



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

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	District Municipality (DC 31)
Nature of business and principal activities	Municipal Services
Grading of local authority	High Capacity
Chief Finance Officer (CFO)	A L Stander
Accounting Officer	M M Skosana
Registered office	2A Walter Sisulu Street Middelburg 1050 Mpumalanga
Business address	2A Walter Sisulu Street Middelburg 1050 Mpumalanga
Postal address	P.O. Box 437 Middelburg 1050 Mpumalanga
Bankers	Standard Bank Group Limited (Primary) ABSA Limited
Auditors	Auditor General South Africa

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General Information

Executive Mayor	Ngwenya TD
Speaker	Boshomane KJ
Council Whip	Nkalitshana CN
MMC Finance, Risk and Audit	Makhabane EN (01/07/2023-14/04/2024)
MMC Technical Services	Makwiting TJ
MMC Social Services	Mahlangu DP
MMC Corporate Services	Pookgoadi KT
MMC Development and Planning Unit	Mathebula TT
MMC Local Economic Development	Mahlangu L
MPAC Chairperson	Mthimunya GT (01/07/2023-13/06/2024)
Section 79 Chairpersons	Moseri PP
	Zondo UN
	Maja SR
	Matlaila BJ
	Banda EM
	Mampuru DS
Councillors	Masombuka AB
	Mokoala VD
	Botha AA
	Sibanyoni JM
	Makola LM
	Mbonani ND
	Masombuka NZ
	Moolman L
	Mtsweni SN
	Mhlanga KP
	Ngubeni PN
	Ditshego K
	Rankapole MM
	Mashele NA (15/08/2023-Current)
	Skosana SI
	Mabuza LM
	Moela WN
	Koko GS
	Mabena DM
	Dzondzi L
	Morokolo ME
	Phahlamoswari DM
	Bhamjee M
	Van Dayk WA
	Masilela PM
	Mogola SM
	Klopper DD (01/07/2023-13/06/2024)
	Dikgale LJ
	Seswike SC
	Dlamini BN
	Nhlapho SR
	Mokolo ML
	Nyalunga XC

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General Information

	Mtsweni SM
	Buda KV
	Smith A
	Mhlanga MT (01/07/2023-19/06/2024)
	Steyn L
	Mthombeni JN
Audit Committee Chairperson	Mudau F
Members of Audit Committee	Masite SJ
	Moloi-Chamane MJ
	Ntuli P
	Thubakgale JL
Risk Committee Chairperson	Boltman T

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
mSCOA	Municipal Standard Chart of Accounts
CIGFARO	Chartered Institute of Government Finance, Audit & Risk Officers
MPAC	Municipal Public Accounts Committee
SALGA	South African Local Government Association
AC	Audit Committee
EPWP	Expanded Public Works Programme
DWS	The Department of Water and Sanitation
PAYE	Paye As You Earn
UIF	Unemployment Insurance Fund

Nkangala District Municipality

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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 annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the 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 annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is mainly dependent on the municipality for continued funding of operations. The 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 they are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in the note 28 except for irregular expenditure as per note 46 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on page 8 - 89, which have been prepared on the going concern basis, were approved by me on 30 June 2024 and were signed on its behalf by:



Accounting Officer
Designation

Nkangala District Municipality

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Report of the Chief Financial Officer

Nkangala District Municipality

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Report of the Chief Financial Officer

Nkangala District Municipality

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Report of the Chief Financial Officer,

1. INTRODUCTION

The financial objective of the district municipality is to secure sound and sustainable management of the financial affairs of the district municipality and to assist the six local municipalities to be financially viable.

Critical functional areas for the district municipality amongst others include improvement of audit outcomes, effective financial management, fully functional internal audit units and audit committees, high vacancy rate in key positions, declining growth in the Regional Services Council Replacement Grant, increase in operational expenditure, which negatively impacts on the allocations to local municipalities.

Issue 3 of the IDP relates to financial viability and includes projects that contributed to the financial viability of the district and local municipalities.

The District has finalised and prepared the annual financial statements for 2023/24 on version 6.6 from 6.5 of mSCOA for the 2022/23 financial year.

2. REVIEW OF OPERATING RESULTS

The 2023/24 budget of the Nkangala District Municipality was approved by Council as follows:

MTREF 2023/24	31 May 2023	DM-ND 458/05/2023
Roll-over 2023/24	23 Aug 2023	DM-ND 071/08/2023
Adjustment budget 2023/24	21 Feb 2023	DM-Nd 293/02/2024
Special Adjustment Budget 2023/24	16 April 2023	DM-ND 02/04/2024

Herewith is commentary on the financial results.

2.1 REVENUE

The total revenue of the district increased with 38.06% from R723,885 million (2022/23) to R999,384 million (2023/24) and indicate a 97.12% outcome over the R1,029 billion budgeted for the 2023/24 financial year.

Revenue from exchange transactions increased with 68.73% from R34,921 (2022/23) to R58,921 million (2023/24), whilst the revenue from non-exchange transactions increased with 36.50% from R688,964 (2022/23) to R940,463 million (2023/24) of which the major portions is from government grants and subsidies, and the increase is mainly from the increased grants received from Department of Water and Sanitation. The district is highly dependent on the RSC Replacement Grant that shows a deterioration growth rate year on year, however indicative allocations published in Division of Revenue Act (DORA) point to a very small increase in the RSC Levy Replacement Grant.

The outlook for the next financial year is that the total revenue will decrease compared to the year under review.

TRANSFERS AND SUBSIDIES

Transfers and subsidies increased by 36.00% from R685,096 million (2022/23) to R 931,703 million (2023/24). Transfers and Subsidies include conditional and non-conditional grants and subsidies to the District and amongst others include the RSC Levy Replacement grant, the Equitable Share, Municipal System Improvement Grant, Finance Management Grant, the Expanded Public Works Programme Incentive Grant and Department of Water & Sanitation grants. All conditional grants have been spent 100% and has been recognised as revenue in 2023/24. According to the accounting policies only the portion that has been expensed and meets the conditions of the conditional grant is recognized as revenue.

PUBLIC DONATION

Nkangala District Municipality

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Report of the Chief Financial Officer

A public donation in the form of a road compactor truck was received from Sereti Mine in the 2023/24 of R5,250 million for the financial year compared to no public donation in 2022/23.

INTEREST, DIVIDENDS AND RENT ON LAND

The District earned interest, which increased by 22.87% from R25,021 million (2022/23) to R30,744 million (2023/24). This increase is attributed to the increased interest rates offered by financial banks. The District realised 131.02% of budgeted amount for 2023/24 and the variance is due to that more interest revenue was received than anticipated during the budget process.

FINES, PENALTIES AND FORFEITS

Revenue from Fines, Penalties and Forfeits decrease by 22.49% from R2,775 (2022/23) to R2,151 million (2023/24). 165.19% of budgeted amount realised for 2023/24 due to the adhoc nature of the imposing of fines and penalties and that fines and penalties have increased due to fines issued in the latter part of the financial year.

OPERATIONAL REVENUE

Operational revenue decreased by 41.99% from R1,357 million (2022/23) to R0,787 million (2023/24). 435.75% of budgeted amount realised for 2023/24 due to increased operational revenue received than anticipate as increased insurance refund.

RENTAL FROM FIXED ASSETS

Rental from fixed assets increased by 141.0% from R0,051 million (2022/23) to R0,122 million (2023/24) and flows from the lease agreement with Vodacom. 208.87% realised as more fixed assets were rented out in 2023/24 than anticipated.

LICENCES AND PERMITS

Revenue from licences and permits has increased with 24.29% from R1,094 million (2022/23) to R1,359 million (2023/24) financial year. 171.74% of budgeted amount realised for 2023/24 due to the new function that are rendered by the District and various according to the number of applications received.

2.2 EXPENDITURE

The total expenditure increased with 37.58% from R795,654 million (2022/23) to R1,093,200, million (2023/24) compared to the budgeted operating expenditure of R1,123.909 million 2023/24. Transfers and subsidies to local municipalities are the main driver of the expenditure of the District.

TRANSFERS & SUBSIDIES

This expenditure relates to expenditure on infrastructure and operational projects the District implements for local municipalities within the District's jurisdictional area.

Actual grants and subsidies paid for 2023/24 represent 72.53% (57.45% 2022/23) of the total expenditure of the District and increased by 58.59% from R457,069 million (2022/23) to R724,849 million (2023/24). The actual transfers and subsidies are 101.78% of the budgeted amount of R712,167 million 2023/24 due to increased implementation of projects and the completed projects from 2022/23 work in progress. Projects that are completed from the 2022/23 financial year are transferred from Inventory – Work in progress and were duly budgeted for in the previous financial years.

EMPLOYEE RELATED COST

Actual employee related costs increased by 9.78% from R181,179 million (2022/23) to R198,895 million (2023/24) due to the drive to appoint staff in all vacancies and salary increases applied. Actual employee related costs are 91.25% of the budgeted employee related cost, which is due to the few vacancies which have not been filled in the year under review.

OPERATIONAL COST

The actual expenditure of operational costs increased by 19.94% from R49,837 million (2022/23) to R59,776 million (2023/24). The increase mainly relates to the normalisation of the impact of COVID 19 on the District,

Nkangala District Municipality

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Report of the Chief Financial Officer

which lead to increased travel and subsistence and increased advertising, further to that there was an increase in municipal rates and service cost and increase in insurance cost. Actual operational costs are 84.06% of the budgeted operational cost. Due to non-responsive tenders and operational projects that were not fully completed.

CONTRACTED SERVICES

Contracted services decreased by 6.56% from R66,749 million (2022/23) to R62,370 million (2023/24). Actual contracted services are 90.39% of the budgeted contracted cost,

REMUNERATION OF COUNCILLORS

Payments made to councillors are in terms of the legislation on remuneration of public office bearers.

Actual councillor allowance costs increased by 0.86 % from R16,981 million (2022/23) to R17,127 million (2023/24). Actual councillor allowance costs are 95.17% of the budgeted remuneration of councillors, due to the % increase that realised on the determination of upper limits.

DEPRECIATION/ AMORTISATION

Depreciation/amortisation is charged on Property, Plant & Equipment/intangibles at rates determined in the accounting policies and asset useful lives are reviewed annually.

Actual depreciation/amortisation costs increased by 21.54% from R17,444 million (2022/23) to R21,202 million (2023/24). The increase is mainly due to the additions to the property, plant and equipment at the District. Actual depreciation/amortisation costs are 88.76% of the budgeted depreciation/amortisation cost, and is dependent on the acquisition of new assets for the District.

INVENTORY CONSUMED

Actual inventory consumed costs increased by 49.60% from R2,815 million (2022/23) to R4,211 million (2023/24). Inventory consumed are 82.43% of the budgeted amount. The increase is mainly due to the increase in materials and supplies used during the financial year.

INTEREST, DIVIDEND AND RENT ON LAND PAID

The District only realised interest paid on the Financial leases for office equipment.

Actual interest costs decreased by 74.81% from R0,126 million (2022/23) to R0,032 million (2023/24), the decrease is due to repayment of the lease. Actual interest costs are 11.19% the budgeted amount due to less payment as anticipated during the budget process.

GAINS AND LOSSES

The District only realised a small loss on the disposal of fixed and intangible assets, actuarial valuations and fair value adjustment of R1,847 million (2023/24) financial year from gain of R 3,861million in (2022/23).

OPERATING LEASES

Actual operating leases costs increased with 37.16% from R3,453 million (2022/23) to R4,736 million (2023/24). Actual operating lease costs are 74.12% of the budgeted amount, due to repayment of the lease.

SURPLUS/DEFICIT

The district realised a deficit of R67,908 million for 2022/23 compared to the deficit of R95,663 million 2023/24 due to increased implementation of projects and the completed projects from 2022/23 work in progress.

