845)**	**300,339,155**	**(55,596,689)**	**(355,935,844)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	6,895,000	-	**6,895,000**	8,921,989	**2,026,989**	POS 1
Receivables from exchange transactions	4,329,000	-	**4,329,000**	47,000,050	**42,671,050**	POS 2
Receivables from non-exchange transactions	-	-	**-**	125,796	**125,796**	POS 3
Consumer debtors from exchange transactions	280,781,000	(21,000,000)	**259,781,000**	56,649,788	**(203,131,212)**	POS 4
Bank recincilliation clearing control account	-	-	**-**	6,673,137	**6,673,137**	POS 5
Cash and cash equivalents	10,888,000	7,168,000	**18,056,000**	39,184,719	**21,128,719**	POS 6
	302,893,000	**(13,832,000)**	**289,061,000**	**158,555,479**	**(130,505,521)**	
Non-Current Assets						
Property, plant and equipment	3,135,558,000	(211,467,000)	**2,924,091,000**	3,034,806,559	**110,715,559**	POS 7
Intangible assets	523,000	-	**523,000**	447,100	**(75,900)**	POS 8
Receivables from exchange transactions	6,532,000	-	**6,532,000**	4,044,813	**(2,487,187)**	POS 9
Receivables from non-exchange transactions	2,532,000	-	**2,532,000**	-	**(2,532,000)**	POS 10
	3,145,145,000	**(211,467,000)**	**2,933,678,000**	**3,039,298,472**	**105,620,472**	
Total Assets	**3,448,038,000**	**(225,299,000)**	**3,222,739,000**	**3,197,853,951**	**(24,885,049)**	
Liabilities						
Current Liabilities						
Other liabilities - Sundry debtors with credit balances	-	-	**-**	53,143	**53,143**	POS 11
Operating lease liability	-	-	**-**	406,412	**406,412**	POS 12
Payables from exchange transactions	177,566,000	200,381,000	**377,947,000**	369,530,556	**(8,416,444)**	POS 13
Consumer deposits	33,440,000	-	**33,440,000**	20,807,339	**(12,632,661)**	POS 14
Employee benefit obligation	-	-	**-**	4,595,593	**4,595,593**	POS 15
Unspent conditional grants and receipts	-	-	**-**	16,504,355	**16,504,355**	POS 16
Provisions	23,429,000	-	**23,429,000**	39,128,898	**15,699,898**	POS 17
Other liabilities (VAT payable)	-	-	**-**	51,290,638	**51,290,638**	POS 18
Other liabilities - Consumer debtors	-	-	**-**	18,347,584	**18,347,584**	POS 19
Other liabilities - Salaries clearing control account	-	-	**-**	378,161	**378,161**	POS 20
	234,435,000	**200,381,000**	**434,816,000**	**521,042,679**	**86,226,679**	
Non-Current Liabilities						
Provisions (Retirement benefit obligation)	39,126,000	-	**39,126,000**	34,897,407	**(4,228,593)**	POS 21
Total Liabilities	**273,561,000**	**200,381,000**	**473,942,000**	**555,940,086**	**81,998,086**	
Net Assets	**3,174,477,000**	**(425,680,000)**	**2,748,797,000**	**2,641,913,865**	**(106,883,135)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Accumulated surplus	3,174,477,000	(425,680,000)	**2,748,797,000**	2,641,913,865	**(106,883,135)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Vat refunds	-	-	**-**	55,647,930	**55,647,930**	
Sale of goods and services	169,951,000	(77,120,000)	**92,831,000**	118,246,796	**25,415,796**	
Grants	788,264,000	50,710,000	**838,974,000**	829,202,151	**(9,771,849)**	
Other receipts	26,575,000	636,000	**27,211,000**	7,131,801	**(20,079,199)**	
Interest income	6,097,000	-	**6,097,000**	7,568,402	**1,471,402**	
	990,887,000	**(25,774,000)**	**965,113,000**	**1,017,797,080**	**52,684,080**	
Payments						
Employee costs	(319,143,000)	(16,438,000)	**(335,581,000)**	(365,293,745)	**(29,712,745)**	
Suppliers and other	(389,914,000)	(20,843,000)	**(410,757,000)**	(401,256,532)	**9,500,468**	
Interest Incurred	-	-	**-**	(3,879,966)	**(3,879,966)**	
	(709,057,000)	**(37,281,000)**	**(746,338,000)**	**(770,430,243)**	**(24,092,243)**	
Net cash flows from operating activities	**281,830,000**	**(63,055,000)**	**218,775,000**	**247,366,837**	**28,591,837**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(307,046,000)	21,046,000	**(286,000,000)**	(256,793,373)	**29,206,627**	
Bank recincilliation clearing account	-	-	**-**	(6,673,137)	**(6,673,137)**	
Net cash flows from investing activities	**(307,046,000)**	**21,046,000**	**(286,000,000)**	**(263,466,510)**	**22,533,490**	
Cash flows from financing activities						
Movement in other liability (consumer deposits)	1,769,000	-	**1,769,000**	-	**(1,769,000)**	
Net increase/(decrease) in cash and cash equivalents	(23,447,000)	(42,009,000)	**(65,456,000)**	(16,099,673)	**49,356,327**	
Cash and cash equivalents at the beginning of the year	34,335,000	60,065,000	**94,400,000**	55,284,392	**(39,115,608)**	
Cash and cash equivalents at the end of the year	**10,888,000**	**18,056,000**	**28,944,000**	**39,184,719**	**10,240,719**	

References to statement of comparison of budget and actual amounts

Statement of financial performance.

PER 1 - Service charges - the increse in service charges is as a result of bulk meters in respect of Industry and Businesses being installed or replaced and actual consumption has been charged. A simillar excersice was performed with regards to household consumers.

PER 2 - Interest received - interest on service charges has escalated due to poor collection rate.

PER 3 - Other income - the increase is as a result of costs recovered from Umgeni Water which was incurred by the Municipality.

PER 4 - Government grants (operational) - The Municipality received an additional amount in respect of equity share during the financial year.

PER 5 - Interest on investments - the Muncipality earned more interest on external investments that was anticipated.

PER 6 - Government grants (capital) - the Municipality has achieved 100% expenditure on capital grants except for the RBIG grant which was received very late in the financial year.

PER 7 - Public contributions and donations - received during the year not budgeted for.

PER 8 - Employee related costs - high overtime, standby and night shift claims remain a challenge however Management has implemented controls to curb overtime claims.

PER 9 - Remuneration of Councillors - provision was made in the budget for Councillors to receive an increase and backpay in terms of the Government Gazette for Councillors upper limits however this was not approved due to the audit opinion received in the previous financial years.

PER 10 - Depreciation and amortization - depreciation of PPE for the year was under budgeted for.

PER 11 - Impairment loss - a conditional assessment was performed on Infrastructural assets and due to the condition of these assets an impairment reversal was done. The reversal of impairment on PPE was not budgeted for.

PER 12 - Interest incurred - this relates to interest charges with regards to post retirement medical aid and long service awards as well as interest paid to suppliers due to late payments made.

PER 13- Lease rentals on operating leases - This relates to rental paid in respect of the satelite offices the Municipality occopies in Estcourt, Colenso and Weenen, Laboratory space and rental of office machines.

PER 14 - Bad debt provision - Prescriptive debt was written of which reduced outstanding debtors significantly and therefore the debt impairment provision at year end had to be adjusted. This resulted in an impairment reversal.

PER 15 - Incentive discounts - the Municipality offered incentive discounts to consumers in an effort to collect outstanding debt and decrease the debtors book. The Municipality offered a 50% discount to consumers in order to encourage them to pay their outstanding debt.

PER 16 - Bad debt written off - the Municipality has implimented its indigent policy and indigent debt and irrecoverable debt has been written off. This was not provided for when the budget was compiled.

PER 17 - Bulk purchases - this represents the bulk water purchases from DWS (Department of Water and Sanitation). Umgeni Water has also invoices the Municipality for bulk purified water.

PER 18 - Contracted services - contracted services includes outsourced services such as security, consultants and professional services as well as maintenance and repairs of Municipal assets. The Municipality spent more money on the repairs and replacement of Pumps and the maintenance and repairs of pipelines and potable water.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

PER 19 - Transfers and subsidies - this relates to an transfer made by the Municipality to the Uthukela Economic Development Agency in the 2020/2021 financial year. During the 2019/2020 financial year the Municipality incurred expenditure on behalf of the Agency as no transfer was made to them.

PER 20 - General expenditure - this relates to all other operational expenditure incurred by the Municipality. The biggest contributing expenditure making up the variance between 2019/2020 and 2020/2021 is grant expenditure, Electricity & water (internal use) and fuel & oil.

PER 21 - Loss on disposal of assets ad liabilities - Loss on disposal of PPE which was not budgeted for.

PER 22 - Actuarial gains/losses - Losses recognized during the valuation of long service awards and medical aid post retirement which was not budgeted for.

Statement of financial position.

POS 1 - Inventories - Inventory items are kept at a centralized store, chemicals is stored at the water and sewerage treatment plants. Inventory also includes water stock in the reservoirs and reticulation networks as at year end.

POS 2 - Receivables from exchange transactions - represents sundry debtors accounts held by the Municipality.

POS 3 - Receivables from non-exchange transactions - represents unpaid cheques issued to the Municipality and overpayment of contractors.

POS 4 - Consumer debtors from exchange transactions - when the budget was prepared the poor collection rate and the privision for bad debt was not accurately taken into account.

POS 5 - Bank reconcilliation clearing control account - unreconciled items on the cashbook.

POS 6 - Cash and cash equivelants - represents actual cash on hand and this was not accuratly budgeted for.

POS 7 - PPE (property, plant and equipment) - the variance between the budget and the actual amount is due to the capatalization and asset impairment which were not accurately budgeted for.

POS 8 - Intangable assets - the variance is due to impairment not accurately budgeted for.

POS 9 - Receivables from exchange transactions - represents deposits paid to third party vendors such as Eskom.

POS 10 - Receivables from non-exchange transactions - this was not accuratly budgeted for.

POS 11 - Other liabilities (Sundry debtors) - this represents Sundry debtors with credit balances at year end.

POS 12 - Operating lease liability - the liability is in respect of operating leases the Municipality has entered into.

POS 13 - Payables from exchange transactions - represets trade payables, DWS accrual in respect of bulk raw water, Umgeni Water accrual in respect of bulk purified water, retentions, trust funds and other creditors at year end.

POS 14 - Consumer deposits - this represent deposits held by the Municipality in respect of consumer debtors accounts.

POS 15 - Employees benefit obligations - this relates to the long service awards and medical aid pos-retirement obligation which was not budgeted for.

POS 16 - Unspent conditional grants - this represents the unspent portion of conditional grants at financial year end which remains a liability. Application has been made for the approval for roll over to the next financial year.

POS 17 - Provisions - relates to bonus and leave provision at year end which were not accuratly budgeted for.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

POS 18 - VAT payables - the Municipality is registered with SARS on a payment bases and therefore VAT is only paid to SARS once it has been collected via the consumer debtors accouns.

POS 19 - Other liabilites (consumer debtors) - this represents consumer debtors with credit balances at year end.

POS 20 - Other liabilities - (salaries clearing control account) relates to the salary clearing control account at year end.

POS 21 - Provision for retirement benefit obligation - is the medical aid and long service award obligation at year end.

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Economic entity - 2021											
Financial Performance											
VAT refunds	-	-	-	-		-	55,647,930		55,647,930	DIV/0 %	DIV/0 %
Service charges	283,251,000	(18,022,000)	265,229,000	-		265,229,000	271,046,066		5,817,066	102 %	96 %
Investment revenue	6,097,000	-	6,097,000	-		6,097,000	7,639,137		1,542,137	125 %	125 %
Transfers recognised - operational	481,218,000	74,369,000	555,587,000	-		555,587,000	528,625,468		(26,961,532)	95 %	110 %
Other own revenue	95,249,000	4,304,000	99,553,000	-		99,553,000	73,784,575		(25,768,425)	74 %	77 %
Total revenue (excluding capital transfers and contributions)	**865,815,000**	**60,651,000**	**926,466,000**	**-**		**926,466,000**	**936,743,176**		**10,277,176**	**101 %**	**108 %**
Employee costs	(312,771,000)	(16,438,000)	(329,209,000)	-	-	(329,209,000)	(360,270,471)	(29,499,122)	(31,061,471)	109 %	115 %
Remuneration of councillors	(6,372,000)	-	(6,372,000)	-	-	(6,372,000)	(6,868,584)	(213,623)	(496,584)	108 %	108 %
Debt impairment	(175,709,000)	-	(175,709,000)			(175,709,000)	228,791,666	404,500,666	404,500,666	(130)%	(130)%
Depreciation and asset impairment	(61,048,000)	-	(61,048,000)			(61,048,000)	(71,240,031)	(9,996,937)	(10,192,031)	117 %	117 %
Interest incurred	-	-	-	-	-	-	(3,879,966)	(3,879,966)	(3,879,966)	DIV/0 %	DIV/0 %
Materials and bulk purchases	(136,846,000)	16,902,000	(119,944,000)	-	-	(119,944,000)	(127,213,754)	(7,269,754)	(7,269,754)	106 %	93 %
Transfers and grants	-	(10,000,000)	(10,000,000)	-	-	(10,000,000)	-	7,000,000	10,000,000	- %	DIV/0 %
Other expenditure	(173,069,000)	(93,993,000)	(267,062,000)	-	-	(267,062,000)	(953,219,027)	(298,297,419)	(686,157,027)	357 %	551 %
Total expenditure	**(865,815,000)**	**(103,529,000)**	**(969,344,000)**	**-**	**-**	**(969,344,000)**	**(1,293,900,167)**	**62,343,845**	**(324,556,167)**	**133 %**	**149 %**
Surplus/(Deficit)	**-**	**(42,878,000)**	**(42,878,000)**	**-**		**(42,878,000)**	**(357,156,991)**		**(314,278,991)**	**833 %**	**833 %**

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	307,046,000	(23,209,000)	283,837,000	-		283,837,000	300,576,683		16,739,683	106 %	98 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	23,753		23,753	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	**307,046,000**	**(66,087,000)**	**240,959,000**	**-**		**240,959,000**	**(56,556,555)**		**(297,515,555)**	**(23)%**	**(18)%**
Surplus/(Deficit) for the year	**307,046,000**	**(66,087,000)**	**240,959,000**	**-**		**240,959,000**	**(56,556,555)**		**(297,515,555)**	**(23)%**	**(18)%**

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Economic entity - 2020				
Financial Performance				
Service charges				164,402,170
Investment revenue				6,564,929
Transfers recognised - operational				442,636,790
Other own revenue				127,775,138
Total revenue (excluding capital transfers and contributions)				**741,379,027**
Employee costs	-	-	-	(332,104,773)
Remuneration of councillors	-	-	-	(6,895,857)
Debt impairment	-	-	-	(40,012,732)
Depreciation and asset impairment	-	-	-	(65,943,750)
Finance charges	-	-	-	(8,775,855)
Materials and bulk purchases	-	-	-	(129,021,611)
Other expenditure	-	-	-	(255,147,266)
Total expenditure	**-**	**-**	**-**	**(837,901,844)**
Surplus/(Deficit)				**(96,522,817)**
Transfers recognised - capital				322,673,587
Contributions recognised - capital and contributed assets				10,145,379
Surplus (Deficit) after capital transfers and contributions				**236,296,149**
Surplus/(Deficit) for the year				**236,296,149**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Controlling entity - 2021											
Financial Performance											
Service charges	283,251,000	(18,022,000)	265,229,000	-		265,229,000	271,046,066		5,817,066	102 %	96 %
Investment revenue	6,097,000	-	6,097,000	-		6,097,000	7,568,402		1,471,402	124 %	124 %
Transfers recognised - operational	481,218,000	74,369,000	555,587,000	-		555,587,000	528,625,468		(26,961,532)	95 %	110 %
Other own revenue	95,249,000	4,304,000	99,553,000	-		99,553,000	129,432,505		29,879,505	130 %	136 %
Total revenue (excluding capital transfers and contributions)	**865,815,000**	**60,651,000**	**926,466,000**	**-**		**926,466,000**	**936,672,441**		**10,206,441**	**101 %**	**108 %**
Employee costs	(312,771,000)	(16,438,000)	(329,209,000)	-	-	(329,209,000)	(358,708,122)	(29,499,122)	(29,499,122)	109 %	115 %
Remuneration of councillors	(6,372,000)	-	(6,372,000)	-	-	(6,372,000)	(6,585,623)	(213,623)	(213,623)	103 %	103 %
Debt impairment	(175,709,000)	-	(175,709,000)			(175,709,000)	228,791,666	404,500,666	404,500,666	(130)%	(130)%
Depreciation and asset impairment	(61,048,000)	-	(61,048,000)			(61,048,000)	(71,044,937)	(9,996,937)	(9,996,937)	116 %	116 %
Finance charges	-	-	-	-	-	-	(3,879,966)	(3,879,966)	(3,879,966)	DIV/0 %	DIV/0 %
Materials and bulk purchases	(136,846,000)	16,902,000	(119,944,000)	-	-	(119,944,000)	(127,213,754)	(7,269,754)	(7,269,754)	106 %	93 %
Transfers and grants	-	(10,000,000)	(10,000,000)	-	-	(10,000,000)	(3,000,000)	7,000,000	7,000,000	30 %	DIV/0 %
Other expenditure	(173,069,000)	(93,993,000)	(267,062,000)	-	-	(267,062,000)	(951,228,830)	(298,297,419)	(684,166,830)	356 %	550 %
Total expenditure	**(865,815,000)**	**(103,529,000)**	**(969,344,000)**	**-**	**-**	**(969,344,000)**	**(1,292,869,566)**	**62,343,845**	**(323,525,566)**	**133 %**	**149 %**
Surplus/(Deficit)	**-**	**(42,878,000)**	**(42,878,000)**	**-**		**(42,878,000)**	**(356,197,125)**		**(313,319,125)**	**831 %**	**DIV/0 %**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	307,046,000	(23,209,000)	283,837,000	-		283,837,000	300,576,683		16,739,683	106 %	98 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	23,753		23,753	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	**307,046,000**	**(66,087,000)**	**240,959,000**	**-**		**240,959,000**	**(55,596,689)**		**(296,555,689)**	**(23)%**	**(18)%**
Surplus/(Deficit) for the year	**307,046,000**	**(66,087,000)**	**240,959,000**	**-**		**240,959,000**	**(55,596,689)**		**(296,555,689)**	**(23)%**	**(18)%**

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Controlling entity - 2020				
Financial Performance				
Service charges				164,402,170
Investment revenue				6,512,027
Transfers recognised - operational				442,636,790
Other own revenue				127,775,138
Total revenue (excluding capital transfers and contributions)				**741,326,125**
Employee costs	(24,392,313)	-	(24,392,313)	(330,770,362)
Remuneration of councillors	(144,438)	-	(144,438)	(6,486,438)
Debt impairment	-	-	-	(40,012,732)
Depreciation and asset impairment	-	-	-	(65,863,043)
Finance charges	(8,775,855)	-	(8,775,855)	(8,775,855)
Materials and bulk purchases	-	-	-	(129,021,611)
Transfers and grants	(2,514,233)	-	(2,514,233)	(2,514,233)
Other expenditure	-	-	-	(253,925,537)
Total expenditure	**(35,826,839)**	**-**	**(35,826,839)**	**(837,369,811)**
Surplus/(Deficit)				**(96,043,686)**
Transfers recognised - capital				322,673,587
Contributions recognised - capital and contributed assets				10,145,379
Surplus (Deficit) after capital transfers and contributions				**236,775,280**
Surplus/(Deficit) for the year				**236,775,280**

Accounting Policies

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2021	2020	2021	2020

1. Presentation of Consolidated Annual Financial Statements

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These consolidated annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Useful lives of waste and water network and other assets

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

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The economic entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the economic entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Infinite
Buildings	Straight-line	30 Years
Plant and machinery	Straight-line	5 Years
Furniture and fixtures	Straight-line	7 Years
Motor vehicles	Straight-line	5 Years
Office equipment	Straight-line	3 - 5 Years
IT equipment	Straight-line	3 Years
Computer software	Straight-line	3 Years
Infrastructure	Straight-line	50 Years
Other property, plant and equipment	Straight-line	7 Years
Laboratory equipment	Straight-line	5 Years
Specialised vehicles	Straight-line	5 Years

1.4 Property, plant and equipment (continued)

Wastewater network	Straight-line	20 Years
Water network	Straight-line	20 Years

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

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

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

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

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

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

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

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

The economic entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 4).