3. FINANCIAL POSITION

The Statement of Financial position represents the financial strength of the district by a comparison of assets over liabilities.

The total assets of the district decreased by 7.13% from R634,246 million (2022/23) to R589,024 million (2023/24). The contributing factors of this increase can mainly be attributed to increase in the long-term investment and trade receivables and decrease in cash and cash equivalents.

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Report of the Chief Financial Officer

Total liabilities increased by 46.16% from R109,282 million (2022/23) to R159,722 million (2023/24), which is mainly due to the increase in post-retirement benefits, provisions for long services and payables.

4. KEY RATIOS

CURRENT RATIO

This ratio represents the ability of the district to pay short term obligations within the next 12 months.

	Current assets	Current Liabilities	
	R million	R million	Ratio
2022/23	340,656	85,966	3.96:1
2023/24	274,461	132,519	2.07:1

ACID TEST

A stringent indicator that determines whether a company/institution has enough short-term assets to cover its immediate liabilities without considering inventory. Institutions with ratios of less than 1 cannot pay their current liabilities and should be looked at with extreme caution.

	Current assets – Inventory	Current Liabilities	
	R million	R million	Ratio
2022/23	259,480	85,966	3.02:1
2023/24	241,100	132,519	1.82:1

SOLVENCY RATIO

This represents the ability of the district to pay both its long term and short term obligations.

	Total Assets	Total Liabilities	
	R million	R million	Ratio
2022/23	634,246	109,282	5.80:1
2023/24	589,024	159,722	3.69:1

OTHER RATIOS

Ratio	30 Jun 2024	30 Jun 2023
Employee related cost and Councillor remuneration / Total expenditure	19.76	24.91
Actual transfers and subsidies paid / Total expenditure	66.31	57.45
Actual transfers and subsidies paid / Total revenue	72.53	63.13

6. GENERALLY RECOGNISED ACCOUNTING PRACTICES

Nkangala District Municipality

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Report of the Chief Financial Officer

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

The following standards were applicable during the year under review:

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash generating assets
GRAP 23	Revenue from non-exchange transactions
GRAP 24	Presentation of budget
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash generating assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IGRAP 1	Applying The Probability Test On Initial Recognition Of Revenue
IGRAP 2	Changes in Existing Decommissioning Restoration and Similar Liabilities
IGRAP 3	Determining Whether an Arrangement Contains a Lease
IGRAP 4 Rehabilitation Funds	Rights to Interests Arising from Decommissioning, Restoration and Environmental

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IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7 Interaction	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 11	Consolidation – Special Purpose Entities
IGRAP 12	Jointly Controlled Entities -Non-Monetary Contributions
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue - Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets - Website Costs
IGRAP 17	SCA where Grantor Controls Significant Residual Interest
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue

7. CONCLUSION

Good governance, sound financial management and financial viability remain critical success factors for the district.

8. ACKNOWLEDGEMENT

I would like to extend my appreciation to the Honourable Executive Mayor, Mayoral Committee, Councillors, Audit Committee, Risk Committee and Municipal Public Accounts Committee for strategic direction and leadership demonstrated during the financial year.

The guidance and vision of the Municipal Manager and Heads of Departments are acknowledged with gratitude. A special word of appreciation is extended to all my colleagues for their loyalty and support.

Thank you

AL STANDER

MANAGER: FINANCE (CHIEF FINANCIAL OFFICER)

Nkangala District Municipality

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Report of the Chief Financial Officer

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	4	33 360 980	81 175 839
Construction contracts and receivables	5	26 427 584	16 429 846
Receivables from non-exchange transactions	7	9 412 311	1 600 000
VAT receivable	9	10 471 525	7 522 732
Prepayments	6	1 670 484	87 480
Trade & other receivables from exchange transactions	8	84 932	505 846
Cash and cash equivalents	3	193 032 798	233 333 938
		274 460 614	340 655 681
Non-Current Assets			
Property, plant and equipment	10	224 873 017	208 981 705
Intangible assets	11	12 540 238	11 911 355
Heritage assets	12	508 772	508 772
Investments	13	76 640 876	72 188 712
		314 562 903	293 590 544
Non-Current Assets		314 562 903	293 590 544
Current Assets		274 460 614	340 655 681
Total Assets		589 023 517	634 246 225
Liabilities			
Current Liabilities			
Finance lease obligation	16	-	755 492
Operating lease liability	52	125 582	-
Payables from exchange transactions	15	130 894 748	83 648 620
Consumer deposits	14	14 030	14 030
Employee benefit obligation	17	792 000	514 000
Long service awards	18	693 000	1 034 000
		132 519 360	85 966 142
Non-Current Liabilities			
Employee benefit obligation	17	20 578 000	17 445 000
Long service awards	18	6 625 000	5 871 000
		27 203 000	23 316 000
Non-Current Liabilities		27 203 000	23 316 000
Current Liabilities		132 519 360	85 966 142
Total Liabilities		159 722 360	109 282 142
Assets		589 023 517	634 246 225
Liabilities		(159 722 360)	(109 282 142)
Net Assets		429 301 157	524 964 083
Accumulated surplus		429 301 150	524 964 055
Total Net Assets		429 301 150	524 964 055

Audited
By
03-11-2024
Auditor General South Africa
Nkangala Business Unit

* See Note 39

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	19	122 188	50 700
Agency services	20	27 268 047	8 492 681
Other income	21	786 971	1 356 672
Interest received - investment	22	30 743 872	25 020 787
Total revenue from exchange transactions		58 921 078	34 920 840
Revenue from non-exchange transactions			
Taxation revenue			
Licences and Permits (Non-exchange)	23	1 359 119	1 093 519
Transfer revenue			
Government grants & subsidies	24	931 703 046	685 096 006
Public contributions and donations	25	5 250 000	-
Fines, Penalties and Forfeits	26	2 150 801	2 774 942
Total revenue from non-exchange transactions		940 462 966	688 964 467
		58 921 078	34 920 840
		940 462 966	688 964 467
Total revenue	27	999 384 044	723 885 307
Expenditure			
Employee related costs	28	(198 894 903)	(181 179 279)
Remuneration of councillors	29	(17 127 602)	(16 981 155)
Depreciation and amortisation	30	(21 201 833)	(17 444 376)
Finance costs	32	(31 825)	(126 331)
Lease rentals on operating lease	35	(4 735 699)	(3 452 794)
Inventory consumed	33	(4 211 855)	(2 815 439)
Contracted services	34	(62 369 799)	(66 749 146)
Transfers and subsidies	31	(724 849 857)	(457 068 650)
Operational costs	36	(59 776 246)	(49 836 929)
Total expenditure		(1 093 199 619)	(795 654 099)
		-	-
Total revenue		999 384 044	723 885 307
Total expenditure		(1 093 199 619)	(795 654 099)
Operating deficit		(93 815 575)	(71 768 792)
Loss on disposal of assets and liabilities		(1 371 551)	(437 748)
Fair value adjustments		(131 804)	(106 485)
Actuarial gains/losses	17	(344 000)	4 405 000
		(1 847 355)	3 860 767
Operating surplus/deficit		(1 847 355)	3 860 767
Deficit before taxation		(95 662 930)	(67 908 025)
Taxation		-	-
Deficit for the year		(95 662 930)	(67 908 025)

Audited
By
2024-11-30
Auditor General South Africa
Mpumalanga Business Unit

* See Note 39

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Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	592 988 086	592 988 086
Adjustments		
Correction of error-refer to note 39	(116 006)	(116 006)
Balance at 01 July 2022 as restated*	592 872 080	592 872 080
Changes in net assets		
Surplus/(deficit) for the year as previously reported	(67 766 463)	(67 766 463)
Prior year adjustments- Correction of errors refer to note 39	(141 562)	(141 562)
Total changes	(67 908 025)	(67 908 025)
Restated* Balance at 01 July 2023	524 964 079	524 964 079
Changes in net assets		
Surplus/(deficit) for the year	(95 662 929)	(95 662 929)
Total changes	(95 662 929)	(95 662 929)
Balance at 30 June 2024	429 301 150	429 301 150

Audited
By
2024-11-30
Auditor General South Africa
Mpumalanga Business Unit

* See Note 39

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Grants		913 909 663	674 746 237
Interest income		30 743 872	25 020 787
Rental from fixed assets		122 188	50 700
Other receipts		31 969 186	11 835 570
Movement of VAT		-	19 929 039
		976 744 909	731 582 333
Payments			
Employee costs		(212 542 505)	(194 921 434)
Suppliers		(762 339 875)	(495 757 020)
Movement of VAT		(2 948 788)	-
		(977 831 168)	(690 678 454)
Total receipts		976 744 909	731 582 333
Total payments		(977 831 168)	(690 678 454)
Net cash flows from operating activities	37	(1 086 259)	40 903 879
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(29 529 806)	(33 308 104)
Proceeds from sale of property, plant and equipment	10	621 884	141 562
Purchase of other intangible assets	11	(4 935 672)	-
Decrease/(Increase) of Investments		(4 452 164)	(4 440 000)
Net cash flows from investing activities		(38 295 758)	(37 606 542)
Cash flows from financing activities			
Finance lease payments		(755 492)	(923 432)
Finance costs		(31 827)	(126 331)
Net cash flows from financing activities		(787 319)	(1 049 763)
Net increase/(decrease) in cash and cash equivalents		(40 169 336)	2 247 574
Cash and cash equivalents at the beginning of the year		233 333 938	231 192 849
Fair value adjustment to cash and cash equivalents		(131 804)	(106 485)
Cash and cash equivalents at the end of the year	3	193 032 798	233 333 938

The accounting policies on pages 25 to 49 and the notes on page 50 form an integral part of the annual financial statements.



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Audited
By
2024-11-30
Auditor General South Africa
Mpumalanga Business Unit

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference *Refer to CFO's Report
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Rental of facilities and equipment	58 500	-	58 500	122 188	63 688	*
Agency services	22 500 000	6 500 000	29 000 000	27 268 047	(1 731 953)	*
Operational revenue	180 600	-	180 600	786 971	606 371	*
Interest received - investment	23 465 000	-	23 465 000	30 743 872	7 278 872	*
Total revenue from exchange transactions	46 204 100	6 500 000	52 704 100	58 921 078	6 216 978	

Revenue from non-exchange transactions

Taxation revenue

Licences and permits (non-exchange)	791 400	-	791 400	1 359 119	567 719	*
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Transfer revenue

Government grants & subsidies	880 172 000	94 000 000	974 172 000	931 703 046	(42 468 954)	*
Public contributions and donations	-	-	-	5 250 000	5 250 000	*
Fines, penalties and forfeits	1 302 000	-	1 302 000	2 150 801	848 801	*

Total revenue from non-exchange transactions	882 265 400	94 000 000	976 265 400	940 462 966	(35 802 434)	
---	--------------------	-------------------	--------------------	--------------------	---------------------	--

'Total revenue from exchange transactions'	46 204 100	6 500 000	52 704 100	58 921 078	6 216 978	
--	------------	-----------	------------	------------	-----------	--

'Total revenue from non-exchange transactions'	882 265 400	94 000 000	976 265 400	940 462 966	(35 802 434)	
--	-------------	------------	-------------	-------------	--------------	--

Total revenue	928 469 500	100 500 000	1 028 969 500	999 384 044	(29 585 456)	
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Expenditure

Employee related costs	(214 885 651)	(3 075 613)	(217 961 264)	(198 894 903)	19 066 361	*
Remuneration of councillors	(18 236 919)	239 713	(17 997 206)	(17 127 602)	869 604	*
Depreciation and amortisation	(18 013 040)	(5 874 700)	(23 887 740)	(21 201 833)	2 685 907	*
Finance costs	(182 280)	(102 200)	(284 480)	(31 825)	252 655	*
Lease rentals on operating lease	(1 921 700)	(4 456 319)	(6 378 019)	(4 735 699)	1 642 320	*
Inventory consumed	(5 811 350)	701 614	(5 109 736)	(4 211 855)	897 881	*
Contracted services	(80 898 430)	11 894 605	(69 003 825)	(62 369 799)	6 634 026	*
Transfers and subsidies	(643 253 131)	(68 914 065)	(712 167 196)	(724 849 857)	(12 682 661)	*
Operational costs	(61 728 274)	(9 391 437)	(71 119 711)	(59 776 246)	11 343 465	*