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.5 Intangible assets

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

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

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

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

Accounting Policies

1.5 Intangible assets (continued)

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Patents, trademarks and other rights	Straight-line	30 Years
Computer software, other	Straight-line	3 Years

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

1.6 Financial instruments

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

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

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

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

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

1.6 Financial instruments (continued)

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

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

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

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

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

Accounting Policies

1.6 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

1.6 Financial instruments (continued)

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at fair value
Consumer debtors	Financial asset measured at amortised cost
Cash and Cash Equevalents	Financial asset measured at fair value
Statutory receivable	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Other accruals	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost
VAT payables	Financial liability measured at amortised cost

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

1.7 Leases

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

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

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.8 Inventories

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

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

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

Accounting Policies

1.8 Inventories (continued)

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

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

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

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

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

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

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

1.9 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

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

Accounting Policies

1.9 Impairment of cash-generating assets (continued)

Identification

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

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

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

Value in use

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

When estimating the value in use of an asset, the economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity applies the appropriate discount rate to those future cash flows.

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

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

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

1.9 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

1.10 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

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

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

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

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

1.10 Impairment of non-cash-generating assets (continued)

Useful life is either:
- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

1.11 Share capital / contributed capital

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

1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity’s own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an entity’s decision to terminate an employee’s employment before the normal retirement date; or
- an employee’s decision to accept voluntary redundancy in exchange for those benefits.

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

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

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

1.13 Provisions and contingencies

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

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

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

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

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

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

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

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

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

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

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the economic entity

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

Accounting Policies

1.13 Provisions and contingencies (continued)

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the economic entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the economic entity considers that an outflow of economic resources is probable, an economic entity recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

1.16 Revenue from non-exchange transactions

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

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Government grants

Government grants are recognised as revenue when:

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

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

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

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

1.16 Revenue from non-exchange transactions (continued)

Other grants and donations

Other grants and donations are recognised as revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.17 Investment income

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

1.18 Borrowing costs

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

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

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

When the presentation or classification of items in the annual financial statements is ammended, prior period comparative amounts are restated. The nature and the reason for reclassification is disclosed. Where accounting errors has been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparative is restated acourdingly. Where there has been a change in the accounting policy in the current year, the adjustment is made retrospectively as far as practicable, and the prior year comparative is restated acounrdingly.

1.20 Unauthorised expenditure

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

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.23 Segment information

A segment is an activity of an entity:

1.23 Segment information (continued)

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity’s financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment’s surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment’s assets and segment’s liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment’s surplus or deficit, the segment’s assets or the segment’s liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment’s surplus or deficit, the segment’s assets or the segment’s liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity’s financial statements.

1.24 Budget information

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

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

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

The approved budget covers the fiscal period from 7/1/2020 to 6/30/2011.

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

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

The Statement of comparative and actual information has been included in the consolidated annual financial statements as the recommended disclosure when the consolidated annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.25 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

1.25 Related parties (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are 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.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the economic entity.

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

Where the economic entity is exempt from the disclosures in accordance with the above, the economic entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its consolidated annual financial statements.

1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.27 Water losses

Water losses is calculated based on the template that has been adopted for use in South Africa, that was origionally produced by the Water Loss Task Force of the International Water Association (IWA).

The Municipality has to provide a volumetricv account of all water produced/purchased and distributed within its area of jurisdiction on an annual bases. The production of an annual water balance is therefore mandatory, and commences with the determination of bulk water purchased/production and consumer sales volumes.

The difference between the purchase/production and sales volumes is Non-revenue water (NRW) and is required as a primary KPI by the Department of Water and Sanitation for reporting purposes.

Water losses can be determined by conducting a water balance, which is based on the measurement or estimation of water produced, imported, exported, consumed or lost. The water balance calculation provides a guide to how much is lost as lwakage from the network (real losses), and how much is due to apparent or non-phisical losses.

A water balance should identify the priorities to address in a water loss strategy. Infrastructure improvement and programm to address apperent losses will be dependeny on longer term changes to metering, regulatory and legislative policies..

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

2. Changes in accounting policy

The consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the economic entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34 - Seperate Financial Statements	April 1, 2020	The impact of the is not material.
• GRAP 35 - Consolidated Financial Statements	April 1, 2020	The impact of the is not material.
• GRAP 36 - Joint Arrangements	April 1, 2020	The impact of the is not material.
• GRAP 38 - Disclosure of Interest In Other Entities	April 1, 2020	The impact of the is not material.
• GRAP 110 - Living and Non-living Resources	April 1, 2020	The impact of the is not material.
• GRAP 18 - Segment reporting	April 1, 2020	The impact of the is not material.

3.2 Standards and Interpretations early adopted

The economic entity has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	April 1, 2021	The impact of the is not material.

4. Property, plant and equipment

Economic entity	2021			2020		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	4,770,772	-	4,770,772	4,770,772	-	4,770,772
Buildings	39,580,178	(6,855,133)	32,725,045	39,580,178	(5,569,475)	34,010,703
Infrastructure	3,793,151,890	(811,319,703)	2,981,832,187	3,575,978,325	(759,582,018)	2,816,396,307
Other property, plant and equipment (movables)	82,778,979	(67,300,424)	15,478,555	80,227,219	(60,638,996)	19,588,223
Other property, plant and equipment (movables) Uthukela Economic Development Agency	1,663,192	(278,612)	1,384,580	976,336	(83,517)	892,819
Total	**3,921,945,011**	**(885,753,872)**	**3,036,191,139**	**3,701,532,830**	**(825,874,006)**	**2,875,658,824**

Controlling entity	2021			2020		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	4,770,772	-	4,770,772	4,770,772	-	4,770,772
Buildings	39,580,178	(6,855,133)	32,725,045	39,580,178	(5,569,475)	34,010,703
Infrastructure	3,793,151,890	(811,319,703)	2,981,832,187	3,575,978,325	(759,582,018)	2,816,396,307
Other property, plant and equipment (Movables)	82,778,979	(67,300,424)	15,478,555	80,227,219	(60,638,996)	19,588,223
Total	**3,920,281,819**	**(885,475,260)**	**3,034,806,559**	**3,700,556,494**	**(825,790,489)**	**2,874,766,005**

Reconciliation of property, plant and equipment - Economic entity - 2021

	Opening balance	**Additions**	**Write offs**	**Transfers out**	**Work in progress**	**Other changes, movements**	**Depreciation**	**Impairment loss**	**Total**
Land	4,770,772	-	-	-	-	-	-	-	4,770,772
Buildings	34,010,703	-	-	-	-	-	(1,285,658)	-	32,725,045

4. Property, plant and equipment (continued)

Infrastructure	2,817,003,223	275,281,267	(5,232,491)	(270,908,665)	253,345,574	(23,293,912)	(62,789,781)	(1,573,028)	2,981,832,187
Other property, plant and equipment (movables)	18,981,308	3,447,799	(7,208)	-	-	-	(6,943,344)	-	15,478,555
Other property, plant and equipment (movables) Uthukela Economic Development Agency	892,817	686,857	-	-	-	-	(195,094)	-	1,384,580
	2,875,658,823	**279,415,923**	**(5,239,699)**	**(270,908,665)**	**253,345,574**	**(23,293,912)**	**(71,213,877)**	**(1,573,028)**	**3,036,191,139**

Reconciliation of property, plant and equipment - Economic entity - 2020

	Opening balance	Additions	Write offs	Transfers out	Work in progress	Other changes, movements	Depreciation	Impairment loss	Total
Land	4,770,772	-	-	-	-	-	-	-	4,770,772
Buildings	35,296,073	-	-	-	-	-	(1,285,370)	-	34,010,703
Infrastructure	2,639,505,938	27,248,657	(259,364)	(18,131,282)	225,814,476	(2,254,170)	(57,661,545)	2,740,513	2,817,003,223
Other property, plant and equipment (movables)	15,901,159	10,222,238	(252,761)	-	-	-	(6,855,564)	(33,764)	18,981,308
Other property, plant and equipment (movables) Uthukela Economic Development Agency	109,404	864,121	-	-	-	-	(80,707)	-	892,818
	2,695,583,346	**38,335,016**	**(512,125)**	**(18,131,282)**	**225,814,476**	**(2,254,170)**	**(65,883,186)**	**2,706,749**	**2,875,658,824**

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2021

	Opening balance	Additions	Write offs	Transfers out	Work in progress	Other changes, movements	Depreciation	Impairment loss	Total
Land	4,770,772	-	-	-	-	-	-	-	4,770,772
Buildings	34,010,703	-	-	-	-	-	(1,285,658)	-	32,725,045
Infrastructure	2,817,003,223	275,281,267	(5,232,491)	(270,908,665)	253,345,574	(23,293,912)	(62,789,781)	(1,573,028)	2,981,832,187
Other property, plant and equipment (movables)	18,981,308	3,447,799	(7,208)	-	-	-	(6,943,344)	-	15,478,555
	2,874,766,006	**278,729,066**	**(5,239,699)**	**(270,908,665)**	**253,345,574**	**(23,293,912)**	**(71,018,783)**	**(1,573,028)**	**3,034,806,559**

Other changes/movement (R23,293,912) consists of repairs and maintenance as well as standing time costs claimed on the Bergville sewer reticulation phase 2 project by the contractor.

4. **Property, plant and equipment (continued)**

Reconciliation of property, plant and equipment - Controlling entity - 2020

	Opening balance	Additions	Write offs	Transfers out	Work in progress	Other changes, movements	Depreciation	Impairment loss	Total
Land	4,770,772	-	-	-	-	-	-	-	4,770,772
Buildings	35,296,073	-	-	-	-	-	(1,285,370)	-	34,010,703
Infrastructure	2,639,505,938	27,248,657	(259,364)	(18,131,282)	225,814,476	(2,254,170)	(57,661,545)	2,740,513	2,817,003,223
Other property, plant and equipment (movables)	15,901,158	10,222,238	(252,761)	-	-	-	(6,855,564)	(33,764)	18,981,307
	2,695,473,941	**37,470,895**	**(512,125)**	**(18,131,282)**	**225,814,476**	**(2,254,170)**	**(65,802,479)**	**2,706,749**	**2,874,766,005**

Other information

Impairment reversal Ekuvukeni Waste Water Treatment Works				
Cost price 1 July	-	10,216,450	-	10,216,450
Accumulated depreciation as at 1 July	-	(4,586,612)	-	(4,586,612)
Accumulated impairment as at 1 July	-	(5,629,838)	-	(5,629,838)
	-	**-**	**-**	**-**
Impairment reversal				
Reversal as at 16/01/2020	-	2,740,513	-	2,740,513
Current year depreciation	-	(110,648)	-	(110,648)
	-	**2,629,865**	**-**	**2,629,865**
Accumulated impairment				
Accumulated impairment as at 1 July	-	(5,629,838)	-	(5,629,838)
Impairment reversal as at 16/01/2020	-	2,740,513	-	2,740,513
	-	**(2,889,325)**	**-**	**(2,889,325)**

The Municipality has refurbished the Ekuvukeni Water Treatment Works after it was phisically damaged during a community unrest at the Ekuvukeni Township located under the former Indaka Municipality.

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

4. Property, plant and equipment (continued)

There has been a favourable change in the estimates used to determine the recoverable amount of the Ekuvukeni Waste Water Treatment Works net assets since the last impairment loss was recognized. Therefore in accourdance with paragraph 103 of GRAP 26 the Municipality recognized a reversal of the impairment loss recognized in the 2017/2018 financial year.

In determining the recoverable amount, the depreciation replacement cost method was used to determine the fair value les cost to sell for the affected infrastructure assets. This valuation was done by the engineers whom is outsourced to assist with the infrastructure asset verification and updating od the fixed asset register.

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

Cumulative expenditure recognised in the carrying value of property, plant and equipment				
Other property, plant and equipment (Work in progress - infrastructure)	777,703,909	818,560,914	777,703,909	818,560,914
Buildings	1,961,337	1,961,337	1,961,337	1,961,337
	779,665,246	**820,522,251**	**779,665,246**	**820,522,251**

Reconciliation of Work-in-Progress Economic entity - 2021

	Included within Other PPE	**Total**
Opening balance	820,522,251	820,522,251
Additions/capital expenditure	253,345,573	253,345,573
Other movements [specify]	(23,293,913)	(23,293,913)
Transferred to completed items	(270,908,665)	(270,908,665)
	779,665,246	**779,665,246**

Reconciliation of Work-in-Progress Economic entity - 2020

	Included within Other PPE	**Total**
Opening balance	615,093,226	615,093,226
Additions/capital expenditure	225,814,477	225,814,477
Other movements [specify]	(2,254,170)	(2,254,170)
Transferred to completed items	(18,131,282)	(18,131,282)
	820,522,251	**820,522,251**

Reconciliation of Work-in-Progress Controlling entity - 2021

	Included within Other PPE	**Total**
Opening balance	820,522,251	820,522,251
Additions/capital expenditure	253,345,573	253,345,573
Other movements	(23,293,913)	(23,293,913)
Transferred to completed items	(270,908,665)	(270,908,665)
	779,665,246	**779,665,246**

Reconciliation of Work-in-Progress Controlling entity - 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

4. Property, plant and equipment (continued)

	Included within Other PPE	Total
Opening balance	615,093,226	615,093,226
Additions/capital expenditure	225,814,477	225,814,477
Other movements	(2,254,170)	(2,254,170)
Transferred to completed items	(18,131,282)	(18,131,282)
	820,522,251	**820,522,251**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance				
Employee related costs	46,576,811	45,008,142	46,576,811	45,008,142
Maintenance of buildings and offices	1,047,212	702,051	280,539	56,894
Maintenance of vehicles	37,847,950	4,466,909	37,847,950	4,466,909
Maintenance of pipelines and reservoirs	19,495,048	11,644,451	19,495,048	11,644,451
Blue drop green drop	246,655	15,932	246,655	15,932
Maintenance of pumps	26,966,779	6,287,632	26,966,779	6,287,632
Maintenance of specialized equipment	167,346	-	167,346	-
Maintenance of furniture and equipment	-	67,700	-	67,700
	132,347,801	**68,192,817**	**131,581,128**	**67,547,660**

Economic entity.

Employee related costs (overtime, standby and nightshift allowances) to the amount of R46,576,811 (2020/2021) and R45,008,142 (2019/2020) is included in employee related costs in the statement of financial performance.

Repairs and maintenance on property, plant and equipment to the amount of R85,770,990 (2020/2021) and R23,184,675 (2019/2020) is included in contracted services in the statement of financial performance.

Controlling entity.

Employee related costs (overtime, standby and nightshift allowances) to the amount of R46,576 (2020/2021) and R45,008,142 (2019/2020) is included in employee related costs in the statement of financial performance.

Repairs and maintenance on property, plant and equipment to the amount of R85,004,317 (2020/2021) and R22,539,518 (2019/2020) is included in contracted services in the statement of financial performance.

5. Intangible assets

Economic entity	2021			2020		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Patents, trademarks and other rights	786,557	(339,457)	447,100	786,557	(313,304)	473,253

Controlling entity	2021			2020		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	786,557	(339,457)	447,100	786,557	(313,304)	473,253

Reconciliation of intangible assets - Economic entity - 2021

	Opening balance	**Amortisation**	**Total**
Patents, trademarks and other rights	473,253	(26,153)	447,100

Reconciliation of intangible assets - Economic entity - 2020

	Opening balance	**Amortisation**	**Total**
Patents, trademarks and other rights	500,050	(26,797)	473,253

5. Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity - 2021

	Opening balance	Amortisation	Total
Computer software	473,253	(26,153)	447,100

Reconciliation of intangible assets - Controlling entity - 2020

	Opening balance	Amortisation	Total
Computer software	500,050	(26,797)	473,253

6. Operating lease liability

Current liabilities	(406,412)	(626,497)	(406,412)	(626,497)

The Municipality currently occupies satelite offices in Estcourt, Bergville, Colenso and Weenen.

Operating leases are in place for the rental of these offices.