Total expenditure	(1 044 930 775)	(78 978 402)	(1 123 909 177)	(1 093 199 619)	30 709 558	
--------------------------	------------------------	---------------------	------------------------	------------------------	-------------------	--

	928 469 500	100 500 000	1 028 969 500	999 384 044	(29 585 456)	
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	(1 044 930 775)	(78 978 402)	(1 123 909 177)	(1 093 199 619)	30 709 558	
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Operating deficit	(116 461 275)	21 521 598	(94 939 677)	(93 815 575)	1 124 102	
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Loss on disposal of assets and liabilities	-	-	-	(1 371 551)	(1 371 551)	*
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Fair value adjustments	-	-	-	(131 804)	(131 804)	
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Actuarial gains/losses	-	-	-	(344 000)	(344 000)	*
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	-	-	-	(1 847 355)	(1 847 355)	
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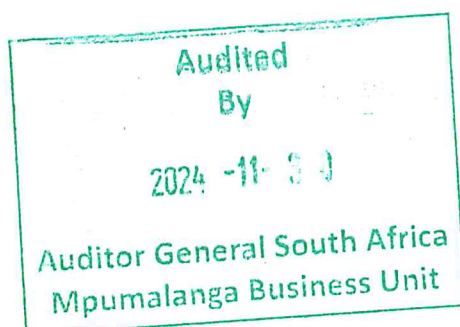
Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference *Refer to CFO's Report
Figures in Rand						
	(116 461 275)	21 521 598	(94 939 677)	(93 815 575)	1 124 102	
	-	-	-	(1 847 355)	(1 847 355)	
Deficit before taxation	(116 461 275)	21 521 598	(94 939 677)	(95 662 930)	(723 253)	
Surplus before taxation	(116 461 275)	21 521 598	(94 939 677)	(95 662 930)	(723 253)	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(116 461 275)	21 521 598	(94 939 677)	(95 662 930)	(723 253)	

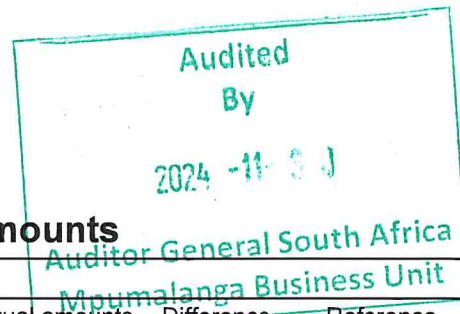


Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis



	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference *Refer to CFO's Report
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	140 420 000	-	140 420 000	33 360 980	(107 059 020)	*
Construction contracts and receivables	-	-	-	26 427 584	26 427 584	*
Receivables from non-exchange transactions	-	-	-	9 412 311	9 412 311	*
VAT receivable	17 299 273	-	17 299 273	10 471 525	(6 827 748)	*
Prepayments	-	-	-	1 670 484	1 670 484	*
Consumer debtors	238 000	-	238 000	84 932	(153 068)	*
Cash and cash equivalents	480 341 335	-	480 341 335	193 032 798	(287 308 537)	*
	638 298 608	-	638 298 608	274 460 614	(363 837 994)	

Non-Current Assets

Property, plant and equipment	242 717 930	(9 417 951)	233 299 979	224 873 017	(8 426 962)	*
Intangible assets	14 605 030	-	14 605 030	12 540 238	(2 064 792)	*
Heritage assets	-	-	-	508 772	508 772	*
Investments	64 409 000	-	64 409 000	76 640 876	12 231 876	*
	321 731 960	(9 417 951)	312 314 009	314 562 903	2 248 894	

Non-Current Assets	321 731 960	(9 417 951)	312 314 009	314 562 903	2 248 894	
Current Assets	638 298 608	-	638 298 608	274 460 614	(363 837 994)	
Total Assets	960 030 568	(9 417 951)	950 612 617	589 023 517	(361 589 100)	

Liabilities

Current Liabilities

Operating lease liability	-	-	-	125 582	125 582	
Payables from exchange transactions	259 221 695	-	259 221 695	130 894 744	(128 326 951)	*
Consumer deposits	15 030	-	15 030	14 030	(1 000)	*
Employee benefit obligation	405 243	-	405 243	792 000	386 757	*
Long service awards	-	-	-	693 000	693 000	*
	259 641 968	-	259 641 968	132 519 356	(127 122 612)	

Non-Current Liabilities

Employee benefit obligation	12 479 000	-	12 479 000	20 578 000	8 099 000	*
Long service awards	23 251 000	-	23 251 000	6 625 000	(16 626 000)	*
	35 730 000	-	35 730 000	27 203 000	(8 527 000)	

	259 641 968	-	259 641 968	132 519 356	(127 122 612)	
	35 730 000	-	35 730 000	27 203 000	(8 527 000)	
	-	-	-	-	-	
Total Liabilities	295 371 968	-	295 371 968	159 722 356	(135 649 612)	

Assets	960 030 568	(9 417 951)	950 612 617	589 023 517	(361 589 100)	
Liabilities	(295 371 968)	-	(295 371 968)	(159 722 356)	135 649 612	
Net Assets	664 658 600	(9 417 951)	655 240 649	429 301 161	(225 939 488)	

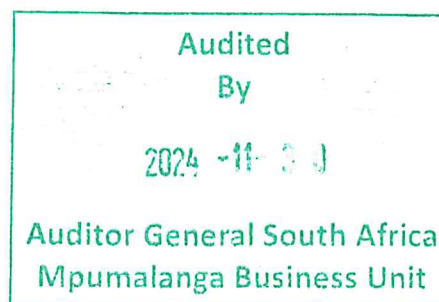
Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference *Refer to CFO's Report
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	664 658 600	(9 417 951)	655 240 649	429 301 160	(225 939 489)	*



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference *Refer to CFO's Report
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Operational revenue	2 274 000	-	2 274 000	4 701 139	2 427 139	*
Government grant - operating	877 831 000	94 000 000	971 831 000	906 318 663	(65 512 337)	*
Government grant - capital	2 341 000	-	2 341 000	7 591 000	5 250 000	*
Interest income	23 465 000	-	23 465 000	30 743 872	7 278 872	*
Rental from fixed assets	58 500	-	58 500	122 188	63 688	*
Agency Fees	22 500 000	6 500 000	29 000 000	27 268 047	(1 731 953)	*
	928 469 500	100 500 000	1 028 969 500	976 744 909	(52 224 591)	

Payments

Employees costs	(214 885 651)	(3 076 000)	(217 961 651)	(212 542 505)	5 419 146	*
Suppliers	(812 032 084)	(70 028 000)	(882 060 084)	(762 339 875)	119 720 209	*
Movement in VAT	-	-	-	(2 948 788)	(2 948 788)	
	(1 026 917 735)	(73 104 000)	(1 100 021 735)	(977 831 168)	122 190 567	

Total receipts	928 469 500	100 500 000	1 028 969 500	976 744 909	(52 224 591)	
Total payments	(1 026 917 735)	(73 104 000)	(1 100 021 735)	(977 831 168)	122 190 567	
Net cash flows from operating activities	(98 448 235)	27 396 000	(71 052 235)	(1 086 259)	69 965 976	

Cash flows from investing activities

Purchase of property, plant and equipment	(60 195 000)	7 673 751	(52 521 249)	(34 465 478)	18 055 771	*
Proceeds from sale of property, plant and equipment	-	-	-	-	111 000	*
Proceeds from sale of investment property	-	-	-	621 884	621 884	
Decrease/(Increase) of Investments	-	-	-	(4 452 164)	(4 452 164)	
Net cash flows from investing activities	(60 195 000)	7 673 751	(52 521 249)	(38 295 758)	14 336 491	

Cash flows from financing activities

Finance lease payments	-	-	-	(755 492)	(755 492)	
Finance costs	-	-	-	(31 827)	(31 827)	
Net cash flows from financing activities	-	-	-	(787 319)	(31 827)	

Net increase/(decrease) in cash and cash equivalents	(158 643 235)	35 069 751	(123 573 484)	(40 169 336)	84 270 640	*
Cash and cash equivalents at the beginning of the year	-	-	-	233 333 938	233 333 938	
Fair value adjustment to cash and cash equivalents	-	-	-	(131 804)	(131 804)	
Cash and cash equivalents at the end of the year	(158 643 235)	35 069 751	(123 573 484)	193 032 798	317 472 774	

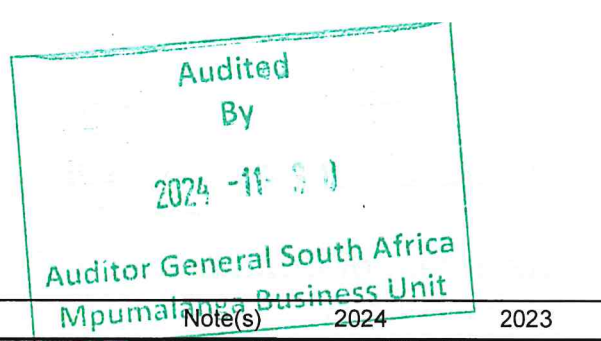
Reconciliation

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

Figures in Rand



1. Presentation of Annual Financial Statements

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The 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 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.

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The 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 annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and/or loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and/or loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as exchange rates, inflation and interest.

Provisions

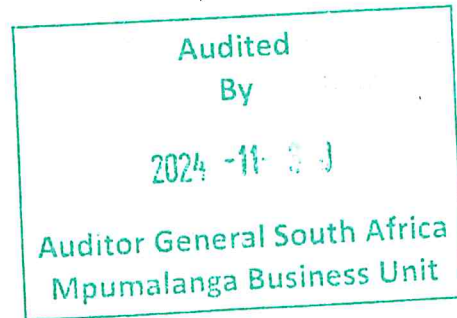
Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

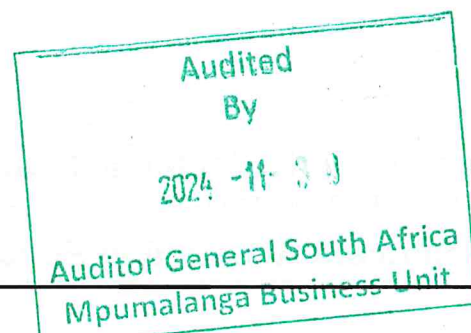
Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.4 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment, and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment, and other assets. This estimate is based on industry norms. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Defined Benefit Obligations

The municipality obtains actuarial valuations of its defined benefit plan and other long term employee benefits. The defined benefit plan and other long term employee benefits identified are post retirement health benefit obligations and long service awards. The estimated liabilities are recorded in accordance with GRAP 25.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one 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 municipality; 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, its deemed cost is the carrying amount of the asset(s) given up.

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

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.