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

7. Employee benefit obligation

Medical aid post retirement benefits

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

Carrying value				
Medical aid post retirement obligation	(23,373,000)	(18,187,000)	(23,373,000)	(18,187,000)
Long service awards	(16,120,000)	(12,179,000)	(16,120,000)	(12,179,000)
	(39,493,000)	**(30,366,000)**	**(39,493,000)**	**(30,366,000)**

Current assets	-	590,407	-	590,407
Non-current liabilities	(34,897,407)	(30,956,407)	(34,897,407)	(30,956,407)
Current liabilities	(4,595,593)	-	(4,595,593)	-
	(39,493,000)	**(30,366,000)**	**(39,493,000)**	**(30,366,000)**

Changes in the present value of the post retirement medical aid plan obligation are as follows:

Opening balance	18,187,000	19,361,874	18,187,000	19,361,874
Net expense recognised in the statement of financial performance	5,186,000	(1,174,874)	5,186,000	(1,174,874)
	23,373,000	**18,187,000**	**23,373,000**	**18,187,000**

Net expense recognised in the statement of financial performance

Current service cost	983,000	1,180,373	983,000	1,180,373
Interest cost	1,895,000	1,802,704	1,895,000	1,802,704
Actuarial (gains) losses	2,910,000	(3,573,484)	2,910,000	(3,573,484)
Expected return on plan assets	(602,000)	(584,467)	(602,000)	(584,467)
	5,186,000	**(1,174,874)**	**5,186,000**	**(1,174,874)**

Calculation of actuarial gains and losses

Increase in net discount rate	1,753,000	(3,978,000)	1,753,000	(3,978,000)
Increase in assumed in-service non-membership take up rate	2,233,000	-	2,233,000	-
Subsidy increase higher than assumed	(570,000)	215,000	(570,000)	215,000
Changes in membership profile different from assumed	(506,000)	189,516	(506,000)	189,516
	2,910,000	**(3,573,484)**	**2,910,000**	**(3,573,484)**

Movement in the retirement medical aid obligation are as follows:

Opening balance	18,187,000	19,361,874	18,187,000	19,361,874
Current service cost	983,000	1,180,373	983,000	1,180,373
Interest cost	1,895,000	1,802,704	1,895,000	1,802,704
Expected contributions (benefits paid)	(602,000)	(584,467)	(602,000)	(584,467)
Actuarial Loss / Gain	2,910,000	(3,573,484)	2,910,000	(3,573,484)
	23,373,000	**18,187,000**	**23,373,000**	**18,187,000**

The economic entity expects to contribute R602,000 in the 2020/2021, R596,000 in 2021/2022 financial years and R609,000 to its defined benefit plans in the 2022/2023 financial year.

Key assumptions used

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

7. Employee benefit obligation (continued)

Assumptions used at the reporting date:

Discount rates used	10.27 %	10.59 %	10.27 %	10.59 %
Health care cost inflation rate	6.96 %	6.64 %	6.96 %	6.64 %
Net-of-health-care-cost-inflation discount rate	3.09 %	3.70 %	3.09 %	3.70 %
Maximum subsidy inflation rate	4.85 %	4.61 %	4.85 %	4.61 %
Net-of-maximum-subsidy-inflation discount rate	5.17 %	5.72 %	5.17 %	5.72 %

Retirement age and mortality.

Avarage retirement age	62 years	62 years
Continuation of membership at retirement	75%	75%
Proportion assumed married at retirement age	60%	60%
Mortality during employment	SA 85-90	SA 85-90
Mortality post-retirement	PA (90)-1	PA (90)-1

Members withdrawn from service: (avarage for males and females.

Avarage for males and females	Males	Females
Age 20	9%	9%
Age 25	8%	8%
Age 30	6%	6%
Age 35	5%	5%
Age 40	5%	5%
Age 45	4%	4%
Age 50	3%	3%
Age 55+	0%	0%

Long service awards.

The Municipality offers employees long service awards for every 5 years of service completed, from 10 years of service to 45 years of service.

Changes in present value of long service awards are as follows				
Value at the beginning of the year	12,179,000	11,791,613	12,179,000	11,791,613
Decrease in value of obligation	3,941,000	-	3,941,000	387,387
	16,120,000	**11,791,613**	**16,120,000**	**12,179,000**

Calculation of actuarial gains and losses				
Increase in nett discount rate	(135,000)	(692,000)	(135,000)	(692,000)
Earnings higher than assumed	291,000	354,000	291,000	354,000
Changes in employee profile different from assumed	376,000	568,543	376,000	568,543
	532,000	**230,543**	**532,000**	**230,543**

Independant valuars ARCH Actuarial Consulting carried out the valuation for the 2020/2021 finacial year.

The total liability has increased by 3% or R387,387 suring the 2021 financial year.

The principal actuarial assumptions were as follows;

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

7. Employee benefit obligation (continued)

Rates	**2021**	**2020**
Discount rates	7.51%	7.51%
General salary inflation (long term)	4.02%	4.02%
Net discount rate	3.36%	3.36%

The valuation was performed at the end of June 2021 and the next valuation will be at the end of June 2022.

Employees mortality rates	2021	2020
Avarage retirement age	62	62
Pre-retirement mortality	SA 85-90	SA 85-90

Members withdraw from service: (avarage for males and females).

Age groups	Males	Females
Age 20	9%	9%
Age 25	8%	8%
Age 30	6%	6%
Age 35	5%	5%
Age 40	5%	5%
Age 45	4%	4%
Age 50	3%	3%
Age 55+	0%	0%

The amounts recognized in the statement of financial position were determined as follows;

Valuation of the liability in the statement of financial position				
Present value of funded obligation	16,120,000	12,179,000	16,120,000	12,179,000
Movement in the long service obligation				
Balance at te beginning of the year	12,179,000	11,791,613	12,179,000	11,791,613
Current service costs	4,510,000	1,265,392	4,510,000	1,265,392
Interest costs	843,000	883,593	843,000	883,593
Expected employee benefit payment	(1,944,000)	(1,992,141)	(1,944,000)	(1,992,141)
Actuarial loss / gain	532,000	230,543	532,000	230,543
	16,120,000	**12,179,000**	**16,120,000**	**12,179,000**

The amounts recognizes in the statement of financial position and the statement of financial performance are as follows;

Statement of financial position				
Long service awards	16,120,000	12,179,000	16,120,000	12,179,000
Statement of financial performance				
Long service awards	532,000	230,543	532,000	230,543

Reasons for the movement in the liability is as follows;

The avarage liability has decreased by ^% since the last valuation due to an increase in the net discount rate.

The impacts were parcially offset by the following factors;

An increase in the avarage earnings.

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

8. Prepayments

Prepayments represents payment made in advance.

Prepayments made				
SALGA memebership fees	-	3,027,080	-	3,027,080
Rent paid in june 2020 in respect of July 2020 - Sarosma Trust - UEDA	-	31,619	-	-
	-	**3,058,699**	**-**	**3,027,080**

9. Bank reconcilliation clearing control account

Clearing account balance				
Uncleared amount	6,673,137	-	6,673,137	-

10. Inventories

Chemicals	516,351	432,451	516,351	432,451
Purified water stock	1,190,345	1,383,972	1,190,345	1,383,972
Stores	7,215,293	6,073,760	7,215,293	6,073,760
	8,921,989	**7,890,183**	**8,921,989**	**7,890,183**

The Municipality procured the services of an engineer from Joat Group to perform water stock and water loss calculations utelising the accepted International Water Assiciation (IWA) water balance methodology.

This was done in conjuction with the guidelines stipulated by the Department of Human Settlement, Water and Sanitation (DHDWS).

The total water stock as at 30 June 2020 was calculated as 177,39 mega liters amounting to R1,383,972.

The total water stock as at 30 June 2021 was calculated as 153,92 mega liters amounting to R1,190,345.

11. Receivables from exchange transactions

Trade debtors	584,522	346,491	584,522	346,491
Deposits	1,658,406	1,658,406	1,658,406	1,658,406
Recoverable fruitless and wasteful expenditure	2,386,407	2,386,407	2,386,407	2,386,407
Sundry debtors	46,415,528	29,510,027	46,415,528	29,510,027
	51,044,863	**33,901,331**	**51,044,863**	**33,901,331**

Non-current assets	4,044,813	4,044,813	4,044,813	4,044,813
Current assets	47,000,050	29,856,518	47,000,050	29,856,518
	51,044,863	**33,901,331**	**51,044,863**	**33,901,331**

The amount of R584,523 is in respect of debtors refunds.

The amount of R1,658,406 is the total amount of deposits paid to third party vendors such as Eskom.

The amount of R2,386,407 is in respect of the Netstar debit order not cancelled.

The ampunt of R46,415,528 is in respect of sundry debtors accounts.

12. Receivables from non-exchange transactions

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

12. Receivables from non-exchange transactions (continued)

Receivebles from non exchange transactions	29,354	29,354	29,354	29,354
Other receivables from non exchange transaction	96,442	96,442	96,442	96,442
	125,796	**125,796**	**125,796**	**125,796**

The amount of R29,354 is in respect of unpaid stale cheques issued in Favour of the Municipality.

The amount of R96,442 is in respect of overpayments made to creditors.

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

13. Consumer debtors

Gross balances				
Water and sanitation	645,845,491	1,064,774,060	645,845,491	1,064,774,060
Consumer debtors agreements on arrears	4,530,188	3,721,971	4,530,188	3,721,971
	650,375,679	**1,068,496,031**	**650,375,679**	**1,068,496,031**
Less: Allowance for impairment				
Water and sanitation	(593,725,891)	(833,641,774)	(593,725,891)	(833,641,774)
Net balance				
Water and sanitation	56,380,787	231,132,286	56,380,787	231,132,286
Consumer debtors agreements on arrears	269,001	3,721,971	269,001	3,721,971
	56,649,788	**234,854,257**	**56,649,788**	**234,854,257**
Water and sanitation				
Current (0 -30 days)	-	7,054,166	-	7,054,166
31 - 60 days	5,833,011	4,669,794	5,833,011	4,669,794
61 - 90 days	4,492,759	3,805,958	4,492,759	3,805,958
91 - 120 days	4,087,803	3,623,625	4,087,803	3,623,625
121 - 365 days	41,967,214	211,978,743	41,967,214	211,978,743
	56,380,787	**231,132,286**	**56,380,787**	**231,132,286**
Consumer debtors agreements on arrears				
> 365 days	269,001	3,721,971	269,001	3,721,971

Summary of debtors by customer classification

Consumers				
Current (0 -30 days)	2,051,156	19,829,197	2,051,156	19,829,197
31 - 60 days	25,528,876	17,382,458	25,528,876	17,382,458
61 - 90 days	21,271,451	14,530,633	21,271,451	14,530,633
91 - 120 days	19,836,249	14,046,449	19,836,249	14,046,449
121 - 365 days	485,195,664	907,725,591	485,195,664	907,725,591
> 365 days	4,009,740	3,721,971	4,009,740	3,721,971
	557,893,136	977,236,299	557,893,136	977,236,299
Less: Allowance for impairment	(516,906,145)	(761,359,932)	(516,906,145)	(761,359,932)
	40,986,991	**215,876,367**	**40,986,991**	**215,876,367**
Industrial/commercial				
Current (0 -30 days)	(998,883)	3,203,782	(998,883)	3,203,782
31 - 60 days	5,034,257	1,241,717	5,034,257	1,241,717
61 - 90 days	2,175,031	1,283,366	2,175,031	1,283,366
91 - 120 days	1,697,535	1,151,362	1,697,535	1,151,362
121 - 365 days	41,231,606	21,459,261	41,231,606	21,459,261
	49,139,546	28,339,488	49,139,546	28,339,488
Less: Allowance for impairment	(40,817,297)	(22,446,158)	(40,817,297)	(22,446,158)
	8,322,249	**5,893,330**	**8,322,249**	**5,893,330**
National and provincial government				
Current (0 -30 days)	(1,052,272)	2,619,920	(1,052,272)	2,619,920
31 - 60 days	3,878,464	2,529,734	3,878,464	2,529,734
61 - 90 days	3,081,463	2,155,834	3,081,463	2,155,834
91 - 120 days	2,603,057	1,448,082	2,603,057	1,448,082

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020
13. Consumer debtors (continued)				
121 - 365 days	34,832,285	54,166,674	34,832,285	54,166,674
	43,342,997	62,920,244	43,342,997	62,920,244
Less: Allowance for impairment	(36,002,449)	(49,835,684)	(36,002,449)	(49,835,684)
	7,340,548	**13,084,560**	**7,340,548**	**13,084,560**
Total				
Current (0 -30 days)	-	25,994,721	-	25,994,721
31 - 60 days	34,441,597	20,899,262	34,441,597	20,899,262
61 - 90 days	26,527,945	18,087,232	26,527,945	18,087,232
91 - 120 days	24,136,842	16,701,957	24,136,842	16,701,957
121 - 365 days	561,259,555	983,090,888	561,259,555	983,090,888
> 365 days	4,009,740	3,721,971	4,009,740	3,721,971
	650,375,679	1,068,496,031	650,375,679	1,068,496,031
Less: Allowance for impairment	(593,725,891)	(833,641,774)	(593,725,891)	(833,641,774)
	56,649,788	**234,854,257**	**56,649,788**	**234,854,257**
Less: Allowance for impairment				
Current (0 -30 days)	-	(18,598,733)	-	(18,598,733)
31 - 60 days	(31,636,672)	(16,484,115)	(31,636,672)	(16,484,115)
61 - 90 days	(24,367,509)	(14,163,874)	(24,367,509)	(14,163,874)
91 - 120 days	(22,171,137)	(13,022,269)	(22,171,137)	(13,022,269)
121 - 365 days	(515,550,573)	(771,372,783)	(515,550,573)	(771,372,783)
	(593,725,891)	**(833,641,774)**	**(593,725,891)**	**(833,641,774)**
Reconciliation of allowance for impairment				
Balance at beginning of the year	(833,641,774)	(793,629,042)	(833,641,774)	(793,629,042)
Contributions to allowance	-	(40,012,732)	-	(40,012,732)
Reversal of allowance	239,915,883	-	239,915,883	-
	(593,725,891)	**(833,641,774)**	**(593,725,891)**	**(833,641,774)**
Fair value of consumer debtors				
Consumer debtors	56,649,788	234,854,257	56,649,788	234,854,257

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cashier float and petty cash	12,400	11,800	12,400	11,800
Bank balances	3,350,394	2,600,618	2,349,666	1,406,597
Short-term deposits	37,150,913	54,466,966	36,822,653	53,865,995
	40,513,707	**57,079,384**	**39,184,719**	**55,284,392**

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

14. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2021	June 30, 2020	June 30, 2019
FNB - Main account 62252306280	2,349,666	1,406,597	5,511,359	(39,885,496)	1,406,597	5,511,359
FNB - Water account 62253072385	-	-	-	48,908,299	-	-
FNB business money account 62283176644	402,974	365,984	355,671	402,974	365,984	355,671
FNB short term deposit account 62600579679	8,212,490	2,545,799	313,982	8,212,490	2,545,799	313,982
FNB short term deposit account 62600812102	1,028,429	9,162,966	5,334,365	1,028,429	9,162,966	5,334,365
Nedbank call deposit account 7881006110	11,292	20,511,542	183,042	11,292	20,511,542	183,042
Nedbank call deposit account 7881108134	-	-	-	-	-	-
Nedbank call deposit account 7881108142	-	-	-	-	-	-
Nedbank call deposit account 7881108150	-	-	-	-	-	-
Nedbank call deposit account 7881108207	-	-	-	-	-	-
Nedbank call deposit account 7881108215	-	-	-	-	-	-
Nedbank call deposit account 7881108223	-	-	-	-	-	-
Nedbank call deposit account 7881108258	-	-	-	-	-	-
Nedbank call deposit account 7881108266	-	-	-	-	-	-
Nedbank call deposit account 7881108274	-	-	-	-	-	-
Nedbank call deposit account 7881108282	-	-	-	-	-	-
Nedbank call deposit account 7881113375	-	-	-	-	-	-
Nedbank call deposit account 7881108185	-	-	-	-	-	-
Investec call deposit account 1100433766501	6,125,342	21,147,448	20,784,392	6,125,342	21,147,448	20,784,392
ABSA 7 day notice account 9341705144	-	-	11,262,642	-	-	11,262,642
ABSA liquidity plus account 9349109796	135,875	132,256	148,762	135,875	132,256	148,762
ABSA call deposit account 9361819521	10,359,689	-	-	10,359,689	-	-
ABSA call deposit account 932813409	-	-	-	-	-	-
Standard Bank call deposit account 068455364001	10,546,562	-	-	10,546,562	-	-
FNB - Main account (Development Agency) 62804453025	1,000,728	1,194,021	-	1,000,728	1,194,021	-
FNB short term deposit account (Developmet Agency) 62857029063	105,824	600,971	-	105,824	600,971	-

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

14. Cash and cash equivalents (continued)

FNB short term deposit account (Development Agency) 62863354735	222,436	-	-	222,436	-	-
Total	**40,501,307**	**57,067,584**	**43,894,215**	**47,174,444**	**57,067,584**	**43,894,215**

Investments were done in terms of the MFMA (Municipal Finance Management Act), Chapter 3, part 2, section 13 "Cash management and Investments".

Interest was earned at an avarage interest rate of 3.91% for the period ending 30 June 2021.

Accounts with zero balances are accounts still open in the name of the Municipality, however there were no movements in the accounts during the year.

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Regional Bulk Infrastructure Grant	16,023,650	3,887	16,023,650	3,887
LG Seta grant	-	700,642	-	700,642
Massification Grant	-	2,312,220	-	2,312,220
Disaster Management Grant	28,636	2,000,000	28,636	2,000,000
NODAL Plan Grant	196,875	705,875	196,875	705,875
Rural Road asset Management Grant	137	-	137	-
Finance Management Grant	255,057	-	255,057	-
	16,504,355	**5,722,624**	**16,504,355**	**5,722,624**

Movement during the year

Balance at the beginning of the year	5,722,624	10,538,731	5,722,624	10,538,731
Additions during the year	318,328,883	332,553,117	318,328,883	332,553,117
Income recognition during the year	(307,547,152)	(332,783,781)	(307,547,152)	(332,783,781)
Application for roll over declined (recovered from equity share)	-	(4,585,443)	-	(4,585,443)
	16,504,355	**5,722,624**	**16,504,355**	**5,722,624**

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

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

See note 28 for reconciliation of grants from National/Provincial Government.