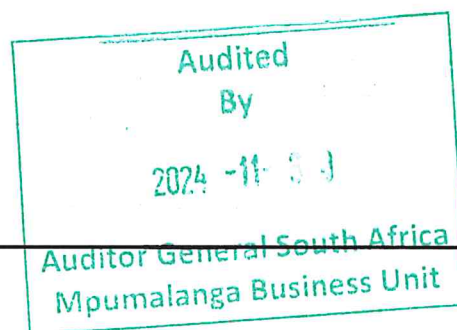
Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection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

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

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.5 Property, plant and equipment (continued)

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite life
Buildings	Straight-line	15 to 30 years
Leased assets	Straight-line	3 years
Machinery and equipment	Straight-line	5 to 20 years
Furniture and office equipment	Straight-line	1 to 15 years
Transport assets	Straight-line	7 to 20 years
Computer equipment	Straight-line	1 to 10 years
Infrastructure: Electricity	Straight-line	20 years
Infrastructure: Roads, Pavements, Bridges and Stormwater	Straight-line	10 to 30 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 municipality. 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 municipality assesses at each reporting date whether there is any indication that the municipality 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 municipality 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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 10).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

1.6 Intangible assets

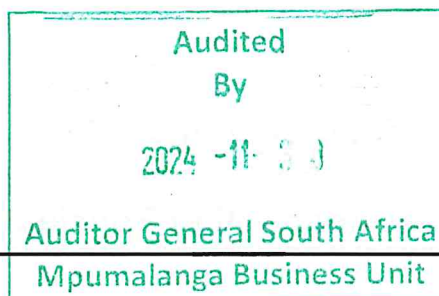
An asset is identifiable if it either:

- 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 municipality or from other rights and obligations.

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.6 Intangible assets (continued)

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 to 15 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

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1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

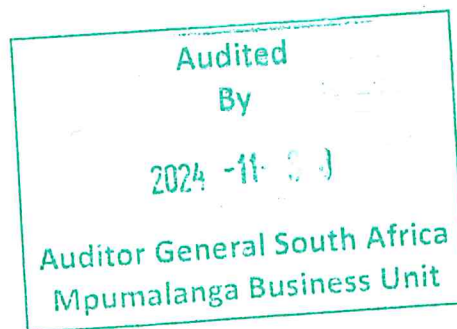
Derecognition

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

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

1.8 Financial instruments

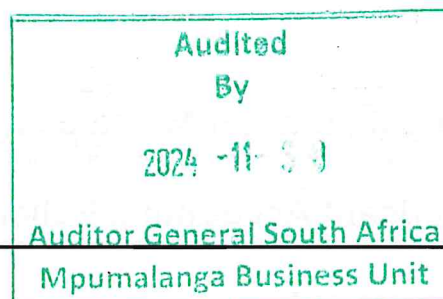
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.



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1.8 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
Investments	Financial asset measured at amortised cost
Bank	Financial asset measured at amortised cost
Cash	Financial asset measured at fair value

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
Other payables	Financial liability measured at amortised cost
Long term liabilities	Financial liability measured at amortised cost
Finance leases	Financial liability measured at amortised cost
Other receivables	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:

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

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

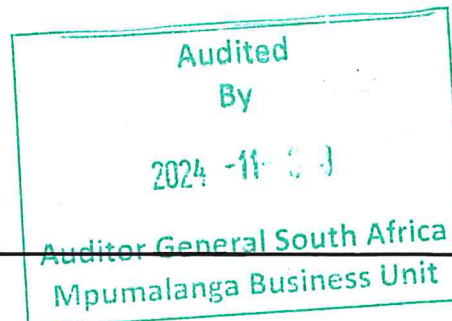
All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

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1.8 Financial instruments (continued)

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

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

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

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

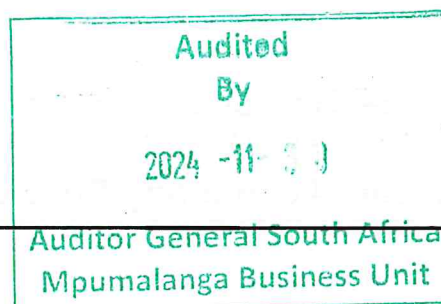
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

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1.8 Financial instruments (continued)

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

Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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

1.9 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.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term except where other systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

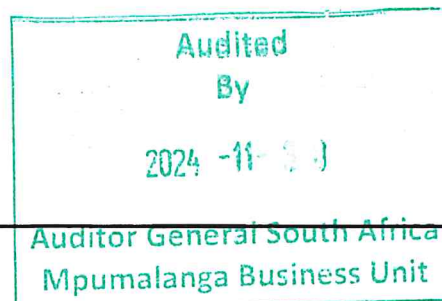
1.10 Inventories

The municipality constructs infrastructure projects, which will subsequently be transferred to local municipalities in its area of jurisdiction at no cost when the project is completed. Projects still in progress and not yet completed are disclosed as inventory. Inventory is measured at the actual costs.

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1.10 Inventories (continued)

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.

1.11 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The municipality assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.12 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.

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in the statement of financial performance immediately. The recoverable amount of the asset is the higher of the asset's fair value less cost to sell and its value in use.

The fair value represents the amount obtained obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties.

The value in use of an asset represents the expected future cash flows, from continuing use and disposal that are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset.

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1.12 Impairment of cash-generating assets (continued)

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belong. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount.

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of the value in use, R1.00 or fair value less cost to sell.

A previously recognised impairment loss related to assets is reserved if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

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:

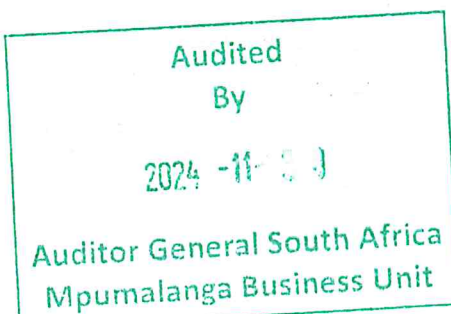
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.]

Identification

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

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

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



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1.12 Impairment of cash-generating assets (continued)

Value in use

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

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

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

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

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)

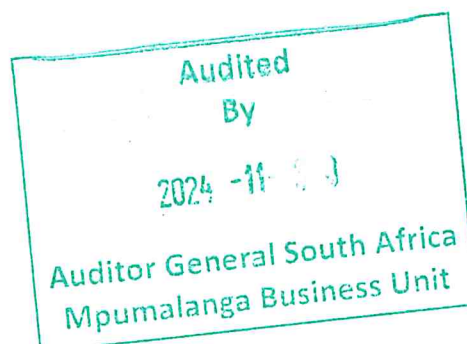
If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

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 municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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



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1.12 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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

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

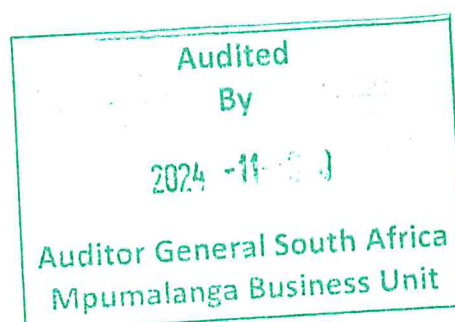
An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each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

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

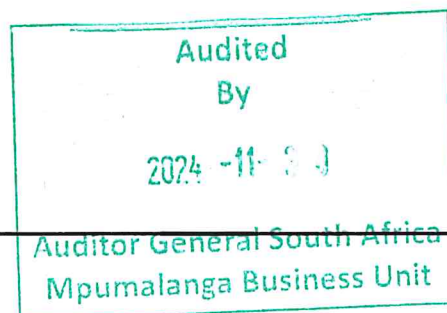
Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.



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1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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.

1.13 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.

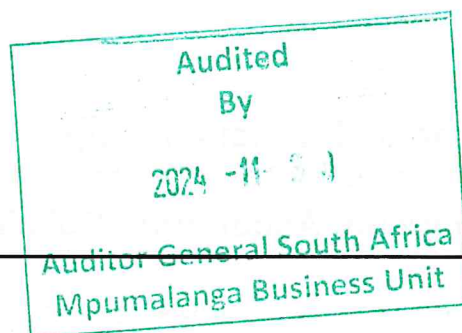
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

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1.13 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 municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

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

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

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

Value in use

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-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 non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

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

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

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

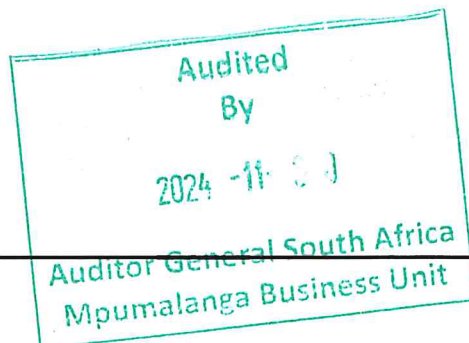
Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

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1.14 Employee benefits

Identification

Employee benefits

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

The Municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits are recognised during the period in which the employee renders the related service.

Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end to a maximum of 48 days as per the limitation of the bargaining council agreement and is shown as an accrual in the Statement of Financial Position.

Bonus Provisions

The Municipality recognises the expected cost of bonuses as a provision only when the Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

Post-employment Benefits: Defined Contribution Plans

A defined contribution plan is a plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The Municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees.

Post-employment Benefits: Defined Benefit Plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

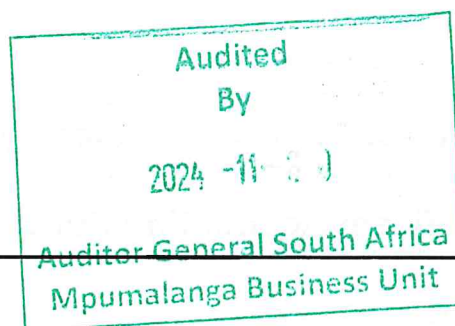
Post-retirement Health Care Benefits

The Municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the Municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.14 Employee benefits (continued)

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is secured by the long term investments. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Past-service costs are recognised immediately, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Long-service Allowance

The Municipality has an obligation to provide Long-service Allowance Benefits to all its employees. In terms of the Bargaining council agreement, which the Municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5, 10, 15, 20, 25 and 30 years of continued service. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

1.15 Remuneration of councillors

Remuneration of councillors is all forms of consideration given by the municipality in exchange for time dedicated by councillors and is paid in terms of the determination of upper limits for municipal officer bearers.

The Municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

1.16 Contracted services

Contracted services refer to services that the municipality hires an external provider or vendor to perform, typically under a formal contract. These services can be related to various functions such as consulting, maintenance, legal advice, accounting, IT support, or other specialized activities. The accrual method of accounting is used to account for these.

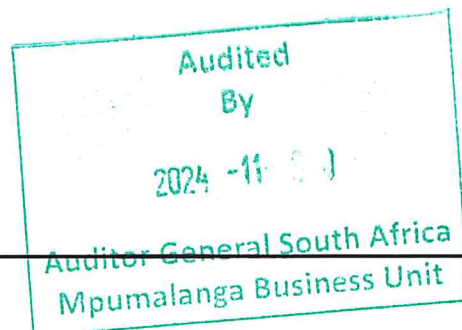
1.17 Transfers and subsidies

Transfers and subsidies are made in kind or monetary to local municipalities initiated through the annual budget and IDP process. These transfers are recognised in the financial statements as expenses in the period that the projects of an operational nature occurs. Projects of a capital nature are recognised as transfers and subsidies in the statement of Financial performance when they are complete and as Inventory - Work in progress in the Statement as Financial position. All transfer and subsidies are recognised at cost to bring the asset to use after completion.

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.18 Operational costs

Operational costs refer to the expenses that a company incurs as part of its normal business activities to produce and deliver goods or services. These costs are necessary for the day-to-day functioning of the municipality. The accrual method of accounting is used to account for these.

1.19 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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 municipality 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 municipality 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 a municipality:

- 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 municipality

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

No obligation arises as a consequence of the sale or transfer of an operation until the municipality 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 38.

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 municipality 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 municipality 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 municipality considers that an outflow of economic resources is probable, a municipality 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.

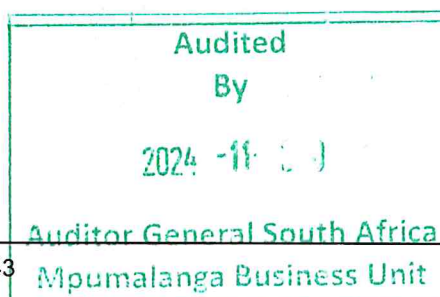
1.20 Commitments

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.



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.21 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

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

Rental from fixed assets

Rental of facilities arising from the use by others of entity assets yielding interest is recognised when:

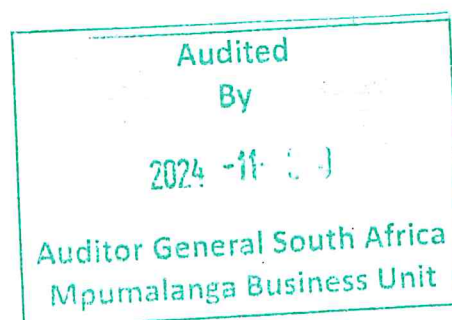
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method.



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.22 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

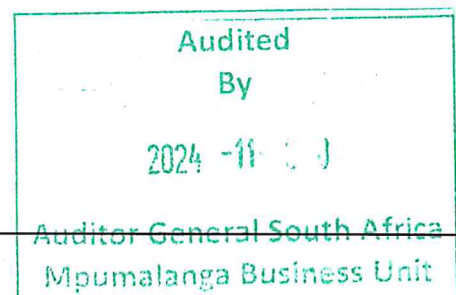
1.23 Investment income

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

1.24 Finance costs

Finance costs are interest and other expenses incurred by an entity in connection with the borrowing of funds or when a finance lease are recognised and accrued in the period under review.

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



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.25 Payables from exchange transactions

An exchange transaction occurs when goods or services are provided or received in exchange for consideration, typically monetary payment or an equivalent value. In the case of payables, this reflects amounts owed to suppliers or vendors for goods or services received, where the payment is expected in the future.

Payables arising from exchange transactions should be recognised when the following conditions are met:

Obligation: The municipality has a present obligation to transfer resources to another party (e.g., a supplier) based on a past event (e.g., receipt of goods or services).

Measurability: The amount of the payable can be reliably measured. This is typically the agreed-upon amount for the goods or services, less any discounts, returns, or allowances.

Probable Outflow: It is probable that the settlement of the payable will require the outflow of economic resources (typically cash or cash equivalents).

1.26 Comparative figures

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

1.27 Unauthorised expenditure

Unauthorised expenditure means:

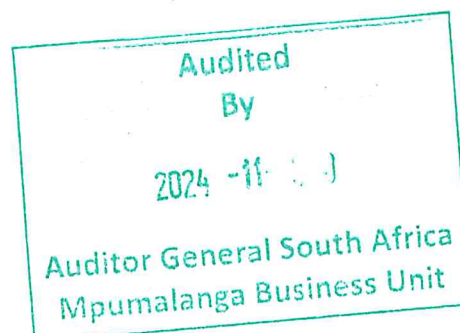
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and where recovered, it is subsequently accounted for as revenue in statement of financial performance.

1.28 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).



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.29 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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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).

National Treasury circular 68 guides procedures and recognition of UIF&W.

Irregular expenditure that was incurred and identified during the current financial and which was condoned/found to not be recoverable before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned/found to not be recoverable in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned/found to not be recoverable.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned/found to not be recoverable by the Council must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as not recoverable and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned/found to not be recoverable and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.30 Segment information

A segment is an activity of an entity:

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

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

Measurement

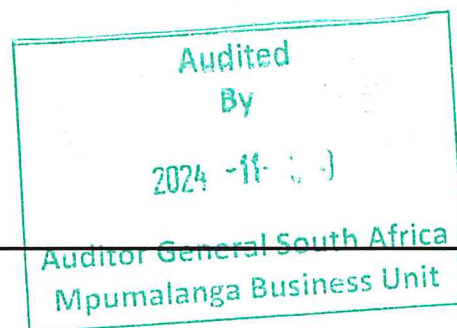
The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and 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.

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.31 Budget information

The Municipality is 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 municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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

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

1.32 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.

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 municipality, including those charged with the governance of the municipality 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 municipality.

The municipality 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 municipality 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 municipality is exempt from the disclosures in accordance with the above, the municipality 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 annual financial statements.

1.33 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 municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

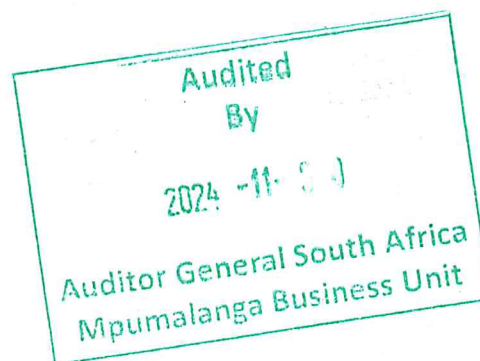
1.33 Events after reporting date (continued)

The municipality 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.

1.34 Value Added Taxation

The municipality is registered with the South African Revenue Services as a VAT vendor in accordance with section 15(2) of the Value Added Tax (No. 89 of 1991).

The municipality accounts for Value Added Tax on payment basis as per the VAT Act.

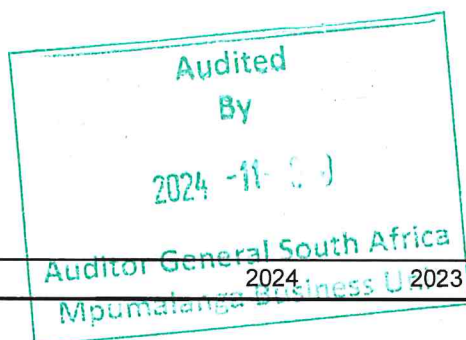


Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand



2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104: Financial Instruments	1 April 2025	Unlikely there will be a material impact

3. Cash and cash equivalents

3.1 Cash and cash equivalents consist of:

Cash on hand	30 200	10 200
Bank balances	6 556 515	16 672 117
Short-term deposits	186 446 083	216 651 621
	193 032 798	233 333 938

3.2 The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
ABSA CURRENT ACCOUNT-1040161836	20 834	6 179 290	20 834	6 179 290
STANDARD BANK CURRENT ACCOUNT-042244552	6 535 680	10 492 825	6 535 680	10 492 825
ABSA FIXED DEPOSIT-4083615135	6 506 894	2 894 484	6 506 894	2 894 484
ABSA FIXED DEPOSIT-2080975902	-	5 000 000	-	5 000 000
NEDBANK FIXED DEPOSIT-03/7881531304/000188	1 391 492	6 783 689	1 391 492	6 783 689
FNB TERM DEPOSIT-62786703184	4 568 797	10 966 913	4 568 797	10 966 913
STANLIB-N0011	89 761 681	82 232 668	89 761 681	82 232 668
SANLAM-NDCKON	47 116 453	43 730 000	47 116 453	43 730 000
INTEREST ACCRUED	316 562	1 442 459	316 562	1 442 459
INVESTEC-FIXED DEPOSIT-1400-121751-500-JB5M52361	5 068 287	7 601 816	5 068 287	7 601 816
FNB RETENTION-74794690154	30 000 000	25 000 000	30 000 000	25 000 000
NEDBANK FIXED DEPOSIT-03/7881531304/000358	-	10 000 000	-	10 000 000
FNB TERM DEPOSIT-76202613644	-	5 000 000	-	5 000 000
STANDARD BANK NOTICE DEPOSIT-038433834#081	1 715 918	5 999 596	1 715 918	5 999 596
STANDARD BANK NOTICE DEPOSIT-03843383#177	-	5 000 000	-	5 000 000
INVESTEC FIXED DEPOSIT-1400-121751-452-JB11270054	-	5 000 000	-	5 000 000
Total	193 002 598	233 323 740	193 002 598	233 323 740

4. Inventories

Work in progress	33 360 980	81 175 839
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Inventory pledged as security

No inventories were pledged as security for liabilities in the current financial year.

5. Construction contracts and receivables

Receivables

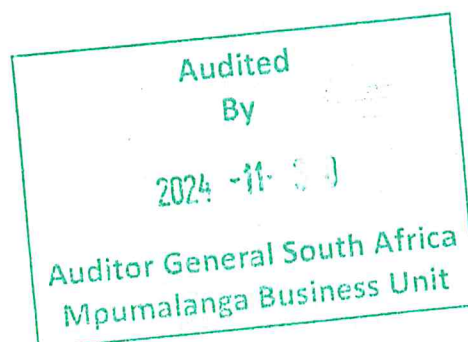
Receivables due	26 427 584	16 429 846
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Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
5. Construction contracts and receivables (continued)		
Receivables from Department of Water and Sanitation.		
6. Prepayments		
Prepayments	1 670 484	87 480
2023 - Prepayment relates to payment of Nashua monthly rental for July 2023.		
7. Receivables from non-exchange transactions		
Fines	1 616 666	1 600 000
Government grants and subsidies (LGSETA)	7 795 645	-
	9 412 311	1 600 000
Statutory receivables are as follows:		
Vat Receivable	10 471 520	7 522 732
Fines	1 616 666	1 600 000
	12 088 186	9 122 732
Statutory receivables not included in receivables from non-exchange transactions are as follows:		
Vat Receivable (Refer to Note 9)	10 471 520	7 522 732
	-	-



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
7. Receivables from non-exchange transactions (continued)		
Total receivables from non-exchange transactions	9 412 311	1 600 000
Other (specify)		
Current (0 -30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 120 days	-	-
121 - 365 days	450 000	1 600 000
> 365 days	-	-
	9 412 311	1 600 000

i) The municipality identified the following statutory receivables in terms of GRAP 108 that stem from various legislations:

Value Added Tax (VAT): Value-Added Tax Act 89 of 1991

Fines: National Environmental Management: Air Quality Act (No. 39 of 2004)

ii) Transactions are determined as follows:

VAT VAT is claimed on the payment basis at 15% as per current VAT act

Fines Fines are determined as per the relevant legislation applicable to the activity

iii) Interest and other charges are not applicable.

iv) Impairment testing does not apply as all statutory receivables are paid on a short term basis.

v) All statutory receivables are paid on a short term basis and no discounted rates are applicable.

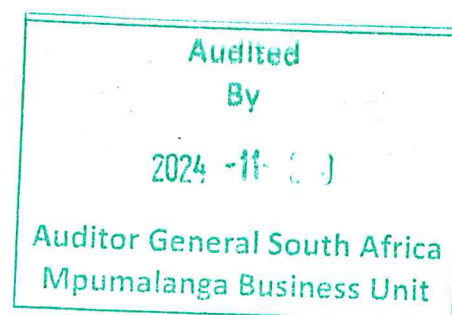
vi) The municipality did not incur any impairment losses as impairment is not applied as per iv above.

vii) No impairment losses are disclosed in a separate allowance account as no impairment is applied as per iv above.

viii) No main events lead to the recognition or reversal of impairment loss as no impairment was applied as per iv above.

ix) The municipality does not hold any collateral over any statutory receivables.

x) No analysis was done on statutory receivables past due for impairment as it was not applied as per iv above and those not impaired was assessed as ix above.



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

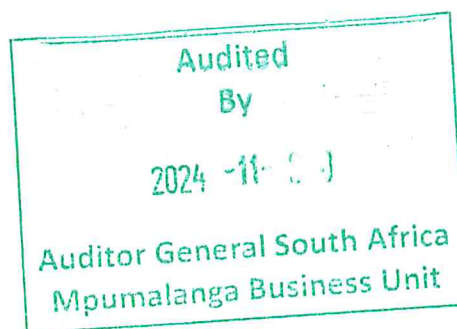
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
8. Trade and other receivables from exchange transactions		
Gross balances		
Debtors	110 663	531 577
Less: Allowance for impairment		
Debtors	(25 731)	(25 731)
Net balance		
Debtors	84 932	505 846
Other (specify)		
Current (0 -30 days)	-	454 516
31 - 60 days	4 841	-
121 - 365 days	80 090	51 330
> 365 days	25 731	25 731
	110 662	531 577

9. VAT receivable

VAT Receivable	10 471 525	7 522 732
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The municipality is registered on the payment basis.