16. Sundry debtors with credit balances

Credit balances at year end				
Sundry debtors	53,143	5,498,811	53,143	5,498,811

Current liabilities				
Liability at year end	53,143	5,498,811	53,143	5,498,811

Sundry debtors with credit balances				
Current (0 - 30 days)	6,900	12,982	6,900	12,982
31 - 60 days	507	-	507	-
61 - 90 days	259	15,133	259	15,133
91 - 120 days	354	4,402	354	4,402

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

16. Sundry debtors with credit balances (continued)

120 - 365 days	45,123	5,466,294	45,123	5,466,294
	53,143	**5,498,811**	**53,143**	**5,498,811**

17. Provisions

Reconciliation of provisions - Economic entity - 2021

	Opening Balance	Additions	Total
Bonus provision	8,609,006	420,196	9,029,202
Leave provision	26,343,911	3,755,785	30,099,696
	34,952,917	**4,175,981**	**39,128,898**

Reconciliation of provisions - Economic entity - 2020

	Opening Balance	Additions	Total
Bonus provision	7,256,417	1,352,589	8,609,006
Leave provision	19,561,145	6,782,766	26,343,911
	26,817,562	**8,135,355**	**34,952,917**

Reconciliation of provisions - Controlling entity - 2021

	Opening Balance	Additions	Total
Bonus provision	8,609,006	420,196	9,029,202
Leave provision	26,343,911	3,755,785	30,099,696
	34,952,917	**4,175,981**	**39,128,898**

Reconciliation of provisions - Controlling entity - 2020

	Opening Balance	Additions	Total
Bonus provision	7,256,417	1,352,589	8,609,006
Leave provision	19,561,145	6,782,766	26,343,911
	26,817,562	**8,135,355**	**34,952,917**

Non-current liabilities	-	-	-	-
Current liabilities	39,128,898	34,952,917	39,128,898	34,952,917
	39,128,898	**34,952,917**	**39,128,898**	**34,952,917**

18. Vat Payable

The Municipality is registered on a payment bases for VAT purposes with SARS. The VAT payable is as a result of unpaid debt due by Municipal consumers. Payment is made to SARS on collection of VAT from consumers.

Monthly VAT returns are up do date.

The Municipality has received VAT refunds to the amount of R59,429,717 (2019/2020) and R55,647,930 (2020/2021).

VAT

Vat payable to SARS	51,290,638	21,003,190	51,290,638	21,003,190

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

19. Other liabilites - Consumer debtors and Sundry debtors with credit balances

The tables below represents consumer debtors and sundry debtors with credit balances at year end.

Consumer debtors with credit balances				
Current (0 - 30 days)	6,309,552	2,170,993	6,309,552	2,170,993
31 - 60 days	376,685	341,823	376,685	341,823
61 - 90 days	575,869	87,175	575,869	87,175
91 - 120 days	714,191	204,575	714,191	204,575
121 - 365 days	10,371,287	9,219,741	10,371,287	9,219,741
	18,347,584	**12,024,307**	**18,347,584**	**12,024,307**

20. Other liability - Unclaimed wages

The table below represents unclaimed wages at year end.

Other liabilities				
Unclaimed wages	378,161	390,361	378,161	390,361

21. Payables from exchange transactions

Trade payables	38,360,392	124,311,038	38,294,869	126,517,705
Department of Water Affairs (DWS) Accrual	44,853,318	24,677,247	44,853,318	24,677,247
Umgeni Water Accrual	243,653,787	132,192,609	243,653,787	132,192,609
Trust funds- late estates	5,753,192	5,748,037	5,753,192	5,748,037
Retentions	33,604,681	31,069,314	33,604,681	31,069,314
Sundry creditors	3,370,709	2,045,697	3,370,709	2,045,697
	369,596,079	**320,043,942**	**369,530,556**	**322,250,609**

Fair value of Trust funds

Total value	5,753,192	5,748,037	5,753,192	5,748,037

Council employees previously has life cover under a group life scheme which was cancelled, however employees now have accidental life cover under Councils insurance portfolio.

The trust fund represents monies which were received from the group life scheme or Councils insurers in respect of employees who passed away while in service of the Municipality.

Employees complete a beneficiary nomination form when they join the Municipality as an employee.

The trust funds represents monies held in trust by the Municipality which has not been claimed by the nominated beneficiaries.

The trust funds held by the Municipality earnes interest on an annual bases. Interest is calculated at the avarage interest rate the Municipality earnes on investments made.

22. Consumer deposits

Water	20,807,339	19,561,713	20,807,339	19,561,713

Consumer deposits represents refundable deposits held by the Municipality in respect of water debtors accounts.

23. Revenue

Service charges	271,046,066	164,402,170	271,046,066	164,402,170

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020
23. Revenue (continued)				
Interest received - trading services	66,652,774	59,908,929	66,652,774	59,908,929
Other income	7,131,801	2,402,600	7,131,801	2,402,600
Impairment reversal	-	2,740,513	-	2,740,513
Interest received - investment	7,639,137	6,564,929	7,568,402	6,512,027
VAT refunds received	55,647,930	59,380,155	55,647,930	59,380,155
Government grants & subsidies	829,202,151	765,310,377	829,202,151	765,310,377
Public contributions and donations	23,753	10,145,379	23,753	10,145,379
	1,237,343,612	**1,070,855,052**	**1,237,272,877**	**1,070,802,150**
The amount included in revenue arising from exchanges of goods or services are as follows:				
Service charges	271,046,066	164,402,170	271,046,066	164,402,170
Interest received - trading services	66,652,774	59,908,929	66,652,774	59,908,929
Other income	7,131,801	2,402,600	7,131,801	2,402,600
Impairment reversal	-	2,740,513	-	2,740,513
Interest received - investment	7,639,137	6,564,929	7,568,402	6,512,027
	352,469,778	**236,019,141**	**352,399,043**	**235,966,239**
The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
VAT refunds received	55,647,930	59,380,155	55,647,930	59,380,155
Transfer revenue				
Government grants & subsidies	829,202,151	765,310,377	829,202,151	765,310,377
Public contributions and donations	23,753	10,145,379	23,753	10,145,379
	884,873,834	**834,835,911**	**884,873,834**	**834,835,911**

24. Service charges

Sale of water	213,911,928	149,321,753	213,911,928	149,321,753
Sewerage and sanitation charges	26,483,399	13,249,240	26,483,399	13,249,240
Other service charges	30,650,739	1,831,177	30,650,739	1,831,177
	271,046,066	**164,402,170**	**271,046,066**	**164,402,170**

Other service charges R1,831,177 (2019/2020) relates to R71,596 in respect of sewer connections, R1,059,541 in respect of trade effluent charges, R676,906 in respect of water connections and R23,134 in respect of disconnection penalty fees.

Other service charges R30,650,739 (2020/2021) relates to -R29,631,822 recovered from Umgeni Water (expenditure incurred by the Municipality), R5,517 in respect of disconnection penalty fees and R1,013,400 in respect of trade effluent charges.

The significant increase in waters sales and sanitation sales is as a result of the installation of bulk meters in respect of industies and busunisses where meters were not working and avarage charges were charged only. With the installattion and replacement of meters these consumers were charged for actual consumption.

Household meters were also installed and replaced and actual consumption was billed contributing to the increase in service charges.

25. Lease rentals on operating lease

Equipment				
Contractual amounts	39,200	398,387	39,200	398,387
Lease rentals on operating lease - Other				
Contractual amounts	1,668,373	2,166,009	1,267,281	1,664,674

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

25. Surcharges and Taxes (continued)

	1,707,573	**2,564,396**	**1,306,481**	**2,063,061**

Lease rentals - Equipment - is contracts in place in respect of the rental of office machines (photo copiers).

Lease rentals - operating leases - is contracts in place in respect of the rental of office space (satelite offices).

26. Other revenue

Other income	7,131,801	2,402,600	7,131,801	2,402,600
Impairment reversal	-	2,740,513	-	2,740,513
	7,131,801	**5,143,113**	**7,131,801**	**5,143,113**

The amount included in other revenue arising from exchanges of goods or services are as follows:				
Clearance certificates	403,139	326,522	403,139	326,522
Copies of building plans	156,262	273,969	156,262	273,969
Sundry income	454,526	1,452,134	454,526	1,452,134
Insurance claims received	81,750	236,019	81,750	236,019
Re-imbursement (Rand Water)	5,872,654	-	5,872,654	-
Tender documents	154,173	113,956	154,173	113,956
Cashier surpluses	9,297	-	9,297	-
	7,131,801	**2,402,600**	**7,131,801**	**2,402,600**

The amount included in other revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Impairment reversal (PPE) Property, plant and equipment	-	2,740,513	-	2,740,513

27. Investment revenue

Interest revenue				
Interest earned on investment accounts	7,413,818	6,512,027	7,413,818	6,512,027
Interest earned other	225,319	52,902	154,584	-
	7,639,137	**6,564,929**	**7,568,402**	**6,512,027**

28. Grants and subsidies paid

Grants paid to ME's				
Uthukela Economic Development Agency	-	-	3,000,000	2,514,233

The amount of R2,514,233 (2019/2020) relates to expenditure incurred by the Municipality on behalf of the Uthukela Economic Development Agency.

The amount of R3,000,000 (2020/2021) relates to a transfer made to the Uthukela Economic Development Agency.

29. Government grants and subsidies

Operating grants				
Equitable share	521,655,000	432,409,443	521,655,000	432,409,443
Finance Management Grant	1,544,943	2,010,000	1,544,943	2,010,000
EPWP Integrated Grant	3,730,000	7,054,000	3,730,000	7,054,000
LGSETA	1,186,525	316,642	1,186,525	316,642

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

29. Government grants and subsidies (continued)

District Growth and Development	-	2,580	-	2,580
NODAL Plan Grant	509,000	294,125	509,000	294,125
DPSS (Development planning)	-	550,000	-	550,000
	528,625,468	**442,636,790**	**528,625,468**	**442,636,790**

Capital grants

Regional Bulk Infrastructure Grant	23,379,237	9,996,113	23,379,237	9,996,113
Municipal Infrastructure Grant	180,406,000	183,937,000	180,406,000	183,937,000
Municipal Water Infrastructure grant	90,000,000	108,000,000	90,000,000	108,000,000
Disaster Management	1,971,364	745,000	1,971,364	745,000
Rural Transport Services Plan	2,507,862	2,636,000	2,507,862	2,636,000
Massification Grant	2,312,220	17,359,474	2,312,220	17,359,474
	300,576,683	**322,673,587**	**300,576,683**	**322,673,587**
	829,202,151	**765,310,377**	**829,202,151**	**765,310,377**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	307,547,151	332,900,934	307,547,151	332,900,934
Unconditional grants received	521,655,000	432,409,443	521,655,000	432,409,443
	829,202,151	**765,310,377**	**829,202,151**	**765,310,377**

Equitable Share

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

All registered indigents receive a monthly subsidy of 6 Kiloliters (R75.36), which is funded from the grant.

The 6 kiloliter free basic subsidy in respect of indigent consumers amounted to R3,410,080 (2019/2020) and R2,078,713 (2020/2021).

The cost of free basic services, water supplied by water tankers amounted to R2,285,101 (2019/2020) and R9,089,064 (2020/2021).

Municipal Infrastructure Grant

Current-year receipts	180,406,000	183,937,000	180,406,000	183,937,000
Conditions met - transferred to revenue	(180,406,000)	(183,937,000)	(180,406,000)	(183,937,000)
	-	**-**	**-**	**-**

The Minicipal Infrastructure grant program is aimed at providing all South Africans with at least the basic level of services through the provision of grant funding aimed at covering the capital costs of basic infrastructure to the poor. The MIG program is a key part of Governments overall drive to alleviate poverty in the Country, and, therefore, infrastructure is to be provided in such a way that employment is maximized and opportunities are created for enterprises to flourish.

The MIG grant is the major funding mechanism for all Municipal infrastructure for basic services to the poor such as roads, electricity, recreational facilities and water and sanitation infrastructure. MIG funding is provided to Municipalities with certain conditions attached.

Municipal Water Infrastructure

Current-year receipts	90,000,000	108,000,000	90,000,000	108,000,000
Conditions met - transferred to revenue	(90,000,000)	(108,000,000)	(90,000,000)	(108,000,000)
	-	**-**	**-**	**-**

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

29. Government grants and subsidies (continued)

The Municipal Water Infrastructure Grant is to assist WSA's (Water Services Authuorities) to provide water supply services to consumers currently without services, particular those in rural ares.

The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply.

Acces to to water supply enabled through the development of new infrastructure and/or refurbishment and/or upgrading of existing infrastructure to communities identified as not having a basic water supply.

It is also aimed at the reduction of water losses and non-revenue water.

Regional Bulk Infrastructure

Balance unspent at beginning of year	3,887	3,588,191	3,887	3,588,191
Current-year receipts	39,399,000	10,000,000	39,399,000	10,000,000
Conditions met - transferred to revenue	(23,379,237)	(9,996,113)	(23,379,237)	(9,996,113)
Application for roll over declined (recoverred from equity share)	-	(3,588,191)	-	(3,588,191)
	16,023,650	**3,887**	**16,023,650**	**3,887**

RBIG (Regional Bulk Infrastructure Grant) is a specific purpose grant with the objective to supplement the financing of the social component of regional bulk water supply and sanitation infrastructure.

The application of these funds is specifically for water supply and sanitation regional bulk infrastructure, with the focus on "regional" charateristics and "infrastructure" elements.

This includes all aspects relating to the implementation of the infrastructure, design, procurement, construction as well as setting up institutional arrangements for sustainable operation and managment.

LGSETA Grant - Training

Balance unspent at beginning of year	700,642	396,167	700,642	396,167
Current-year receipts	485,883	621,117	485,883	621,117
Conditions met - transferred to revenue	(1,186,525)	(316,642)	(1,186,525)	(316,642)
	-	**700,642**	**-**	**700,642**

LGSETA is a discretionary grant which assists the Local Govenment Sector to adapt to changes in the economy and needs of the Country and ensuring that the skills levy is effectively targeted to meet the skills needs of employers and employees in the Local Government sector.

The strategic objective of LGSETA grant is for the development of a skilled and capable workforce supporting a responsive, accountable, efficient and effective Local Government system, through a range of learning programs that focuses on scarce and critical skills.

Massification Grant

Balance unspent at beginning of year	2,312,220	4,554,542	2,312,220	4,554,542
Current-year receipts	-	15,000,000	-	15,000,000
Conditions met - transferred to revenue	(2,312,220)	(17,242,322)	(2,312,220)	(17,242,322)
	-	**2,312,220**	**-**	**2,312,220**

The Massification Grant is for the upgrade, maintenance and repairs of water services infrastructure.

Disaster Managment

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

29. Government grants and subsidies (continued)

Balance unspent at beginning of year	2,000,000	-	2,000,000	-
Current-year receipts	-	2,745,000	-	2,745,000
Conditions met - transferred to revenue	(1,971,364)	(745,000)	(1,971,364)	(745,000)
	28,636	**2,000,000**	**28,636**	**2,000,000**

The funding was provided for COVID-19 responce intervention measures.

KZN District Growth and Development

Balance unspent at beginning of year	-	2,580	-	2,580
Conditions met - transferred to revenue	-	(2,580)	-	(2,580)
	-	**-**	**-**	**-**

The purpose of the District Grouwt and Development Grant is to mobilise and syncronise strategic plans and investment priorities in all spheres of Government, State owned entities, businesses, higher education institutions, labour, civil society and all other social partners in order to achieve the desired growth and develomental goals, objectives and outcomes.

Spacial contexualise and prioritise intervention so as to achieve greater spacial equity.

Develop clearly defined institutional arrangements that ensure decisive leadership, robus management, through implementation and ongoing review of the grouwth and development plan.

NODAL PLan Grant

Balance unspent at beginning of year	705,875	1,000,000	705,875	1,000,000
Conditions met - transferred to revenue	(509,000)	(294,125)	(509,000)	(294,125)
	196,875	**705,875**	**196,875**	**705,875**

The NODAL Plan Grant is in respect of a development strategy for the economic upliftment of Estcourt, Weenen and Muden.

DPSS (Development planning)

Current-year receipts	-	550,000	-	550,000
Conditions met - transferred to revenue	-	(550,000)	-	(550,000)
	-	**-**	**-**	**-**

Shared services are the joint provision, performance or delivery of a service, facility, or a activity by two ore more Local Government entities that each may be seperate.

Local Government may determain that delivery of services on a Regional bases is the most cost-effective method of providing services. To accomplish this, Local Government entities may either enter into joint agreements or transfer services to another entity.

Activities that would provide significan long-term savings to one or more Municipalities. Including training for programs and services that cross jurisdictional boundaries.

Rural Road Asset Management

Balance unspent at beginning of year	-	997,251	-	997,251
Current-year receipts	2,507,999	2,636,000	2,507,999	2,636,000
Conditions met - transferred to revenue	(2,507,862)	(2,636,000)	(2,507,862)	(2,636,000)
Application for roll over declined (recoverred from equity share)	-	(997,251)	-	(997,251)
	137	**-**	**137**	**-**

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

29. Government grants and subsidies (continued)

The main purpose of the RRAM Grant is to assist District Municipalities in setting up their road asset management system, and collect road and traffic data with the Road Infrastructure Strategic Framework for South Africa (RISFSA) as well as to improve the road sector to being more efficient and internally competative.

The program is aimed at building road sector amanagement capacity at local level.

Finance Management Grant

Current-year receipts	1,800,000	2,010,000	1,800,000	2,010,000
Conditions met - transferred to revenue	(1,544,943)	(2,010,000)	(1,544,943)	(2,010,000)
	255,057	**-**	**255,057**	**-**

The purpose of the grant is for capacity building which must be seen as an attempt to build individual, organizational, institutional and environmental processes to strengthen the service delivery mandate of the Municipalities.

Proper systems and processes are the cornerstone to the translation of public funding into service delivery support by competent officials.

The Municipal Finance Management Internship Program (MFMIP) is a futher attempt to build capacity to deliver on their financial management responsabilities and thus their constitutional obligation.

EPWP Integrated Grant

Current-year receipts	3,730,000	7,054,000	3,730,000	7,054,000
Conditions met - transferred to revenue	(3,730,000)	(7,054,000)	(3,730,000)	(7,054,000)
	-	-	-	-

The Expanded Public Works Program (EPWP) is one of an array of Government strategies aimed at addressing unemployment.

The intention of the grant is to increase job creation efforts by Provinces and Municpalities by providing a financial performance reward.