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

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 713 105	-	1 713 105	1 713 105	-	1 713 105
Machinery and Equipment	56 464 874	(31 225 082)	25 239 792	47 409 703	(27 862 684)	19 547 019
Furniture and Office Equipment	19 357 751	(12 330 887)	7 026 864	18 552 584	(11 555 705)	6 996 879
Transport Assets	78 015 063	(30 947 812)	47 067 251	71 229 406	(31 601 271)	39 628 135
Computer Equipment	17 818 333	(7 901 122)	9 917 211	20 699 363	(8 951 715)	11 747 648
Community-Buildings	76 049 726	(15 606 408)	60 443 318	75 259 778	(13 055 146)	62 204 632
Other property, plant and equipment- Buildings	84 441 962	(37 811 185)	46 630 777	83 460 809	(35 223 465)	48 237 344
Sanitation Infrastructure	1 811 234	(292 778)	1 518 456	1 811 234	(202 029)	1 609 205
Water Supply Infrastructure	6 218 194	(37 305)	6 180 889	1 110 909	(29 694)	1 081 215
Roads Infrastructure	3 954 149	(2 033 758)	1 920 391	3 954 149	(1 744 029)	2 210 120
Stormwater Infrastructure	6 595 311	(3 214 604)	3 380 707	6 595 311	(2 978 023)	3 617 288
Electrical Infrastructure	13 740 611	(2 670 485)	11 070 126	8 725 003	(2 250 231)	6 474 772
ICT Infrastructure	6 282 114	(3 517 984)	2 764 130	5 813 653	(2 603 726)	3 209 927
Leased Assets	-	-	-	2 711 110	(2 006 694)	704 416
Total	372 462 427	(147 589 410)	224 873 017	349 046 117	(140 064 412)	208 981 705

Audited
By

2024 -11-27

Auditor General South Africa
Mpumalanga Business Unit

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

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers received	Work in Progress	Depreciation	Total
Land	1 713 105	-	-	-	-	-	1 713 105
Machinery and Equipment	19 547 019	9 132 275	(341)	-	-	(3 439 161)	25 239 792
Furniture and Office Equipment	6 996 879	1 086 156	(45 349)	-	-	(1 010 822)	7 026 864
Transport Assets	39 628 135	2 414 889	(1 426 319)	5 250 000	4 190 117	(2 989 571)	47 067 251
Computer Equipment	11 747 648	343 915	(521 426)	-	-	(1 652 926)	9 917 211
Community assets for Fire Stations and Disaster	62 204 632	789 949	-	-	-	(2 551 263)	60 443 318
Other property, plant and equipment	48 237 344	-	-	-	981 152	(2 587 719)	46 630 777
Sanitation Infrastructure	1 609 205	-	-	-	-	(90 749)	1 518 456
Water Supply Infrastructure	1 081 215	155 100	-	-	4 952 184	(7 610)	6 180 889
Roads Infrastructure	2 210 120	-	-	-	-	(289 729)	1 920 391
Stormwater Infrastructure	3 617 288	-	-	-	-	(236 581)	3 380 707
Electrical Infrastructure	6 474 772	5 015 608	-	-	-	(420 254)	11 070 126
ICT Infrastructure	3 209 927	468 461	-	-	-	(914 258)	2 764 130
Leased Assets	704 416	-	-	-	-	(704 416)	-
	208 981 705	19 406 353	(1 993 435)	5 250 000	10 123 453	(16 895 059)	224 873 017

Audited
BY
2024-11-29
Auditor General South Africa
Mbombalanga Business Unit

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

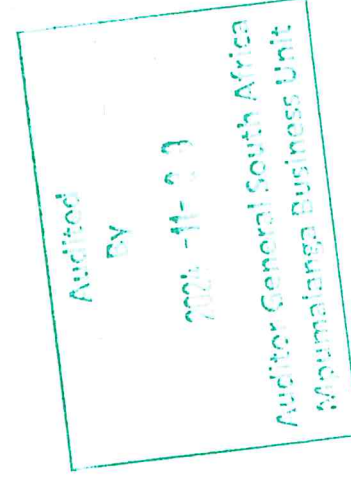
10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Work in Progress	Depreciation	Total
Land	1 713 105	-	-	-	-	1 713 105
Machinery and Equipment	18 229 985	4 507 076	(355 687)	-	(2 834 354)	19 547 019
Furniture and Office Equipment	7 320 587	674 681	(48 620)	-	(949 771)	6 996 879
Transport Assets	27 605 126	14 891 624	-	-	(2 868 615)	39 628 135
Computer Equipment	10 426 248	3 104 517	(175 003)	-	(1 608 114)	11 747 648
Community assets for Fire Stations and Disaster	59 415 027	4 296 419	-	856 131	(2 362 945)	62 204 632
Other property, plant and equipments	44 909 358	470 080	-	5 426 792	(2 568 886)	48 237 344
Sanitation Infrastructure	1 699 703	-	-	-	(90 498)	1 609 205
Water Supply Infrastructure	106 660	-	-	981 047	(6 492)	1 081 215
Roads Infrastructure	2 499 056	-	-	-	(288 936)	2 210 120
Stormwater Infrastructure	3 853 223	-	-	-	(235 935)	3 617 288
Electrical Infrastructure	6 439 606	-	-	410 814	(375 648)	6 474 772
ICT Infrastructure	4 103 960	-	-	-	(894 033)	3 209 927
Leased Assets	1 607 289	-	-	-	(902 873)	704 416
	189 928 933	27 944 397	(579 310)	7 674 784	(15 987 100)	208 981 705

Pledged as security

None of assets pledged as security.



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
10. Property, plant and equipment (continued)		
Property, plant and equipment in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Buildings	7 007 278	6 026 126
Community	-	932 784
Water Supply Infrastructure	5 933 229	981 046
Electrical Infrastructure	-	410 814
Transport Assets	4 190 117	-
	17 130 624	8 350 770

Slow implementation of capital projects:

Installation of a passenger lift (Development Facilitation): The project to Installation of the passenger lift has slowed due to a dispute lodged by the contractor on contractual matters, parties has requested the Arbitration Foundation of South Africa to nominate a mediator.

Fire Academy (Community Development Services): After discussions with Eskom derailed, discussions are now underway with Marapyane Agricultural College for the co-usage of the College's infrastructure and a MoA is being drafted.

Borehole (Development Facilitation): There were delays in appointing the contractor, the project is now underway and should be completed during the course of the upcoming financial year.

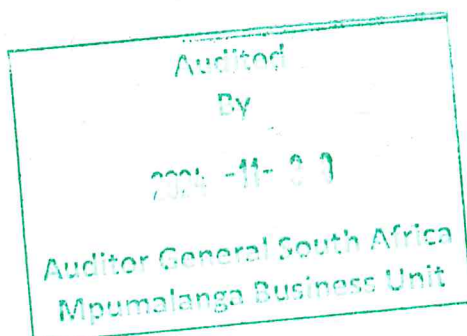
Disaster Management Centre: (Community Development Service): The contractor was appointed during the financial year and the municipality is currently waiting for the construction work permit for the project.

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

Machinery and equipment	1 209 052	2 093 934
Transport assets	4 646 995	2 999 749
Other property, plant and equipment	12 065 236	5 096 313
Information and communication infrastructure	4 935 902	6 482 600
	22 857 185	16 672 596

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



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

11. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other Intangible assets under development	17 691 590 4 935 672	(10 087 024) -	7 604 566 4 935 672	17 691 590 -	(5 780 235) -	11 911 355 -
Total	22 627 262	(10 087 024)	12 540 238	17 691 590	(5 780 235)	11 911 355

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other Intangible assets under development	11 911 355 -	- 4 935 672	(4 306 789) -	7 604 566 4 935 672
	11 911 355	4 935 672	(4 306 789)	12 540 238

Reconciliation of intangible assets - 2023

	Opening balance	Transfers received	Transfers	Amortisation	Total
Computer software, other Intangible assets under development	7 474 206 5 894 420	5 894 420 -	- (5 894 420)	(1 457 271) -	11 911 355 -
	13 368 626	5 894 420	(5 894 420)	(1 457 271)	11 911 355

Pledged as security

None of the intangible assets were pledged as security.

Expenditure incurred to repair and maintain intangible assets

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

	2024	2023
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12. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	508 772	-	508 772	508 772	-	508 772

Reconciliation of heritage assets 2024

	Opening balance	Total
Municipal Jewellery	508 772	508 772

Reconciliation of heritage assets 2023

	Opening balance	Total
Municipal Jewellery	508 772	508 772

13. Investments

At amortised cost

Fixed term deposit	76 640 876	72 188 712
The investment was made on 2 October 2020 and the maturity is 2 October 2025 i.e after 5 years.		

	-	-
	-	-
	76 640 876	72 188 712

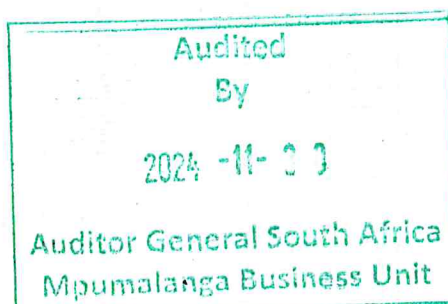
Non-current assets

At amortised cost	76 640 876	72 188 712
Non-current assets	76 640 876	72 188 712
Current assets	-	-

Long Term Investments

Long term investment movement

Opening balance	72 188 712	67 748 712
Interest capitalised	4 452 164	4 440 000
	76 640 876	72 188 712



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
14. Consumer deposits		
Rental of facilities	14 030	14 030
Deposits relates to rental of NDM facilities.		
15. Payables from exchange transactions		
Trade payables	57 889 914	42 835 402
Advanced Payments	527	66 491
Retentions	62 239 230	28 968 230
Accrued leave pay	10 765 077	9 395 257
Performance Bonus	-	2 383 240
	130 894 748	83 648 620

16. Finance lease obligation

Minimum lease payments due		
- within one year	-	787 319
	-	787 319
less: future finance charges	-	(31 827)
Present value of minimum lease payments	-	755 492

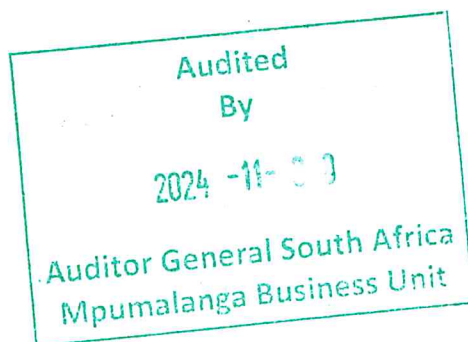
It is municipality policy to lease office equipment under finance leases.

The average lease term was 30-36 months and the average effective borrowing rate was 10% (2023: 10%).

17. Employee benefit obligations

Projected accrued liability

The post-employment medical aid benefits are provided for retired employees and their legitimate spouses and is paid monthly. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The provision is an estimate of the liability based on historical staff turnover and life expectancy of the relevant people and is discounted by using the inflation rate at the reporting date. The following is a reconciliation of the unfunded accrued liability:



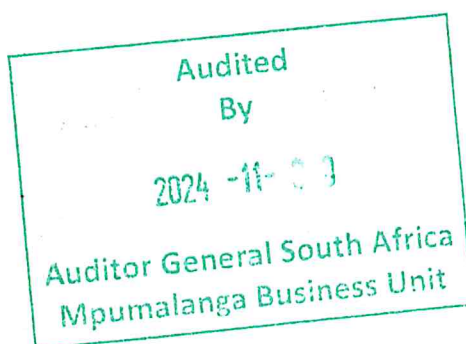
Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
17. Employee benefit obligations (continued)		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Opening Balance	17 959 000	19 097 000
Current service cost	1 355 000	1 496 000
Interest cost	2 226 000	2 236 000
Actuarial (gain)/loss	344 000	(4 405 000)
Employer benefits payments	(514 000)	(465 000)
	21 370 000	17 959 000
Non-current liabilities	(20 578 000)	(17 445 000)
Current liabilities	(792 000)	(514 000)
	(21 370 000)	(17 959 000)

The method used is called the "projected unit credit method". Under this method the accrued service liabilities are determined by projecting all future payments which will be made by the employer in respect of benefits accrued up to the valuation date. Assumptions are made in respect of, inter-alia, medical scheme contribution increases, withdrawals, deaths and ill-health, early and normal retirements. These payments are discounted at the valuation rate of discount to determine the present value of the liabilities at the valuation date.

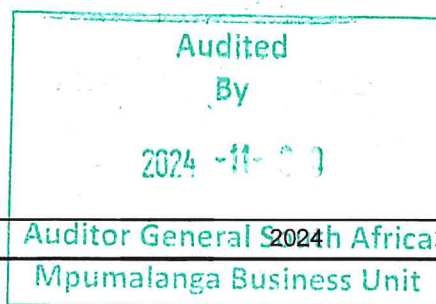


Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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17. Employee benefit obligations (continued)

Key assumptions used

The following key assumptions were used to calculate the unfunded accrued liability and the expense figures for the current financial year:

Discount rates used	12.34 %	12.57 %
Health care cost inflation rate	7.80 %	8.17 %
Net-of-health care cost inflation discount rate	4.21 %	4.07 %
Maximum subsidy inflation rate	5.48 %	5.75 %
Net of maximum subsidy inflation discount rate	6.51 %	6.45 %

Sensitivity Analysis

The liability at the valuation Date was recalculated to show the effect of :

- (i) A one percentage point increase and decrease in the assumed rate of health care cost inflation;
- (ii) A one percentage point increase and decrease in the discount rate;
- (iii) A one-year age increase and decrease in the assumed rates of post-employment mortality;
- (iv) A one-year decrease in the assumed average retirement age; and
- (v) A decrease of ten percentage points in the assumed proportion of in-service members that remain members at retirement.

The table below summarises the results of the sensitivity on the accrued liability:

Assumption	Change	Eligible Employee	Continuation Members	Total	% Change
Central assumptions		14.059	7.311	21.370	
Medical aid contribution inflation rate	+1%	15.192	7.656	22.848	7%
	-1%	12.536	6.902	19.438	-9%
Discount rate	+1%	11.923	6.760	18.683	-13%
	-1%	16.770	7.951	24.721	16%
Post-employment mortality	+1yr	13.779	7.108	20.887	-2%
	-1yr	14.332	7.511	21.843	2%
Average retirement age	-1yr	15.552	7.311	22.863	7%
Membership continuation	-10%	12.315	7.311	19.626	-8%

The table below summarises the results of the sensitivity analysis on the current service and interest costs for the year ending June 30, 2024

Assumptions	Change	Current Service Cost	Interest Cost	Total Cost	% Change
Central assumptions		1 355 000	2 226 000	3 581 000	
Medical aid contribution inflation rate	+1%	1 462 000	2 379 000	3 841 000	7%
	-1%	1 196 000	2 020 000	3 216 000	-10%
Discount rate	+1%	1 126 000	2 083 000	3 209 000	-10%
	-1%	1 647 000	2 391 000	4 038 000	13%
Post-employment mortality	+1yr	1 328 000	2 175 000	3 503 000	-2%
	-1yr	1 381 000	2 276 000	3 657 000	2%
Average retirement age	-1yr	1 482 000	2 402 000	3 884 000	8%
Membership continuation	-10%	1 193 000	2 038 000	3 231 000	-10%

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

17. Employee benefit obligations (continued)

Reconciliation of the movement in post-employment medical aid benefit long term portion

Reconciliation of movement in post-employment medical aid benefit long term portion

Opening balance	17 445 000	18 632 000
Contribution to post employment medical aid benefit	3 925 000	(673 000)
Transfer to the current post-employment medical aid benefit	(792 000)	(514 000)
	20 578 000	17 445 000

Post retirement medical benefit projection for the year

	Year ending 30 June 2026	Year ending 30 June 2025
Opening balance	24 636 000	21 370 000
Current service costs	1 649 000	1 468 000
Interest cost	2 986 000	2 590 000
Expected employer benefit payment	(899 000)	(792 000)
	28 372 000	24 636 000

Amounts for the current and previous four years are as follows:

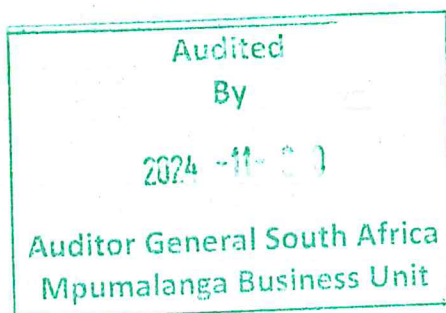
	2024	2023	2022	2021	2020
Defined benefit obligation	21 370 000	17 959 000	19 097 000	16 322 000	12 789 000

Defined contribution plans

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). The municipality accounted for this (these) plan(s) as a defined contribution plan(s).

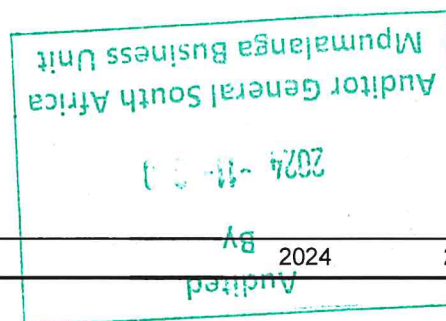


Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand



18. Long service awards

Non-current liabilities	6 625 000	5 871 000
Current liabilities	693 000	1 034 000
	7 318 000	6 905 000

Long service awards

Opening balance	6 905 000	6 933 000
Current service cost	923 000	1 045 000
Interest cost	743 000	736 000
Actuarial (gain)/loss	(219 000)	(964 000)
Expected employer benefit payment	(1 034 000)	(845 000)
	7 318 000	6 905 000

Key financial assumptions

The following key financial assumption were used to calculate the unfunded accrued liability and the expense figures for the current year:

Assumption		
Discount rate	11.53%	11.60%
Salary inflation rate	6.62%	6.81%
Net effective discount rate	4.61%	4.49%

Sensitivity Analysis

The liability at the valuation date was recalculated to show the effect of:

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 7.1.

- (i) a one percentage point increase and decrease in the assumed general earnings inflation rate;
- (ii) a one percentage point increase and decrease in the discount rate;
- (iii) a two-year increase and decrease in the assumed average retirement age of eligible employees; and
- (iv) a two-fold increase and a 50% decrease in the assumed rates of withdrawal from service.

The table below summarises the results of the sensitivity on the accrued liability:

Assumption	Change	Liability	% Change
Central assumptions	-	7 318 000	-
General earnings inflation rate	+1%	7 801 000	7%
	-1%	6 879 000	-6%
Discount rate	+1%	6 873 000	-6%
	-1%	7 815 000	7%
Average retirement age	+2 yrs	7 853 000	7%
	-2 yrs	6 750 000	-8%
Withdrawal rates	x2	5 659 000	-23%
	x0.5	8 453 000	16%

The table below summarises the results of the sensitivity analysis on the Current-Service and Interest Costs for the year ending 30 June 2024.

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

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18. Long service awards (continued)

Assumption	Change	Current service costs	Interest cost	Total	% Change
Central assumptions		923 000	743 000	1 666 000.00	
General earnings inflation rate	+1%	996 000	795 000	1 791 000.00	8%
	-1%	859 000	696 000	1 555 000.00	-7%
Discount rate	+1%	866 000	755 000	1 621 000.00	-3%
	-1%	989 000	728 000	1 717 000.00	3%
Average retirement age	+2 yrs	971 000	796 000	1 767 000.00	6%
	-2 yrs	854 000	682 000	1 536 000.00	-8%
Withdrawal rates	x2	666 000	564 000	1 230 000.00	-26%
	x0.5	1 110 000	867 000	1 977 000.00	19%

Reconciliation of movement in long service awards provision-Long term portion

Movement

Balance at the beginning of the year	5 817 000	6 088 000
Contribution to long service benefit	1 501 000	817 000
Transfer to current long service benefit	(693 000)	(1 034 000)
	6 625 000	5 871 000

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 7.1.

Long service award benefit projections for the year

	Year ending 30 June 2026	Year ending 30 June 2025
Opening balance	8 422 000	7 318 000
Current service cost	1 106 000	992 000
Interest cost	923 000	805 000
Expected employer benefit payment	(856 000)	(693 000)
	9 595 000	8 422 000

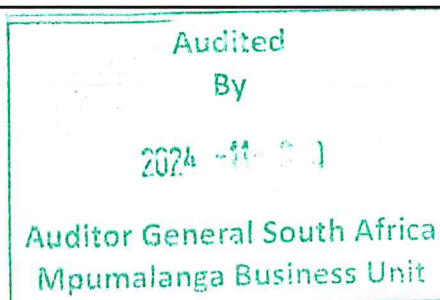
19. Rental of Fixed Assets

Premises

Buildings	122 188	50 700
Premises	122 188	50 700
Garages and parking	-	-
Facilities and equipment	-	-

20. Agency services

Water and Sanitation	27 268 047	8 492 681
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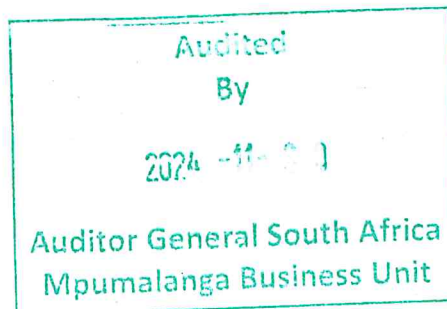


Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
21. Operational Revenue		
Request for access of information	11 172	1 370
Staff Recoveries	85 498	58 005
Insurance Refund	5 604	441 698
Commision	35 971	35 831
Electricity usage recoveries	-	67 821
Inspection fees	96 605	31 249
Skills development	510 949	419 995
Staff and Councillor recoveries	41 172	261 707
Merchandising, Jobbing and Contracts	-	38 996
	786 971	1 356 672
22. Interest Revenue		
Interest revenue		
Short term Investments and Call Accounts	29 274 591	24 045 585
Bank accounts	1 469 281	975 202
	30 743 872	25 020 787
	30 743 872	25 020 787
23. Licences and permits (non-exchange)		
Health Certificates	1 359 119	1 093 519

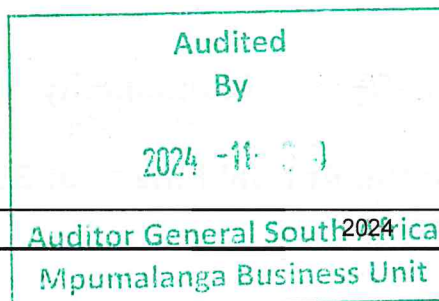


Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand



2023

24. Government grants & subsidies

Operating grants

Equitable share	401 237 000	388 810 000
Financial Management Grant	1 000 000	1 000 000
Expanded Public Works Programme Intergrated Grant.	2 094 000	2 315 000
Water Service Infrastructure Grant	512 485 401	290 639 006
LGSETA Learnership Grant	12 545 645	-
	929 362 046	682 764 006

Capital grants

Rural Road Asset Management System Grant	2 341 000	2 332 000
	929 362 046	682 764 006
	2 341 000	2 332 000
	931 703 046	685 096 006

Equitable Share

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

	2024	2023
Equitable Share	31 172 000	29 280 000
RSC Levy	370 065 000	359 530 000

Rural Road Asset Management Systems Grant

Current-year receipts	2 341 000	2 332 000
Conditions met - transferred to revenue	(2 341 000)	(2 332 000)
	-	-

Financial Management Grant

Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
	-	-

Expanded Public Works Programme Intergrated Grant.