The incentive is structured to reward Provinces and Municipalities that create EPWP work by reimbursing them a portion of their wage costs. the more employment created, the higher the incentive that will be paid.

30. Public contributions and donations

Public contributions and donations - Umgeni Water	-	250,000	-	250,000
Public contributions and donations - COGTA	-	9,895,379	-	9,895,379
Public contributions and donations - Laptops	23,753	-	23,753	-
	23,753	**10,145,379**	**23,753**	**10,145,379**

The pulic contribution of R250,000 was a donation from Umgeni Water for the purchase of school shoes, school uniforms and computers to assist learners of the MIMTASMS Primary School through the Corporate Social Investment Program (CSI)

The public contribution of R9,895,379 was for yellow plant donated by COGTA.

The public contribution of R23,753 was in respect of laptops donated to the Municipality.

31. Employee related costs

Basic	224,071,049	205,038,621	222,905,072	204,155,016

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

31. Employee related costs (continued)

Bonus	16,638,743	15,521,075	16,638,743	15,521,075
Medical aid - employers contribution	8,777,503	7,980,100	8,777,503	7,980,100
UIF	1,428,851	1,354,401	1,426,723	1,352,616
SDL	2,549,536	2,276,582	2,538,980	2,266,595
Bargaining Council	85,109	81,049	85,109	81,049
Leave pay	5,865,124	8,722,060	5,865,124	8,722,060
Standby allowances	20,432,790	15,239,836	20,432,790	15,239,836
Defined contribution plans	2,947,000	(130,843)	2,947,000	(130,843)
Travel, motor car, accommodation, subsistence and other allowances	5,417,864	4,400,659	5,377,152	4,292,364
Overtime payments	25,383,248	29,055,778	25,383,248	29,055,778
Acting allowances	1,598,122	1,035,572	1,598,122	1,035,572
Car allowance	13,400,977	12,124,573	13,179,697	11,911,188
Housing benefits and allowances	2,091,323	2,021,012	1,969,627	1,903,658
Surcharge Pension Fund	28,822,459	26,671,770	28,822,459	26,671,770
Night shift	760,773	712,528	760,773	712,528
	360,270,471	**332,104,773**	**358,708,122**	**330,770,362**

Remuneration of Municipal Manager

Annual Remuneration	949,833	623,703	949,833	623,703
Backpay	4,000	17,464	4,000	17,464
Contribution to UIF	1,516	1,041	1,516	1,041
SDL	12,198	7,060	12,198	7,060
Leave paid out	-	174,336	-	174,336
Travelling and subsistance	-	3,592	-	3,592
Car allowance	312,500	-	312,500	-
Cell phone allowance	16,000	-	16,000	-
	1,296,047	**827,196**	**1,296,047**	**827,196**

Remuneration of Chief Finance Officer

Annual Remuneration	681,275	664,265	681,275	664,265
Car Allowance	325,040	325,039	325,040	325,039
Subsistance and travelling	-	47,551	-	47,551
Backpay	-	17,010	-	17,010
Contribution to UIF	1,813	1,785	1,813	1,785
SDL	9,941	9,845	9,941	9,845
Housing subsidy	251,579	251,579	251,579	251,579
	1,269,648	**1,317,074**	**1,269,648**	**1,317,074**

Remuneration of Manager Technical Services

Annual Remuneration	233,214	920,573	233,214	920,573
Car Allowance	43,334	-	43,334	-
Contribution to UIF	446	1,338	446	1,338
Backpay	-	22,847	-	22,847
SDL	3,433	7,138	3,433	7,138
Leave paid out	242,486	-	242,486	-
Housing subsidy	37,925	-	37,925	-
	560,838	**951,896**	**560,838**	**951,896**

Remuneration of Manager Health, Environmental Services and WSA

Annual Remuneration	733,729	715,410	733,729	715,410
Car Allowance	260,007	260,007	260,007	260,007

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

31. Employee related costs (continued)

Backpay	38,075	18,319	38,075	18,319
Subsistance and travelling	161,256	43,302	161,256	43,302
Contributions to UIF	1,813	1,785	1,813	1,785
Housing subsidy	264,158	264,158	264,158	264,158
SDL	10,306	9,904	10,306	9,904
Acting allowance	23,409	-	23,409	-
	1,492,753	**1,312,885**	**1,492,753**	**1,312,885**

Remuneration of Manager Social and Economic Services

Annual Remuneration	-	751,101	-	751,101
Car Allowance	-	260,007	-	260,007
Subsistance and travelling	-	28,067	-	28,067
Backpay	-	81,100	-	81,100
Contributions to UIF	-	1,785	-	1,785
Housing subsidy	-	227,553	-	227,553
Acting allowance	-	86,161	-	86,161
SDL	-	10,158	-	10,158
	-	**1,445,932**	**-**	**1,445,932**

This vacant position has not been filled.

Remuneration of Manager Corporate Services

Annual Remuneration	971,849	947,584	971,849	947,584
Car Allowance	155,979	155,979	155,979	155,979
Backpay	-	24,265	-	24,265
Contributions to UIF	1,813	1,785	1,813	1,785
SDL	9,628	9,357	9,628	9,357
Housing subsidy	130,066	130,066	130,066	130,066
Travelling and subsistance	14,345	16,099	14,345	16,099
	1,283,680	**1,285,135**	**1,283,680**	**1,285,135**

The upper limits of the total remuneration pakage to Municipal Managers and Managers directly accountable to the Municipal Manager are regulated by the Governement: Municipal Systems Act,2000 (Act No. 32 of 2000)

32. Remuneration of councillors and Board members

Executive Major	870,815	870,815	870,815	870,815
Deputy Executive Mayor	209,682	209,682	209,682	209,682
Mayoral Committee Members	495,847	495,847	495,847	495,847
Speaker	705,529	705,529	705,529	705,529
Councillors	4,303,750	4,204,565	4,303,750	4,204,565
Board members - Uthukela Economic Development Agency	282,961	409,419	-	-
	6,868,584	**6,895,857**	**6,585,623**	**6,486,438**

In-kind benefits

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

The Mayor, Deputy Mayor and Speaker each has use of a Council owned vehicle for official duties.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

32. Remuneration of councillors and Board members (continued)

The Mayor has three full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.

Additional information

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

33. Depreciation and amortisation

Property, plant and equipment	71,213,877	65,883,189	71,018,783	65,802,482
Intangible assets	26,154	26,797	26,154	26,797
	71,240,031	**65,909,986**	**71,044,937**	**65,829,279**

34. Impairment of assets

Impairments				
Property, plant and equipment	1,573,028	33,764	1,573,028	33,764

35. Interest incurred

Other interest paid	3,879,966	8,775,855	3,879,966	8,775,855

36. Debt impairment

Debt impairment - Consumer debtors	(239,915,883)	40,012,732	(239,915,883)	40,012,732
Debts impairment - Sundry Debtors	11,124,217	-	11,124,217	-
	(228,791,666)	**40,012,732**	**(228,791,666)**	**40,012,732**

The amount of (R296,744,044) is a impairment reversal in respect of consumer debtors.

The amount of R11,124,217 is the impairment provision for sundry debtors.

37. Bulk purchases

Water	127,213,754	129,021,611	127,213,754	129,021,611

Bulk purchases represents raw water purchased from DWS (Department of Water and Sanitation) for purification and distribution through the reticulation network to consumers in the district.

A contract has been entered into between the Municipality and Umgeni Water to take over and manage the bulk water function. Thus far they have taken over the Ezakheni, Oliphantskop and Tugela Estate water purification plants.

The increase in bulk purchases is as a result of Umgeni Water billing the Municipality for bulk purified water.

37. Bulk purchases (continued)

Water losses

Apparent losses: Unauthorised consumption	35,170,004	36,988,271	35,170,004	36,988,271
Apparent losses: Customer meter inaccuracies	3,390,343	3,278,345	3,390,343	3,278,345
Real losses: Leakage on transmission and distribution mains	85,475,440	82,811,363	85,475,440	82,811,363
Real losses: Leakage and overflows at storage tanks/ reservoirs	610,539	591,510	610,539	591,510
Real losses: Leakage on service connections up to the point of customer meter	36,021,793	34,899,075	36,021,793	34,899,075
Total	**160,668,119**	**158,568,564**	**160,668,119**	**158,568,564**

	June 2021	June 2020				
Units purchased	41,687,013	41,619,941	322,407,359	324,689,646	322,407,359	324,689,646
Units sold	(15,198,030)	(13,303,822)	(190,199,792)	(138,196,493)	(190,199,792)	(138,196,493)
Total	**26,488,983**	**28,316,119**	**132,207,567**	**186,493,153**	**132,207,567**	**186,493,153**
Comprising of:						
Technical losses	-	-	160,668,119	158,568,573	160,668,119	158,568,573
Non-technical losses	-	-	44,197,673	62,141,903	44,197,673	62,141,903
Total	**-**	**-**	**204,865,792**	**220,710,476**	**204,865,792**	**220,710,476**
Percentage Loss:						
Technical losses	- %	- %	50 %	40 %	50 %	40 %
Non-technical losses	- %	- %	14 %	28 %	14 %	28 %
Total	**- %**	**- %**	**64 %**	**68 %**	**64 %**	**68 %**

The use of the IWA templet was introduced in June 2017 and therefore the calculation of water losses was based on the new templet.

The Municipality appointed an engineer from an independent company "Joat Consulting" to prepare the water loss calculations.

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

38. Contracted services

Outsourced Services				
Burial Services	-	9,000	-	9,000
Security Services	19,445,379	25,692,226	19,445,379	25,692,226
Water Takers	7,420,117	4,970,836	7,420,117	4,970,836
Consultants and Professional Services				
Legal Cost	7,521,366	2,858,440	7,521,366	2,858,440
Contractors				
Maintenance of Buildings and Facilities	1,047,212	702,051	280,539	56,894
Maintenance of Equipment	64,982,075	10,822,241	64,982,075	10,822,241
Maintenance of Unspecified Assets	19,741,703	11,660,383	19,741,703	11,660,383
	120,157,852	**56,715,177**	**119,391,179**	**56,070,020**

2020/2021	Other contractors	Maintenance of buildings and facilities	Maintenance of equipment	Maintenance of unspecified assets	Total
Buildings	-	940,487	-	-	940,487
Vehicles	-	-	37,847,950	-	37,847,950
Pipelines and reservoirs	-	-	-	19,495,048	19,495,048
Pumps	-	-	26,966,779	-	26,966,779
Blue drop	-	-	-	246,655	246,655
Electrical	-	106,725	-	-	106,725
Specialized equipment	-	-	167,346	-	167,346
Security services	19,445,379	-	-	-	19,445,379
Water tankering	7,420,117	-	-	-	7,420,117
Legal costs	7,521,366	-	-	-	7,521,366
	34,386,862	**1,047,212**	**64,982,075**	**19,741,703**	**120,157,852**

2019/2020	Other contractors	Maintenance of buildings and facilities	Maintenance of equipment	Maintenance of unspecified assets	Total
Buildings	-	702,051	-	-	702,051
Vehicles	-	-	4,466,909	-	4,466,909
Pipelines and reservoirs	-	-	-	11,644,451	11,644,451
Pumps	-	-	6,287,632	-	6,287,632
Furniture and equipment	-	-	67,700	-	67,700
Blue drop	-	-	-	15,932	15,932
Burial services	9,000	-	-	-	9,000
Security services	25,692,226	-	-	-	25,692,226
Water tankering	4,970,836	-	-	-	4,970,836
Legal costs	2,858,440	-	-	-	2,858,440
	33,530,502	**702,051**	**10,822,241**	**11,660,383**	**56,715,177**

39. General expenses

Advertising	371,486	390,672	292,240	372,797
Auditors remuneration	3,503,642	3,800,000	3,418,652	3,800,000
Bank charges	516,784	3,051,378	509,406	3,050,025
Cleaning	445,752	31,940	445,752	31,940
Commission paid	4,391,023	3,506,125	4,391,023	3,506,125
Computer expenses	3,013,582	2,871,427	3,013,582	2,871,427
Consulting and professional fees	506,584	1,664,453	506,584	1,664,453
Consumables	112,984	-	-	-

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

39. General expenses (continued)

Entertainment	1,359	-	-	-
Hire	8,745,198	5,950,623	8,745,198	5,950,623
Insurance	3,882,721	2,695,546	3,882,721	2,695,546
Conferences and seminars	1,172,141	630,684	1,172,141	630,684
Medical expenses	43,110	398,110	43,110	398,110
Motor vehicle expenses	1,526,225	907,809	1,525,725	907,809
Fuel and oil	15,694,452	15,457,430	15,694,452	15,457,430
Postage and courier	-	21,027	-	21,027
Printing and stationery	1,622,968	307,677	1,552,046	307,677
Protective clothing	171,252	823,035	171,252	823,035
Subscriptions and membership fees	3,052,780	2,865,437	3,052,780	2,865,437
Telephone and fax	3,442,874	2,188,468	3,442,874	2,141,497
Training	333,450	165,915	160,160	165,915
Assets expensed	11,643,880	19,117,804	11,643,880	19,117,804
Electricity	45,401,653	47,546,006	45,384,608	47,536,968
Electricity and water - internal use	37,830,876	530,530	37,830,876	530,530
Audit committee	312,297	317,397	312,297	317,397
Government grant expenditure	18,765,395	6,192,302	18,765,395	6,192,302
Covid-19 expences	1,816,823	2,706,041	1,816,823	2,706,041
Chemicals	6,446,528	4,418,359	6,446,528	4,418,359
Other expenses	900,333	1,158,326	625,615	1,158,326
	175,668,152	**129,714,521**	**174,845,720**	**129,639,284**

Government grant expenditure represents project expenditure funded by grants which are not of a capital nature and not capitalize and is therefore not reflected as PPE (property, plant and equipment) in the fixed asset register.

Assets expenced relates to expenditure incurred against a capital budget however these items are not of a capital nature and has therefore not being capitalized and are not included in PPE in the fixed asset register.

Printing and stationery includes amounts paid to a service provider " Inside Data" for the printing of consumer debtors accounts.

Consulting and professional fees

Consultants - Uthukela District Municipality	506,584	1,664,453	506,584	1,664,453

Consulting and professional fees are included in general expenditure above.

Grant expenditure

NODAL development Plan	509,000	294,125	509,000	294,125
District wide VIP toilets	14,000,990	3,304,351	14,000,990	3,304,351
Project management RRAM (Rural Road Asset Management)	2,180,749	2,292,351	2,180,749	2,292,351
MIG top slice (Municipal Infrastructure Grant) admin fees	2,074,656	301,475	2,074,656	301,475
	18,765,395	**6,192,302**	**18,765,395**	**6,192,302**

Grant expenditure is included in general expenditure above.

COVID-19 expenditure

Funded by the Municipality	1,816,823	2,706,041	1,816,823	2,706,041

The Muncipality made a budget provision of R3,000,000 for the 2019/2020 financial year and spent R2,706,041.

National Treasury provided Municipal Disaster Relief grant funding for COVID-19 responce and intervention measures. The grant for the 2019/2020 financial year was R745,000 and was spent in full during the year. (refer Government grants and subsidies).

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

39. General expenses (continued)

COVID-19 expenditure is included in general expenditure above.

Service providers appointed for the procurement of Covid-19 goods and services				
Vita Accumed Trading	50,750	532,479	50,750	532,479
Tovani Trading	144,125	-	144,125	-
MSC Agencies	2,637	10,630	2,637	10,630
Madlanduna	136,500	-	136,500	-
Ntandokamusa Trading	18,400	-	18,400	-
Makhosi Pauline projects	19,000	-	19,000	-
Bongisani Construction	16,000	-	16,000	-
Lanqoba	63,000	-	63,000	-
Thembayona Solutions	477,851	-	477,851	-
Shalom Laboratory	130,200	-	130,200	-
Dzabula Business Enterprises	157,160	148,720	157,160	148,720
DR. XPC Ntshangase	85,320	26,460	85,320	26,460
Xolwamfu Trading	125,000	-	125,000	-
Zungu Industries	29,036	-	29,036	-
Mshuluka Trading	103,700	-	103,700	-
Nonos and Nthoana Construction	188,500	-	188,500	-
Zezasbonga Trading	40,139	-	40,139	-
Softies Trading	29,000	-	29,000	-
Mirage Enterprises	505	-	505	-
Bargain Uniforms	-	31,750	-	31,750
2Good Farming and Agriculture	-	70,200	-	70,200
Liquid Relations	-	142,000	-	142,000
Hlela Lwande (Pty) Ltd	-	12,830	-	12,830
Intoli 201 Trading Enterprise	-	19,820	-	19,820
Elefrican Engineering	-	25,000	-	25,000
Ezikamakoti Texstile and projects	-	45,000	-	45,000
Ochwepheshe Trading	-	627,880	-	627,880
Baal Perzam Supplies	-	66,570	-	66,570
Letonn International	-	25,272	-	25,272
Banabanzi Projects	-	715,000	-	715,000
Alwandee General Trading	-	190,710	-	190,710
Ongidi Trading	-	15,720	-	15,720
	1,816,823	**2,706,041**	**1,816,823**	**2,706,041**

The normal SCM processes were followed for the appointment of the service providers listed above.

Some were appointed throught regulation 36 and they appear on the deviations register.

40. Auditors' remuneration

Fees	3,503,642	3,800,000	3,418,652	3,800,000

41. Operating lease

Lease rentals on operating leases				
Afrirent - Vehicle tracking rental fees	119,080	502,320	119,080	502,320
Moon Magic investments - rental of satelite office in Estcourt	15,940	121,820	15,940	121,820
A. Good - rental of satelite office in Colenso	12,803	46,609	12,803	46,609
Konica Minolta - rental of offoce machines	39,200	398,387	39,200	398,387

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

41. Operating lease (continued)

Laytam Investments - rental of workshop at 35 Pregress Road in Ladysmith	360,000	573,600	360,000	573,600
Shelsworth	174,910	186,817	174,910	186,817
TFS	584,548	233,508	584,548	233,508
Dedekind Real Etate (Sarosma Trust IT) - office rental in respect of Development Agency - Heron House - 131 Murchison Street, Ladysmith	401,092	501,335	-	-
	1,707,573	**2,564,396**	**1,306,481**	**2,063,061**

The lease rental with Afrirent is for vehicle tracking with fleet managment services for a period of 36 months which ends on the 24th of December 2021.

The lease agreement with Moon Magic Investments is in respect of the satelite office at 123 Albert Street in Estcourt.

The lease agreement with A. Good is in respect of the satelite office at 63/69 Sir George Street in Colenso for the period September 2019 to August 2021.

Additional office equipment (photo copiers) is leased from Konika Minolta.

The lease agreement with Laytham Investments is in respect of the rental of a workshop at 35 Progress Road, Ladysmith and is for the period July 2019 to June 2022.

The lease agreement with Shelsworth CC was in respect of the laboratory building for a period of three months.

The lease agreement with TFS is in respect of storage space and is on a month to month bases.

The lease agreement with Dedekind Real Estate IT (Sarosma Trust) is for the office space occupied by the Uthukela Economic Development Agency at 131 Murchison Street, Ladysmithfor the period June 2018 to May 2019, therafter on a month to month bases.

42. Cash generated from operating activities

(Deficit) surplus	(56,556,555)	236,296,149	(55,596,689)	236,775,280
Adjustments for:				
Depreciation and amortisation	71,240,031	65,909,986	71,044,937	65,829,279
Loss on sale of assets	5,240,102	512,127	5,240,102	512,127
(Loss) gain on acturial valuations	3,442,000	-	3,442,000	-
Interest income	(66,652,774)	(59,498,174)	(66,652,774)	(59,498,174)
Impairment deficit	1,573,028	33,764	1,573,028	33,764
Debt impairment	(228,791,666)	40,012,732	(228,791,666)	40,012,732
Bad debts written off	637,572,396	65,641,045	637,572,396	65,641,045
Incentive discount	7,857,924	-	7,857,924	-
Movements in operating lease assets and accruals	(220,085)	-	(756,580)	-
Other non-cash items	-	5,656,373	-	5,656,373
Other non-cash items (Impairment reversal)	-	(2,740,513)	-	(2,740,513)
Other non-cash items (Actuarial gain)	-	(3,342,941)	-	(3,342,941)
Changes in working capital:				
Increase in Inventories	(1,031,806)	(959,797)	(1,031,806)	(959,797)
Decrease in receivables from exchange transactions (current assets)	(17,143,532)	14,967,409	(17,143,532)	14,967,409
Increase in receivables from exchange transactions (Consumer debtors)	178,204,469	(17,036,650)	178,204,469	(17,036,650)
Increase in other receivables from non-exchange transactions	-	(142,440)	-	(142,440)
Increase in prepayments	-	(305,178)	-	(305,178)
Increase in emplyee benefit	5,186,000	(1,174,874)	5,186,000	(1,174,874)

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

42. Cash generated from operating activities (continued)

Decrease in payables from exchange transactions	(338,931,457)	(42,506,488)	(339,380,587)	(45,564,025)
Increase in VAT	30,287,448	(50,013,904)	30,287,448	(50,013,904)
Decrease in unspent conditional grants and receipts	10,781,731	(4,816,108)	10,781,731	(4,816,108)
Decrease in other financial liabilities - sundry debtors	(5,445,668)	-	(5,445,668)	-
Decrease in consumer deposits	1,245,626	(10,745,307)	1,245,626	(10,745,307)
Decrease in other financial liabilities - consumer debtors	6,323,277	1,681,636	6,323,277	1,681,636
Decrease in other financial liabilities	(12,200)	(12,072)	(12,200)	(12,072)
Operating lease assets and accruals	(756,580)	(70,350)	(756,580)	(70,350)
Changes in other accruals (Provisions)	4,175,981	8,135,355	4,175,981	8,135,355
	247,587,690	**245,481,780**	**247,366,837**	**242,822,667**

43. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
• Property, plant and equipment	130,768,457	248,704,696	130,768,457	248,704,696

HeadingInfrastructure grants - MIG, MWIG and WSIG				
Bhekuzulu phase 3 - water retic to Ephangweni Ennersdale	3,400,146	20,644,449	3,400,146	20,644,449
Bhekuzulu phase 4 - water retic to Ephangweni Ennersdale	2,154,635	13,346,136	2,154,635	13,346,136
Bhekuzulu - outstanding work	-	2,927,358	-	2,927,358
Kwanobamba / Ezitendeni water project - Weenen reticulation	8,419,199	26,579,737	8,419,199	26,579,737
Kwanobamba / Ezitendeni sanitation project - sewer reticulation and pump station phase 1B	14,309,673	19,177,039	14,309,673	19,177,039
Weenen / Ezitendeni - sewerage treatment works	10,181,251	11,878,302	10,181,251	11,878,302
Construction of Estcourt industrial area water network upgrade	1,691,398	3,633,426	1,691,398	3,633,426
Ntabamhlophe - construction and upgrade of community water supply	-	8,996,810	-	8,996,810
Weenen / Ezitendeni sanitation project	2,367,568	26,995,720	2,367,568	26,995,720
Boreholes for Okhahlamba Local Municipality	4,116,348	8,574,120	4,116,348	8,574,120
Whembezi water conservation and demand management phase 1	22,470,939	43,987,347	22,470,939	43,987,347
Bergville sewer reticulation	2,078,307	8,291,419	2,078,307	8,291,419
Ekuvukheni refurbishment of the Oliphantskop water treatment works	603,582	26,956,913	603,582	26,956,913
Ehuvukheni bulk rising mains and booster pump station to Zandbuild reservoir	14,332,910	22,276,597	14,332,910	22,276,597
Hobsland to Indaka phase 2	-	4,439,323	-	4,439,323
Bhekuzulu / Epangweni community water supply scheme: completion of outstanding work	999,027	-	999,027	-
Construction of Loskop (Mqedanda) water reticulation ward 4 phase 1	28,951,481	-	28,951,481	-

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020
43. Commitments (continued)				
Construction of Inkuzini bulk water feeder main stage 3A	14,691,993	-	14,691,993	-
	130,768,457	**248,704,696**	**130,768,457**	**248,704,696**
Total capital commitments				
Already contracted for but not provided for	130,768,457	248,704,696	130,768,457	248,704,696
Authorised operational expenditure				
Already contracted for but not provided for				
• Vehicle fleet tracking system	1,103,905	1,371,192	1,103,905	1,371,192
• Financial support	-	1,716,664	-	1,716,664
• Provision of insurance broker services	(2,947,469)	1,497,165	(2,947,469)	1,497,165
• Lease of premises	517,827	103,092	517,827	103,092
• Provision of ISD services	-	1,094,270	-	1,094,270
• Provision of armed security services	27,917,142	-	27,917,142	-
• Lease of photo copiers and fax machines	1,232,975	-	1,232,975	-
	27,824,380	**5,782,383**	**27,824,380**	**5,782,383**
Not yet contracted for and authorised by accounting officer				
• Creditors orders as at year end	69,553	323,104	69,553	323,104
Total operational commitments				
Already contracted for but not provided for	27,824,380	5,782,383	27,824,380	5,782,383
Not yet contracted for and authorised by accounting officer	69,553	323,104	69,553	323,104
	27,893,933	**6,105,487**	**27,893,933**	**6,105,487**
Total commitments				
Total commitments				
Authorised capital expenditure	130,768,457	248,704,696	130,768,457	248,704,696
Authorised operational expenditure	27,893,933	6,105,487	27,893,933	6,105,487
	158,662,390	**254,810,183**	**158,662,390**	**254,810,183**

The committed expenditure relates to property, plant and equipment as well as operational expenditure which will be financed by grant funding, retained surplusses, existing cash resources and funds internally generated.

All amounts are exclusive of VAT.

Operating leases - as lessee (expense)

Minimum lease payments due				
- within one year	607,216	1,034,720	607,216	1,034,720
- in second to fifth year inclusive	251,160	783,560	251,160	783,560
	858,376	**1,818,280**	**858,376**	**1,818,280**

Operating lease payments represent rentals payable by the economic entity for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

44. Contingencies

Contingent liabilities

Ramkhelewan INC. - Jeffares & Green	-	576,484	-	576,484
Ramkhelewan INC. - Nambithi Pumps	-	5,795,972	-	5,795,972
Shepstone & Wylie - Ubumzima Trading Enterprise CC	114,554	114,554	114,554	114,554
Shepstone & Wylie - RASP Consultants CC	65,857	65,857	65,857	65,857
Shepstone & Wylie - RASP Consultants CC	-	63,400	-	63,400
Shepstone & Wylie - Ndlalabeyidida (Pty) Ltd	90,000	90,000	90,000	90,000
	270,411	**6,706,267**	**270,411**	**6,706,267**

The above contingent liabilities are being attended to by the Municipalities Legal Representatives.

Shepstone & Wylie - Ubunizima Trading Enterprise CC. - Claim amount R1,758,304 - summons was issued against the Municipality in respect of retention moneys which were not paid over to the plaintiff on completion of certain works as follows, claim no1 - R1,039,355 for laying of pipes in Inkanyezi community water supply scheme, claim no2 - R604,395 for laying of pipes in the Bergville bulk water scheme, claim no3 - R114,554 for the refurbishment and upgrade of the waste water treatment works at Khethani. Jugement was grantedagainst the Municipality in respect of claims 1 and 2 above, and the Municipality has already made payment to the plaintivff thereof, together with interesty. However, it was subsequintly brought to our attention by the Municipality that the plaintiff's attorney had calculated interest on the two claims at a wrong rate, whichresulted in the Municipality overpaying their client in the total sum of approximatly R350,000. Shepstone & Wylie has since wrote to the plaintiff's attorney demanding payment of the overpaid amount. No futhet correspondence was received from the plaintiff' attorney. Shepstone & Wylie proceed to brief Council to draft their application papers. Same has since been drafted. Shepstone & Wylie now awaits futher instructions from the Municiplitywhether they may proceedlodging the paper in Court for the repayment of the R350,000.

Shepstone & Wylie - RASP Consultants CC t/a Vivah technologies - Claim amount R65,857 - summons was issued against the Municipality for goods and services allegedly rendered by the plaintiff to the Municipality and not paid for. Shepstone & Wylie opposed the application and set it down for argument on the 18th of October 2019. After pointing out to the opposing Attorney that their application was irregular, the matter was removed from the roll. Shepstonee & Wylie wrote to the opposing Attorney on the 19th of October 2019 proposing that his client withdraw the action against the Municipality andtender cost given taht their client had comitted an alledged perjury. No responce was forthcomming. Shepstone & Wylie prepared to to re-enrol the matter for trial however had to pend the file due to costs relating issues. They are in the process of obtaining instructions from the Municipality wheter they can proceed to set the matter down for finality, however doing so will require the Municipalities fees to be paid in their reserve account for the continuation of trial.

Shepstone & Wylie - Ndlalabeyidida Trading (Pty) Ltd - claim amount R90,000 - summons were issued against the Municipality in respect of an alleged verbal agreement where the plaintiff alledges that she contracted with the Muncipality to supply meals at the Uthukela Winter Disater Awareness Campaign. The plaintiff alledges that she honoured the contract but The Muncipality failed to pay her. Shepsyone & Wylie are in the process of setting the matter down for finality. Shepstone & Wylie requested their agent to have this matter allocated a pre-trial date and finally a trial date for purposes of finality. Whilst they were awaiting futher advises from agents whether a date has been allocated for pre-trial, they had to pend their file in January 2020. Their agent attended a pre-trial conference in June 2021. The defendant sought an adjournment of the pre-trial same was afjourned with the plaintiff to pay the wasted costs.

45. Related parties

Relationships

Controlling entity	Uthukela District Municipality

Related party transactions

Uthukela Economic Developent agency				
Expenditure incurred	3,848,162	3,878,909	3,848,162	3,878,909

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

45. Related parties (continued)

Revenue				
Interest received			70,735	52,902
Employee related costs				
D.C.P. Mazibuko (CEO)			1,316,848	1,315,461
F. Mbuyisa (Intern)			216,345	-
Subsistance & travelling			29,156	18,950
Board members			282,961	409,419
Office rent				
Dedekind Real Estate (Sarosma Trust IT - Heron House - 131 Murchison Street, Ladysmith			401,092	532,954
General expenditure				
Telephone (Vodakom)			-	46,971
Advertising/promotions			79,246	17,875
Re-imbursement (rent, electricity and water)			-	853,926
Electricity & water			17,045	9,038
Depreciation			195,094	80,707
Bank charges			7,378	1,353
Audit fees			84,990	-
Licence and registration			500	-
Printing and stationery			70,922	-
Training and workshops			75,000	-
Bursaries			98,290	-
Refunds			1,290	-
Catering			1,359	-
Consumables			112,984	-
Material purchased			273,428	-
Contracted services				
Repairs & maintenance buildings			654,999	645,157

The above transactions relates to payments made by the Municipality on behalf of the Uthukela Economic Development Agency during the financvial year.

A service level agreement was signed on the 20th of March 2019 between the Municipality and the Uthukela Economic Development Agency (UEDA).

The UEDA has been appointed to provide and support the Municipality with the implimentation of the RASET program (Radical Agrarian Social Economic Transformation Program).

Compensation to accounting officer and other key management				
Basic salary	930,401	873,892	930,401	873,892
Car allowance	221,280	213,385	221,280	213,385
Subsistance and travelling	11,556	89,345	11,556	89,345
Housing subsidy	121,696	117,354	121,696	117,354
Backpay	19,231	9,713	19,231	9,713
UIF	2,128	1,785	2,128	1,785
SDL	10,556	9,987	10,556	9,987
	1,316,848	**1,315,461**	**1,316,848**	**1,315,461**

Key management information

Board members	**Executive Committee**	**8**
D.C.P. Mazibuko	Accounting Officer	1

45. Related parties (continued)

S. Shabalala	Chairperson	1
P.A. Stockhill	non-executive board member	1
M. Asmal	non-executive board member	1
O.D. Amla	non-executive board member	1
K.D. Mduli	non-executive board member	1
J.M. Mosia	non-executive board member	1
A.M. Msomi	non-executive board member	1
S.N. Kunenen	non-executive board member	1

Remuneration of management

Management class: Board members

2021

Name	Basic salary	Total
M. Asmal	46,688	46,688
J.M. Mosia	22,391	22,391
A.M. Msomi	46,688	46,688
K.D. Mduli	46,688	46,688
S. Shabalala	72,317	72,317
P.A. Stockhill	48,189	48,189
	282,961	**282,961**

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

45. Related parties (continued)

2020

Name	Basic salary	Total
M. Asmal	62,812	62,812
J. M Mosia	62,936	62,936
A.M. Msomi	58,296	58,296
K.D. Mduli	60,678	60,678
S. Shabalala	94,950	94,950
P.A. Stockhill	69,747	69,747
	409,419	**409,419**

46. Prior period errors

Prior period errors relates to corrections done in the current financial year which relates to the previous financial year which has been restated.

Restatements relates to expenditure which has been moved from one expenditure line item to another to restate the disclosure in the statement of financial position and the statement of financial performance.

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

Statement of financial position				
Payables from exchange transactions	-	(22,707,799)	-	(22,707,799)
Property, plant and equipment	-	114,298	-	114,298
Receivables from exchange transactions	-	5,498,811	-	5,498,811
Sundry debtors with credit balances	-	(5,498,811)	-	(5,498,811)
Vat payable	-	59,380,155	-	59,429,717
Statement of financial performance				
VAT refunds	-	59,380,155	-	59,429,717
Employee related costs	-	(3,159)	-	(3,159)
Depreciation and amortization	-	(42,389)	-	42,389
Lease rentals on operating leases	-	(553,195)	-	(553,195)
Bulk purchases	-	(3,109,203)	-	3,109,203
Contracted services	-	(11,908,955)	-	(11,908,955)
General expenditure	-	(9,768,325)	-	(9,768,325)

47. Prior-year adjustments

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

Statement of financial position

Controlling entity - 2020

	Note	As previously reported	Correction of error	Re-classification	Restated
Inventories	10	7,890,183	-	-	7,890,183
Recivables from exchange transactions	11	24,357,707	-	5,498,811	29,856,518
Receivables from non-exchange transactions	12	125,796	-	-	125,796
Employee benefit asset	7	590,407	-	-	590,407
Consumer debtors	13	234,854,257	-	-	234,854,257
Cash and cash equivalents	14	55,284,392	-	-	55,284,392
property plant and equipment	4	2,874,651,708	114,298	-	2,874,766,006
Intangable assets	5	473,253	-	-	473,253

Notes to the Consolidated Annual Financial Statements

		Economic entity		Controlling entity	
Figures in Rand		2021	2020	2021	2020
47. Prior-year adjustments (continued)					
Receivables from exchange transactions	11	4,044,813	-	-	4,044,813
Prepayments	8	3,027,080	-	-	3,027,080
Other liabilities - Sundry debtors with credit balances	16	-	-	(5,498,811)	(5,498,811)
Operating lease liability	6	(626,497)	-	-	(626,497)
Payables from exchange transactions	21	(296,907,773)	(25,342,836)	-	(322,250,609)
Consumer deposits	22	(19,561,713)	-	-	(19,561,713)
Unspent conditional grants	15	(5,722,623)	-	-	(5,722,623)
Provisions	17	(34,952,917)	-	-	(34,952,917)
VAT payable	18	(80,383,345)	-	59,380,155	(21,003,190)
Other liabilities - Consumer debtors with credit balances	19	(12,024,307)	-	-	(12,024,307)
Other liabilities - salaries clearing control account	20	(390,361)	-	-	(390,361)
Employee benefit obligation	7	(30,956,407)	-	-	(30,956,407)
		2,723,773,653	**(25,228,538)**	**59,380,155**	**2,757,925,270**

Statement of financial performance

Controlling entity - 2020

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges	24	164,402,170	-	-	164,402,170
VAT refunds	23	-	-	59,380,155	59,380,155
Interest received (trading)	23	59,908,929	-	-	59,908,929
Other income	26	2,402,600	-	-	2,402,600
Impairment reversal	4	2,740,513	-	-	2,740,513
Interest received - investments	27	6,512,027	-	-	6,512,027
Actuarial gains	7	3,342,941	-	-	3,342,941
Government grants and subsidies	29	765,310,377	-	-	765,310,377
Public contributions and donations	30	10,145,379	-	-	10,145,379
Employee related costs	31	(330,767,203)	(3,159)	-	(330,770,362)
Remuneration of Councillors	32	(6,486,438)	-	-	(6,486,438)
Depreciation and amortization	33	(65,871,668)	42,389	-	(65,829,279)
Impairment loss	34	(33,764)	-	-	(33,764)
Interest incurred	35	(8,775,855)	-	-	(8,775,855)
Lease rentals on operating leases	25	(1,509,866)	(553,195)	-	(2,063,061)
Debt impairment provision	36	(40,012,732)	-	-	(40,012,732)
Incentive discounts	58	(5,185,052)	-	-	(5,185,052)
Bad debt writte off	59	(60,455,993)	-	-	(60,455,993)
Bulk purchases	37	(125,912,408)	(3,109,203)	-	(129,021,611)
Contracted services	38	(44,161,064)	(11,908,956)	-	(56,070,020)
Transfers and subsidies	28	(2,514,233)	-	-	(2,514,233)
Loss on disposal of assets and liabilities	4	(512,127)	-	-	(512,127)
General expenditure	39	(119,870,958)	(9,768,326)	-	(129,639,284)
Surplus (deficit) for the year		**202,695,575**	**(25,300,450)**	**59,380,155**	**236,775,280**

Cash flow statement

Controlling entity - 2020

	Note	As previously reported	Restated
Cash flow from operating activities			
Service charges		106,805,724	106,805,724
VAT refunds		59,380,155	59,380,155

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020
47. Prior-year adjustments (continued)				
Grants			765,310,377	765,310,377
Interest income			6,512,027	6,512,027
Public donations			250,000	250,000
Other cash items			2,402,600	2,402,600
Employee and Councillors costs			(337,256,800)	(337,256,800)
Suppliers and other			(351,805,561)	(351,805,561)
Interest incurred			(8,775,855)	(8,775,855)
			242,822,667	**242,822,667**
Cash flow from investing activities				
Purchase of property, plant and equipment			(236,036,714)	(236,036,714)
Decrease in receivables fromnon-exchange transactions			4,592,424	4,592,424
			(231,444,290)	**(231,444,290)**

Reclassifications

Due to amendments to GRAP1 and GRAP3 - "Presentation of Financial Statements", operational grants hase been disclosed by nature of expence and therefore has been reclassified in the statement of financial performance.

Due to GRAP17 - "Presentation of Financial Statements", Repairs and maintenance has to be disclosed by nature of expence and has therefore been disclosed in note 4 under PPE "Property, Plant and Equipment".

The following reclassifications adjustment occurred:

Reclassification 1

Burial services has been reclasified as contracted services - from general expenditure - other.

Atrist and performers has been reclassified as contracted services - from general expenditure - other.

Employee wellnes has been reclassified as contracted services - from general expenditure - medical.

Maintenance and repairs has been reclassified as contracted services - from general expenditure.

Legal costs has been reclassified as contracted services - from general expenditure - consulting and professional fees.

Reclassification 2

Plant and equipment hire has been reclassified as general expenditure - from contracted services.

Insurance has been reclassified as general expenditure - from contracted services.

Chemicals has been reclassified as general expenditure - from contracted services.

48. Risk management

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

48. Risk management (continued)

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	**Economic entity - 2021**	**Economic entity - 2020**	**Controlling entity - 2021**	**Controlling entity - 2020**
Bank Balance and cash	40,513,707	57,079,384	39,184,719	55,284,392
Consumer debtors from exchange transaction	56,649,788	234,854,257	56,649,788	234,854,392
Other receivables from exchange transactions	51,044,863	33,901,331	51,044,863	33,901,331
Receivables from non-exchange transactions	125,796	125,796	125,796	125,796

49. Going concern

We draw attention to the fact that at June 30, 2021, the municipality had an opetaing surplus (deficit) of 58,269,251 and that the municipality's total assets exceed its liabilities by 2,641,913,865.

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

The Municipality started experiencing cash flow dificulties from the 2016/2017 financial year. A Interim Finance Committee was established during the 2018/2019 financial year to manage cash flow and monitor the implimentation of cost containment measures. The financial situation of the Municipality is improving and unspent grants at year end were cash backed.

Management acknowleges the decrease in the cost coverage ratio with great concern and a budget funding plan was developed during the 2019/2020 financial year to address the situation. All high cost drivers has been identified and a strategy to deal with them has been developed and implementation is monitored.

It must be noted that the drought related expenditure experienced during previous financial years had the biggest impact on the Municipalities cash reserves.

COVID-19 pandemic also impacted negatively in the implementation of credit control and debt collection policy.

Management has developed a revenue enhancement strategy and is implementing the smart meter project in an effort to improve the cash position and reduce water losses.

Management has also implemented MFMA Circular 82 (Cost containment measures) in an effort to cut down on operational expenditure

Ageing infrastructure and water purification plants operating beyond their design capacity also contributes to high maintenance costs.

The Municipality entered into an agreement with Umgeni Water to perform the bulk water function on behalf of the Municipality. Umgeni Water took over three water purification plants as from 1 January 2019 nl. Oliphantskop, Tugela Estate and the Ezakheni plant.

This has put a futher strain on the budget of the Municipality and on the 26th of March 2020 Council resolved to terminate the contract due to unsustainability in the long run. A termination letter was issued to Umgeni Water on the 16th of July 2020.

The matter was resolved out of Court and Uthukela will take over the operations of the three plants as from 1 July 2021 and a repayment plan will be drafted to settle any debt due to Umgeni Water.

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

50. Events after the reporting date

The Municipality terminated the contractual agreement with Umgeni Water with effect from 1 July 2021.

All staff initially transfered to umgeni water when the contract was entered into has been transfered back to the Municipality with effect from 1 July 2021.

At this stage it is difficult for the Municipality to establish the effect the ploitical unrest and protest actions during July/August 2021 is going to have on the revenue collection for the 2021/2022 financial year.

The Municipality was affected and suffered losses during the floods which occured during January 2022. It must however be noted that the Municipality do have insurance cover in place.

51. Unauthorised expenditure

Opening balance as previously reported	58,807,738	140,631,224	58,807,738	140,631,224
Opening balance as restated	**58,807,738**	**140,631,224**	**58,807,738**	**140,631,224**
Add: Expenditure identified - current	62,343,845	55,812,881	62,343,845	55,812,881
Less: amounts written off August 2020 - Council resolution 12.3 dated 28 August 2020 (2017/2018)	-	(70,971,243)	-	(70,971,243)
Less: amounts written off August 2020 - Council resolution 12.3 dated 28 August 2020 (2018/2019)	-	(66,665,124)	-	(66,665,124)
Closing balance	**121,151,583**	**58,807,738**	**121,151,583**	**58,807,738**

Unauthorized expenditure is the result of overspending of the total amount appropriated in the Municipalities budget for the financial year excluding non-cash items.

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	261,181,721	73,414,604	261,181,721	73,414,604
Cash	62,343,845	55,812,881	62,343,845	55,812,881
	323,525,566	**129,227,485**	**323,525,566**	**129,227,485**

Analysed as follows: non-cash

Depreciation and amortization	9,996,937	7,227,668	9,996,937	7,227,668
Impairment loss	1,573,028	33,764	1,573,028	33,764
Debt impairment provision	(404,500,666)	-	(404,500,666)	-
Incentive discounts	7,857,924	5,185,052	7,857,924	5,185,052
Bad debt written off	637,572,396	60,455,993	637,572,396	60,455,993
Loss on disposal of assets	5,240,102	512,127	5,240,102	512,127
Actuarial losses	3,442,000	-	3,442,000	-
	261,181,721	**73,414,604**	**261,181,721**	**73,414,604**

Analysed as follows: cash

Employee related costs	29,499,122	24,392,313	29,499,122	24,392,313
Remuneration of Councillors	213,623	144,438	213,623	144,438
Interest incurred	3,879,966	8,775,858	3,879,966	8,775,855
Lease rentals on operating leases	1,306,481	1,192,729	1,306,481	1,192,729
Bulk purshases	7,269,754	-	7,269,754	-
Transfers and subsidies	-	2,514,233	-	2,514,233
General expenditure	20,174,899	18,793,313	20,174,899	18,793,313
	62,343,845	**55,812,884**	**62,343,845**	**55,812,881**

Unauthorised expenditure: Budget overspending – per municipal department:

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

51. Unauthorised expenditure (continued)

Council and Municipal Manager	414,221	1,028,723	414,221	1,028,723
Corporate Services	43,449,304	2,915,092	43,449,304	2,915,092
Budget and Treasury Office	(200,761,317)	160,821,506	(200,761,317)	160,821,506
Planning, Economic Development and Social Services	1,266,687	703,489	1,266,687	703,489
WSA and Health nServices	(1,373,918)	509,039	(1,373,918)	509,039
Water, Sanitation and Technical Services	480,530,589	(36,750,364)	480,530,589	(36,750,364)
	323,525,566	**129,227,485**	**323,525,566**	**129,227,485**

Disciplinary steps taken/criminal proceedings

No diciplinary steps has been taken and no criminal proceedings instituted.

52. Fruitless and wasteful expenditure

Opening balance as previously reported	11,465,075	2,002,957	11,465,075	2,002,957
Opening balance as restated	**11,465,075**	**2,002,957**	**11,465,075**	**2,002,957**
Add: Expenditure identified - current	2,241,839	11,612,520	2,241,839	11,612,520
Less: Amount written off - 2018/2019 - Council resolution 12.3 dated 28 August 2020	-	(1,988,240)	-	(1,988,240)
Less: Amount written off - 2019/2020 - Council resolution 12.3 dated 28 August 2020	-	(162,162)	-	(162,162)
Closing balance	**13,706,914**	**11,465,075**	**13,706,914**	**11,465,075**

Figures in Rand	Economic entity 2021	Economic entity 2020	Controlling entity 2021	Controlling entity 2020

52. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

Service providers	Economic entity 2021	Economic entity 2020	Controlling entity 2021	Controlling entity 2020
Eskom	39,545	39,305	39,545	39,305
Telkom	-	708	-	708
Alfred Duma Local Municipality	53,052	47,561	53,052	47,561
Inkosi Langalibalele Local Municipality	-	1,777,521	-	1,777,521
Auditor General	5,496	36,413	5,496	36,413
Munsoft	-	10,518	-	10,518
Justin Heunis Attorneys	-	27,600	-	27,600
Umgeni Water	-	6,749,112	-	6,749,112
SARS	-	483,579	-	483,579
Motor Factors	-	53,797	-	53,797
Netstar	-	2,386,406	-	2,386,406
JA Botha Attorneys	68,057	-	68,057	-
Christopher Waltons & Tatham Inc.	1,000,000	-	1,000,000	-
Keshav and Associates	1,050,577	-	1,050,577	-
Sherwood pumps	25,112	-	25,112	-
	2,241,839	**11,612,520**	**2,241,839**	**11,612,520**

	Disciplinary steps taken/criminal proceedings				
Fruitless and wastefull expenditure - 2018/2019	No diciplinary steps taken and no criminal proceedings	-	1,988,240	-	1,988,240
Fruitless and wastefull expenditure - 2019/2020	No diciplinary steps taken and no criminal proceedings	-	162,162	-	162,162
		-	**2,150,402**	**-**	**2,150,402**

Amounts recoverable

Inkosi Langalibalele Local Municipality - after the Council committee (MPAC) investigation it was resolved that the Municipality engage with the Local Municipality to reverse the interest charged.

Inkosi Langalibalele Local Municipality - interest charged on electricity accounts	-	1,777,521	-	1,777,521

Figures in Rand	Economic entity 2021	Economic entity 2020	Controlling entity 2021	Controlling entity 2020

52. Fruitless and wasteful expenditure (continued)

Amounts written-off

After the Council committee investigations, Council adopted the Council committee recommendations and the following were written off.

	Condoned by (Condoning authority)				
Written off in respect of 2018/2019	Council resolution 12.3 dated 28 August 2020	-	1,988,240	-	1,988,240
Written off in respect of 2019/2020	Council resolution 12.3 dated 28 August 2020	-	162,162	-	162,162
		-	**2,150,402**	**-**	**2,150,402**

53. Irregular expenditure

Opening balance as previously reported	59,651,704	519,177,278	59,651,704	519,177,278
Opening balance as restated	**59,651,704**	**519,177,278**	**59,651,704**	**519,177,278**
Add: Irregular Expenditure - current	82,826,211	134,285,885	82,826,211	134,285,885
Less: Amount written off - 2017/2018 - Council resolution number 12.3 dated 28 August 2020	-	(254,670,872)	-	(254,670,872)
Less: Amount written off - 2018/2019 - Council resolution number 12.3 dated 28 August 2020	-	(238,171,211)	-	(238,171,211)
Less: Amount written off - 2019/2020 - Council resolution number 12.3 dated 28 August 2020	-	(100,969,376)	-	(100,969,376)
Closing balance	**142,477,915**	**59,651,704**	**142,477,915**	**59,651,704**

Management went as far back as possable to identify irregular expenditure for the disclosure in the financial statements.

Amounts disclosed is exclusive of VAT.

An amount of R74,624,935 paid to service providers during the 2017/2018 financial year in respect of water tankering services was put on hold until the investigations is finalized.

An amount of R7,392,113 paid to Mayibuye Consulting during the 2018/2019 financial year was put on hold until the investigations is finalized.

53. Irregular expenditure (continued)

An amount of R7,004,166 paid to service providers for water tanker services and an amount of R1,752,773 paid to Mayibuye Consulting during the 2019/2020 financial year was put on hold until the Investigations is finalized.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

53. Irregular expenditure (continued)

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

Deviations				
Section 32 deviations	8,158,907	31,317,686	8,158,907	31,317,686
Section 36 deviations	3,021,767	-	3,021,767	-
Non-compliance with SCM regulations	61,285,703	92,045,235	61,285,703	92,045,235
Expired contracts	5,792,958	9,126,514	5,792,958	9,126,514
Order splitting	2,966,216	-	2,966,216	-
Irregular expenditure adjustments	1,600,660	1,796,450	1,600,660	1,796,450
	82,826,211	**134,285,885**	**82,826,211**	**134,285,885**

	Disciplinary steps taken/criminal proceedings				
Irregular expenditure incurred 2017/2018 financial year	No diciplinary steps and no criminal proceedings	-	254,670,872	-	254,670,872
Irregular expenditure incurred 2019/2019 financial year	No diciplinary steps and no criminal proceeding	-	238,171,211	-	238,171,211
Irregular expenditure incurred 2019/2020 financial year	No diciplinary steps and no criminal proceedings	-	100,969,376	-	100,969,376
		-	**593,811,459**	**-**	**593,811,459**

Cases under investigation

Payments made to service providers in respect of water tankering services rendered during the 2017/2018 financial year	-	74,624,935	-	74,624,935
Payment made to Mayibuye Consulting in respect of services rendered during the 2018/2019 financial year	-	7,392,113	-	7,392,113
Payments made to service provides in respect of water tankering services rendered during the 2019/2020 financial year	-	7,004,166	-	7,004,166

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

53. Irregular expenditure (continued)

Payment made to Mayibuye Consulting in respect of services rendered during the 2019/2020 financial year	-	1,752,773	-	1,752,773
	-	**90,773,987**	**-**	**90,773,987**

Amounts written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R593,811,459 from the total irregular expenditure amount.

Irregular expenditure - 2017/2018 - Council resolution number 12.3 dated 28 August 2020	-	254,670,872	-	254,670,872
Irregular expenditure - 2018/2019 - Council resolution number 12.3 dated 28 August 2020	-	238,171,211	-	238,171,211
Irregular expenditure - 2019/2020 - Council resolution number 12.3 dated 28 August 2020	-	100,969,376	-	100,969,376
	-	**593,811,459**	**-**	**593,811,459**

54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	3,027,080	2,762,902	3,027,080	2,726,902
Amount paid - current year	(3,027,080)	(2,762,902)	(3,027,080)	(2,726,902)
	-	-	-	-

Audit fees

Current year subscription / fee	3,418,652	3,800,000	3,418,652	3,800,000
Amount paid - current year	(3,418,652)	(3,800,000)	(3,418,652)	(3,800,000)
	-	-	-	-

PAYE and UIF

Current year subscription / fee	62,294,779	55,928,209	62,294,779	55,928,209
Amount paid - current year	(62,294,779)	(55,928,209)	(62,294,779)	(55,928,209)
	-	-	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	57,774,012	53,394,507	57,774,012	53,394,507
Amount paid - current year	(57,774,012)	(53,394,507)	(57,774,012)	(53,394,507)
	-	-	-	-

55. Actual operating expenditure versus budgeted operating expenditure

Refer to the "Statement of comparison of budget and actual amounts" for the comparison of actual operating expenditure versus budgeted expenditure.

56. Deviation from supply chain management regulations

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

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

56. Segment information (continued)

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

Supply chain deviations				
Deviations supported by approval memo's	7,941,666	1,657,929	7,941,666	1,657,929
Section 36 deviations	-	2,455,930	-	2,455,930
Less than three quotations	209,338	-	209,338	-
	8,151,004	**4,113,859**	**8,151,004**	**4,113,859**

57. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: Municipal Governance and Administration, Community and public safety and trading services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

The municipality's operations are in the Kwazulu Natal Province.

Notes to the Consolidated Annual Financial Statements

Figures in Rand

57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Controlling entity - 2021

	Municipal governance and administration	Community and public safety	Trading services	Total
Revenue				
VAT refunds	55,647,930	-	-	55,647,930
Service charges	-	-	271,046,066	271,046,066
Interest received trading services	-	-	66,652,774	66,652,774
Other income	6,572,400	156,262	403,139	7,131,801
Interest received investments	7,568,402	-	-	7,568,402
Grants and subsidies	524,386,468	2,480,364	302,335,319	829,202,151
Public contributions and donations	23,753	-	-	23,753
Total segment revenue	**594,198,953**	**2,636,626**	**640,437,298**	**1,237,272,877**
Entity's revenue				**1,237,272,877**
Expenditure				
Employee related costs	134,659,522	52,567,123	171,481,477	358,708,122
Remuneration of Councillors	6,585,623	-	-	6,585,623
Depreciation and amortization	1,846,223	817,770	68,380,944	71,044,937
Reversal of impairments	-	-	1,573,028	1,573,028
Interest incurred	3,879,966	-	-	3,879,966
Lease rentals on operating leases	721,933	584,548	-	1,306,481
Debt impairment	-	-	(228,791,666)	(228,791,666)
Incentive discounts	-	-	7,857,924	7,857,924
Bad debt written off	-	-	637,572,396	637,572,396
Bulk purchases	-	-	127,213,754	127,213,754
Transfers and subsidies	-	3,000,000	-	3,000,000
Contracted services	27,247,284	246,655	91,897,240	119,391,179
Loss on disposal of assets and liabilites	6,675	-	5,233,427	5,240,102
Actuarial losses	3,442,000	-	-	3,442,000

Notes to the Consolidated Annual Financial Statements

Figures in Rand

	Municipal governance and administration	Community and public safety	Trading services	Total
57. Segment information (continued)				
General expenditure	75,147,266	6,155,066	93,543,388	174,845,720
Total segment expenditure	**253,536,492**	**63,371,162**	**975,961,912**	**1,292,869,566**
Total segmental surplus/(deficit)				**(55,596,689)**
Assets				
Current assets	101,905,691	-	56,649,788	158,555,479
Non-current assets	222,902,165	-	2,816,396,307	3,039,298,472
Total segment assets	**324,807,856**	**-**	**2,873,046,095**	**3,197,853,951**
Total assets as per Statement of financial Position				**3,197,853,951**
Liabilities				
Current liabilities	481,887,756	-	39,154,923	521,042,679
Non-current liabilities	34,897,407	-	-	34,897,407
Total segment liabilities	**516,785,163**	**-**	**39,154,923**	**555,940,086**
Total liabilities as per Statement of financial Position				**555,940,086**

Directive 3 transitional provisions for GRAP 18 (Segment reporting) allows comparative figures not to be disclosed in the first year of adoption. The municipality has elected to take advantage of the provisions of Directive 3.

58. Incentive discounts

Incentive discounts (consumer debtors)				
1/3 incentive discounts	-	479,161	-	479,161
50% incentive discounts	7,857,924	4,705,891	7,857,924	4,705,891
	7,857,924	**5,185,052**	**7,857,924**	**5,185,052**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

58. Incentive discounts (continued)

The Municipality offered incentive discounts to consumers in order to encourage consumers to pay their accounts and reduce outstanding debt.

59. Bad debt written off

Irrecoverable debt written off				
Indigent write offs (consumer debtors)	-	24,112,584	-	24,112,584
Indigent monthly rebates (consumer debtors)	753,484	893,322	753,484	893,322
Irrecoverable debt (consumer debtors)	-	31,240,099	-	31,240,099
Prescribed debt	637,033,046	-	637,033,046	-
Other bad debt written off (consumer debtors)	(214,134)	(602,392)	(214,134)	(602,392)
Monies transfered into wrong bank account - Mrs. R.E. Mashishi - Council resolution number A08/06/20 dated 26 June 2020	-	193,886	-	193,886
Payroll fraude - March 2012 to February 2014- Council resolution number A09/06/202 dated 26 June 2020.	-	4,592,424	-	4,592,424
Cashier shortages - Estcourt satelite office - Council resolution number A10/06/20 dated 26 June 2020	-	26,070	-	26,070
	637,572,396	**60,455,993**	**637,572,396**	**60,455,993**

60. Fraudulant activities

Heading				
KZN Transport - fleet related	14,775	14,775	14,775	14,755
Various service providers - fuel and oil - fleet related	6,000,000	6,000,000	6,000,000	6,000,000
	6,014,775	**6,014,775**	**6,014,775**	**6,014,755**

The amount of R14,755 - "KZN Transport" relates to the ongoing investigation on fleet related matters.

The amount of R6,000,000 - "various service providers" relates to the ongoing investigation on fleet related matters (2017/2018).

Uthukela District Municipality
Uthukela District Municipality
Appendix B
June 2021

Analysis of property, plant and equipment as at 30 June 2021

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	4,770,772	-	-	-	-	**-**	**4,770,772**	-	-	-	-	-	**-**	4,770,772
Buildings (Separate for AFS purposes)	37,618,841	-	-	-	-	**-**	**37,618,841**	(5,569,475)	-	-	(1,285,658)	-	**(6,855,133)**	30,763,708
	42,389,613	**-**	**-**	**-**	**-**	**-**	**42,389,613**	**(5,569,475)**	**-**	**-**	**(1,285,658)**	**-**	**(6,855,133)**	**35,534,480**
Infrastructure														
Water and sewerage purification	2,430,922,051	218,967,232	(14,482,051)	-	-	**-**	**2,635,407,232**	(592,555,909)	9,905,773	-	(55,657,549)	(1,569,403)	**(639,877,088)**	1,995,530,144
Sewerage purification	327,056,554	56,314,035	(3,329,851)	-	-	**-**	**380,040,738**	(163,777,077)	2,672,915	-	(7,132,232)	(3,206,935)	**(171,443,329)**	208,597,409
	2,757,978,605	**275,281,267**	**(17,811,902)**	**-**	**-**	**-**	**3,015,447,970**	**(756,332,986)**	**12,578,688**	**-**	**(62,789,781)**	**(4,776,338)**	**(811,320,417)**	**2,204,127,553**
Community Assets														

Uthukela District Municipality
Uthukela District Municipality
Appendix B
June 2021

Analysis of property, plant and equipment as at 30 June 2021

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Specialised vehicles														
Other assets														
General vehicles	68,440,157	2,232,113	(277,165)	-	-	**-**	**70,395,105**	(52,685,989)	276,951	-	(5,945,313)	(33,764)	**(58,388,115)**	12,006,990
Office equipment	6,856,347	464,081	(26,298)	-	-	**-**	**7,294,130**	(4,791,369)	24,024	-	(550,040)	-	**(5,317,385)**	1,976,745
Computer Equipment	4,369,712	751,605	(31,313)	-	-	**-**	**5,090,004**	(3,173,591)	26,913	-	(447,990)	-	**(3,594,668)**	1,495,336
Work in progress	820,522,249	253,345,574	(23,293,912)	(270,908,665)	-	**-**	**779,665,246**	-	-	-	-	-	**-**	779,665,246
Movabels - Uthukela Economic Development Agency	976,336	686,856	-	-	-	**-**	**1,663,192**	(83,517)	-	-	(195,094)	-	**(278,611)**	1,384,581
	901,164,801	**257,480,229**	**(23,628,688)**	**(270,908,665)**	**-**	**-**	**864,107,677**	**(60,734,466)**	**327,888**	**-**	**(7,138,437)**	**(33,764)**	**(67,578,779)**	**796,528,898**

Uthukela District Municipality
Uthukela District Municipality
Appendix B
June 2021

Analysis of property, plant and equipment as at 30 June 2021

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	42,389,613	-	-	-	-	-	**42,389,613**	(5,569,475)	-	-	(1,285,658)	-	**(6,855,133)**	35,534,480
Infrastructure	2,757,978,605	275,281,267	(17,811,902)	-	-	-	**3,015,447,970**	(756,332,986)	12,578,688	-	(62,789,781)	(4,776,338)	**(811,320,417)**	2,204,127,553
Other assets	901,164,801	257,480,229	(23,628,688)	(270,908,665)	-	-	**864,107,677**	(60,734,466)	327,888	-	(7,138,437)	(33,764)	**(67,578,779)**	796,528,898
	3,701,533,019	**532,761,496**	**(41,440,590)**	**(270,908,665)**	**-**	**-**	**3,921,945,260**	**(822,636,927)**	**12,906,576**	**-**	**(71,213,876)**	**(4,810,102)**	**(885,754,329)**	**3,036,190,931**
Agricultural/Biological assets														
Intangible assets														
Computers - software & programming	786,557	-	-	-	-	-	**786,557**	(313,304)	-	-	(26,154)	-	**(339,458)**	447,099
	786,557	**-**	**-**	**-**	**-**	**-**	**786,557**	**(313,304)**	**-**	**-**	**(26,154)**	**-**	**(339,458)**	**447,099**
Investment properties														
Total														
Land and buildings	42,389,613	-	-	-	-	-	**42,389,613**	(5,569,475)	-	-	(1,285,658)	-	**(6,855,133)**	35,534,480
Infrastructure	2,757,978,605	275,281,267	(17,811,902)	-	-	-	**3,015,447,970**	(756,332,986)	12,578,688	-	(62,789,781)	(4,776,338)	**(811,320,417)**	2,204,127,553
Other assets	901,164,801	257,480,229	(23,628,688)	(270,908,665)	-	-	**864,107,677**	(60,734,466)	327,888	-	(7,138,437)	(33,764)	**(67,578,779)**	796,528,898
Intangible assets	786,557	-	-	-	-	-	**786,557**	(313,304)	-	-	(26,154)	-	**(339,458)**	447,099
	3,702,319,576	**532,761,496**	**(41,440,590)**	**(270,908,665)**	**-**	**-**	**3,922,731,817**	**(822,950,231)**	**12,906,576**	**-**	**(71,240,030)**	**(4,810,102)**	**(886,093,787)**	**3,036,638,030**

Uthukela District Municipality
Uthukela District Municipality
Appendix B
June 2021

Analysis of property, plant and equipment as at 30 June 2020

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Correction of an error Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	4,770,772	-	-	-	-	-	**4,770,772**	-	-	-	-	-	**-**	4,770,772
Buildings (Separate for AFS purposes)	37,618,841	-	-	-	-	-	**37,618,841**	(4,284,103)	-	-	(1,285,372)	-	**(5,569,475)**	32,049,366
	42,389,613	**-**	**-**	**-**	**-**	**-**	**42,389,613**	**(4,284,103)**	**-**	**-**	**(1,285,372)**	**-**	**(5,569,475)**	**36,820,138**
Infrastructure														
Water and Sewerage purification	2,405,417,183	27,248,657	(1,743,788)	-	-	-	**2,430,922,052**	(543,020,744)	1,485,649	-	(51,112,973)	-	**(592,648,068)**	1,838,273,984
Sewerage purification	327,088,055	-	(31,500)	-	-	-	**327,056,555**	(157,212,699)	30,275	92,156	(6,594,652)	(3,203,311)	**(166,888,231)**	160,168,324
	2,732,505,238	**27,248,657**	**(1,775,288)**	**-**	**-**	**-**	**2,757,978,607**	**(700,233,443)**	**1,515,924**	**92,156**	**(57,707,625)**	**(3,203,311)**	**(759,536,299)**	**1,998,442,308**
Community Assets														

Uthukela District Municipality

Uthukela District Municipality

Appendix B
June 2021

Analysis of property, plant and equipment as at 30 June 2020

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Correction of an error Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Specialised vehicles														
Other assets														
General vehicles	61,051,039	9,895,379	(2,506,261)	-	-	**-**	**68,440,157**	(49,035,772)	2,260,479	-	(5,910,696)	(33,764)	**(52,719,753)**	15,720,404
Computer Equipment	4,317,869	78,610	(26,768)	-	-	**-**	**4,369,711**	(2,757,402)	25,200	-	(441,388)	-	**(3,173,590)**	1,196,121
Office Equipment	6,637,040	248,248	(28,940)	-	-	**-**	**6,856,348**	(4,311,417)	23,527	-	(503,479)	-	**(4,791,369)**	2,064,979
Work in progress	615,093,224	225,814,477	-	(18,131,282)	-	**(2,254,170)**	**820,522,249**	-	-	-	-	-	**-**	820,522,249
Movabels - Uthukela Economic Development Agency	112,215	864,121	-	-	-	**-**	**976,336**	(2,811)	-	-	(80,707)	-	**(83,518)**	892,818
	687,211,387	**236,900,835**	**(2,561,969)**	**(18,131,282)**	**-**	**(2,254,170)**	**901,164,801**	**(56,107,402)**	**2,309,206**	**-**	**(6,936,270)**	**(33,764)**	**(60,768,230)**	**840,396,571**

Appendix B

June 2021

Analysis of property, plant and equipment as at 30 June 2020

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Correction of an error Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	42,389,613	-	-	-	-	-	**42,389,613**	(4,284,103)	-	-	(1,285,372)	-	**(5,569,475)**	36,820,138
Infrastructure	2,732,505,238	27,248,657	(1,775,288)	-	-	-	**2,757,978,607**	(700,233,443)	1,515,924	92,156	(57,707,625)	(3,203,311)	**(759,536,299)**	1,998,442,308
Other assets	687,211,387	236,900,835	(2,561,969)	(18,131,282)	-	**(2,254,170)**	**901,164,801**	(56,107,402)	2,309,206	-	(6,936,270)	(33,764)	**(60,768,230)**	840,396,571
	3,462,106,238	**264,149,492**	**(4,337,257)**	**(18,131,282)**	**-**	**(2,254,170)**	**3,701,533,021**	**(760,624,948)**	**3,825,130**	**92,156**	**(65,929,267)**	**(3,237,075)**	**(825,874,004)**	**2,875,659,017**
Agricultural/Biological assets														
Intangible assets														
Computers - software & programming	786,557	-	-	-	-	-	**786,557**	(286,507)	-	-	(26,797)	-	**(313,304)**	473,253
	786,557	**-**	**-**	**-**	**-**	**-**	**786,557**	**(286,507)**	**-**	**-**	**(26,797)**	**-**	**(313,304)**	**473,253**
Investment properties														
Total														
Land and buildings	42,389,613	-	-	-	-	-	**42,389,613**	(4,284,103)	-	-	(1,285,372)	-	**(5,569,475)**	36,820,138
Infrastructure	2,732,505,238	27,248,657	(1,775,288)	-	-	-	**2,757,978,607**	(700,233,443)	1,515,924	92,156	(57,707,625)	(3,203,311)	**(759,536,299)**	1,998,442,308
Other assets	687,211,387	236,900,835	(2,561,969)	(18,131,282)	-	**(2,254,170)**	**901,164,801**	(56,107,402)	2,309,206	-	(6,936,270)	(33,764)	**(60,768,230)**	840,396,571
Intangible assets	786,557	-	-	-	-	-	**786,557**	(286,507)	-	-	(26,797)	-	**(313,304)**	473,253
	3,462,892,795	**264,149,492**	**(4,337,257)**	**(18,131,282)**	**-**	**(2,254,170)**	**3,702,319,578**	**(760,911,455)**	**3,825,130**	**92,156**	**(65,956,064)**	**(3,237,075)**	**(826,187,308)**	**2,876,132,270**

Uthukela District Municipality
Appendix D
June 2021

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**		**Actual Income Rand**	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**
			Municipality			
10,145,379	62,132,277	(51,986,898)	Executive & Council/Mayor and Council	23,753	62,084,221	(62,060,468)
839,738,175	170,229,403	669,508,772	Finance & Admin/Finance	899,550,284	195,327,987	704,222,297
-	25,396,511	(25,396,511)	Planning and Development/Economic Development/Plan	-	30,395,687	(30,395,687)
-	29,788,961	(29,788,961)	Health/Clinics	-	36,625,082	(36,625,082)
224,311,099	547,187,621	(799,517,540)	Water/Water Distribution	337,698,840	967,314,166	(629,615,326)
,074,194,653	**834,734,773**	**(237,181,138)**		**,237,272,877**	**,291,747,143**	**(54,474,266)**
			Municipal Owned Entities			
1,770,534	1,364,676	405,858	NULL	3,000,000	1,122,423	1,877,577
1,770,534	**1,364,676**	**405,858**		**3,000,000**	**1,122,423**	**1,877,577**
			Other charges			
,074,194,653	834,734,773	(237,181,138)	Municipality	,237,272,877	,291,747,143	(54,474,266)
1,770,534	1,364,676	405,858	Municipal Owned Entities	3,000,000	1,122,423	(1,877,577)
,075,965,187	**836,099,449**	**(236,775,280)**	**Total**	**,240,272,877**	**,292,869,566**	**(56,351,843)**

Uthukela District Municipality
Appendix E(1)
June 2021

Yearly

	Forecast # 1 2021 Bud. Amt Rand	Forecast # 1 2021 Act. Bal. Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Service charges	265,229,000	271,046,066	(5,817,066)	(2.1)	
VAT refunds	-	55,647,930	(55,647,930)	(100.0)	VAT refunds received for the financial year
Interest received (trading)	68,674,000	66,652,774	2,021,226	3.0	
Government grants - operating	555,587,000	528,625,468	26,961,532	5.1	
Government grants - capital	273,837,000	300,576,683	(26,739,683)	(8.9)	Addistion equity share was received
Other income	30,879,000	7,131,801	23,747,199	333.0	Other income was not accurately budgeted for
Interest received - investment	6,097,000	7,568,402	(1,471,402)	(19.4)	Surplus cash was invested.
Public contributions and donations	-	23,753	(23,753)	(100.0)	This was not budgeted for
	,200,303,000	,237,272,877	(36,969,877)	(3.0)	
Expenses					
Personnel	(329,209,000)	(358,708,122)	29,499,122	(8.2)	Overtime, standby and night shift allowances remains a challenge.
Remuneration of councillors	(6,372,000)	(6,585,623)	213,623	(3.2)	
Depreciation	(61,048,000)	(71,044,937)	9,996,937	(14.1)	Depreciation was not accurately budgeted for.
Reversal of impairments	-	(1,573,028)	1,573,028	(100.0)	Reversal of impairment was not budgeted for
Interest incurred	-	(3,879,966)	3,879,966	(100.0)	Finance costs "interest incurred" was not budgeted for.
Debt Impairment	(175,709,000)	228,791,666	(404,500,666)	(176.8)	Debt impairment were not realistically budgeted for as there was a reversal of impairment due to prescriptive debt been written off.
Incentive discounts	-	(7,857,924)	7,857,924	(100.0)	This was not budgeted for
Bad debt write off	-	(637,572,396)	637,572,396	(100.0)	This was not budgeted for
Lease rentals on operating leases	-	(1,306,481)	1,306,481	(100.0)	Budgeted under general expenditure
Bulk purchases	(119,944,000)	(127,213,754)	7,269,754	(5.7)	DWS has billed the Municipality for raw water abstraction and Umgeni Water has billed the Municipality for purified water.
Contracted Services	(115,416,000)	(119,391,179)	3,975,179	(3.3)	Not accurately budgeted for.
Transfers and Subsidies	(10,000,000)	(3,000,000)	(7,000,000)	233.3	The Municipalities available cash did not allow for the transfer of the additional R7,000,000 which was budgeted for.
General Expenses	(151,646,000)	(174,845,720)	23,199,720	(13.3)	Not accurately budgeted for.
	(969,344,000)	,284,187,464)	314,843,464	(24.5)	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	-	(5,240,102)	5,240,102	(100.0)	Loss on disposal of assets were not budgeted for.
Fair value adjustments on actuarial valuations	-	(3,442,000)	3,442,000	(100.0)	Actuarial valuations were performed at year end and the liability adjusted acourdingly. Was not provided for in the budget
	-	(8,682,102)	8,682,102	(100.0)	
Net surplus/ (deficit) for the year					
	230,959,000	(55,596,689)	286,555,689	(515.4)	