Current-year receipts	2 094 000	2 315 000
Conditions met - transferred to revenue	(2 094 000)	(2 315 000)
	-	-

Water Service Infrastructure Grant

Balance unspent at beginning of year	(16 429 846)	(6 080 068)
Current-year receipts	486 991 717	280 289 228
Conditions met - transferred to revenue	(496 989 455)	(290 639 006)
	(26 427 584)	(16 429 846)

LG Seta Grant

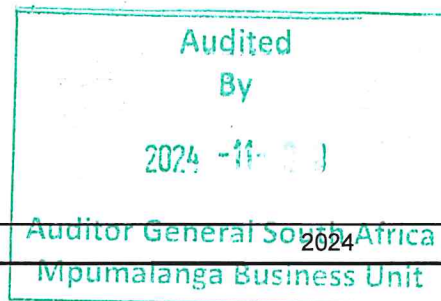
Current-year receipts	4 750 000	-
Conditions met - transferred to revenue	(12 545 645)	-
	(7 795 645)	-

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand



24. Government grants & subsidies (continued)

Condition met and not yet paid - remain receivables see note 5

25. Public contributions and donations

Public contributions and donations (Seriti)	5 250 000	-
Transfer to PPE	(5 250 000)	-
	-	-

Seriti Mine donated a Jet Patcher Truck to Nkangala District Municipality.

26. Fines, Penalties and Forfeits

Law Enforcement Fines	2 132 200	2 773 042
Retentions Forfeits	18 601	1 900
	2 150 801	2 774 942

27. Total Revenue

Rental of facilities and equipment	122 188	50 700
Agency services	27 268 047	8 492 681
Operational revenue	786 971	1 356 672
Interest revenue	30 743 872	25 020 787
Government grants & subsidies	931 703 046	685 096 006
Public contributions and donations	5 250 000	-
Fines, Penalties and Forfeits	2 150 801	2 774 942
Licences and permits (Non-exchange)	1 359 119	1 093 519
	999 384 044	723 885 307

The amount included in revenue arising from exchanges of goods or services are as follows:

Rental of facilities and equipment	122 188	50 700
Agency services	27 268 047	8 492 681
Operational revenue	786 971	1 356 672
Interest revenue	30 743 872	25 020 787
	58 921 078	34 920 840

The amount included in revenue arising from non-exchange transactions is as follows:

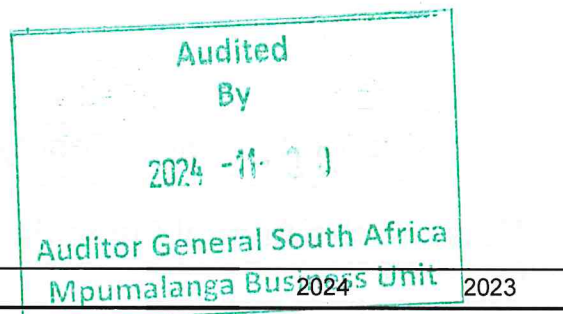
Taxation revenue		
Licences or permits	1 359 119	1 093 519
Transfer revenue		
Government grants & subsidies	931 703 046	685 096 006
Public contributions and donations	5 250 000	-
Fines, Penalties and Forfeits	2 150 801	2 774 942
	940 462 966	688 964 467

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

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Figures in Rand



28. Employee related costs

Basic Salary and Wages	117 974 323	109 482 269
Salaries Wages and Allowances: Bonuses	11 041 754	9 815 703
Social Contributions: Medical	10 597 324	9 870 419
Social Contributions: Unemployment Insurance	588 397	594 755
Leave pay provision charge	4 499 107	1 320 540
Social Contributions: Pension	19 363 510	18 405 543
Allowance: Overtime	9 724 067	9 172 904
Allowance: Service Related Benefits: Long Service Award	1 667 035	928 379
Allowance: Acting and Post Related Allowances	186 396	428 942
Allowance: Travel or Motor Vehicle	14 027 415	12 715 357
Allowance: Housing Benefits and Incidental: Housing Benefits	798 427	752 755
Standby Allowance	1 418 786	842 468
Social Contributions: Group Life Insurance	998 388	996 240
Allowance: Cellular and Telephone	2 332 026	2 110 304
Social Contributions: Bargaining Council	36 812	34 486
Post-retirement Benefit: Medical	3 641 136	3 708 217
	198 894 903	181 179 281

Remuneration of Municipal Manager

Annual Remuneration	1 479 726	1 225 453
Performance Bonus	50 572	116 260
Contributions to UIF, Medical and Pension Funds	327 051	299 966
Cellphone Allowance	42 174	39 329
Car Allowance	120 000	110 000
Leave Pay	110 062	103 443
	2 129 585	1 894 451

Remuneration of Chief Finance Officer

Annual Remuneration	1 062 011	939 899
Car Allowance	126 000	126 000
Performance Bonuses	64 506	99 292
Contributions to UIF, Medical and Pension Funds	230 983	227 730
Cellphone Allowance	30 834	30 834
Leave Pay	64 344	60 475
Acting Allowance	1 651	11 418
	1 580 329	1 495 648

Remuneration of Manager: Planning and Economic Development

Annual Remuneration	1 170 152	898 351
Car Allowance	151 980	122 660
Contributions to UIF, Medical and Pension Funds	58 105	49 386
Cellphone Allowance	30 834	26 324
Leave Pay	64 344	45 356
Acting Allowance	-	14 368
	1 475 415	1 156 445

Remuneration of Manager: Corporate Services

Annual Remuneration	1 150 850	614 864
Car Allowance	120 000	70 000
Performance Bonuses	23 518	-
Contributions to UIF, Medical and Pension Funds	123 911	70 562

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

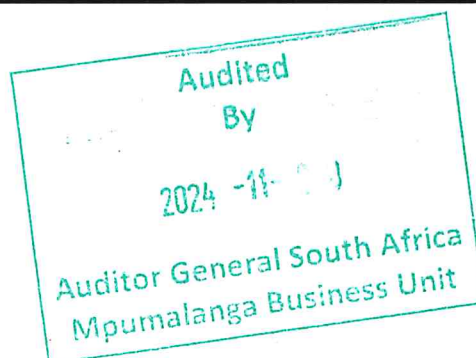
Figures in Rand	2024	2023
28. Employee related costs (continued)		
Acting Allowance	15 687	21 517
Cellphone Allowance	30 834	18 929
Leave Pay	64 344	35 277
	1 529 144	831 149

Remuneration of Manager: Technical Services

Annual Remuneration	955 085	438 936
Car Allowance	144 000	56 000
Contributions to UIF, Medical and Pension Funds	78 178	36 620
Cellphone Allowance	30 834	15 417
Leave Pay	54 693	105 762
	1 262 790	652 735

Remuneration of Manager: Social Services

Annual Remuneration	756 912	236 933
Car Allowance	268 800	89 600
Contributions to UIF, Medical and Pension Funds	156 692	49 679
Acting Allowance	6 458	-
Cellphone Allowance	30 712	10 278
Leave Pay	9 116	17 135
	1 228 690	403 625

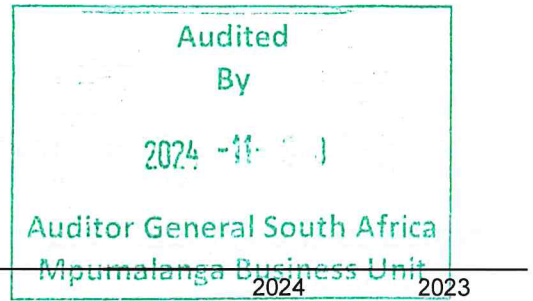


Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand



29. Remuneration of councillors

Councillors	10 946 097	10 500 595
Councillors' pension contribution	866 554	810 968
Councillors' medical and other contributions	5 314 951	5 669 593
	17 127 602	16 981 156

In-kind benefits

The 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, Speaker and the Council Whip have the use of separate Council owned vehicles for official duties.

Remuneration of the Executive Mayor

Annual Remuneration	916 758	834 872
Car Allowance	115 981	165 321
Cellphone Allowance	49 877	42 600
Contributions to UIF, Medical and Pension Funds	111 486	108 706
	1 194 102	1 151 499

Remuneration of the Speaker

Annual Remuneration	642 156	583 203
Car Allowance	224 028	216 041
Cellphone Allowance	51 037	42 600
Contributions to UIF, Medical and Pension Funds	55 478	87 952
	972 699	929 796

Remuneration of the Chief Whip

Annual Remuneration	576 812	575 390
Car Allowance	186 044	202 545
Cellphone Allowance	48 208	42 600
Contributions to UIF, Medical and Pension Funds	79 190	53 839
	890 254	874 374

Remuneration of the Mayoral Committee Members

Annual Remuneration	4 135 927	4 003 132
Car Allowance	1 353 649	1 287 713
Cellphone Allowance	341 770	298 200
Contributions to UIF, Medical and Pension Funds	475 795	473 519
	6 307 141	6 062 564

Remuneration of Other Councillors

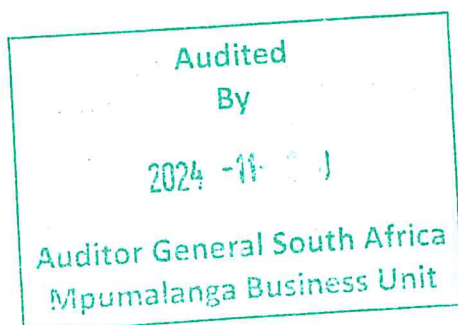
Annual Remuneration	4 674 444	4 495 836
Car Allowance	1 344 120	1 310 044
Cellphone Allowance	1 479 113	1 926 733
Contributions to UIF, Medical and Pension Funds	265 728	219 425
	7 763 405	7 952 038

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
30. Depreciation and amortisation		
Property, plant and equipment	16 895 044	15 987 104
Intangible assets	4 306 789	1 457 272
	21 201 833	17 444 376
31. Transfer and subsidies		
Operational		
Community and Social Services	3 589 990	5 526 245
Finance and Admin	-	563 091
Planning and Development	42 689 387	23 868 719
Road Transport	7 316 831	2 332 000
Health	387 532	181 081
Waste water management	42 931 887	94 146 726
Water Management	522 635 640	196 492 281
	619 551 267	323 110 143
Capital		
Disaster	-	2 731 613
Planning and Development	48 297 205	18 777 935
Road Transport	20 853 835	83 027 616
Waste Water Management	1 352 131	23 780 631
Water	34 795 419	5 640 713
	105 298 590	133 958 508
Grants paid to ME's	619 551 267	323 110 143
Other subsidies	105 298 590	133 958 508
	724 849 857	457 068 651
Transfers and Subsidies paid classified by region		
General	46 336 305	28 435 230
Dr JS Moroka	48 748 854	61 008 471
Emakhazeni	18 834 090	1 088 123
Emalahleni	628 185	20 806 085
Steve Tshwete	2 277 483	26 066 587
Thembisile Hani	540 809 961	194 454 296
Victor Khanye	67 214 979	125 209 855
	724 849 857	457 068 647

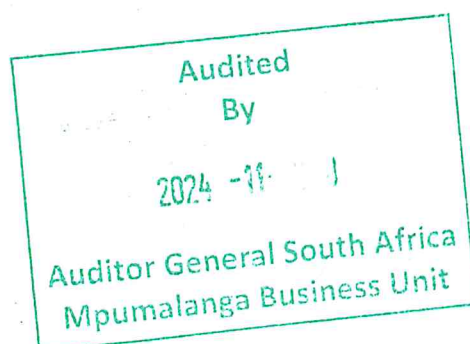


Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
31. Transfer and subsidies (continued)		
WIP transfer from Inventory to Transfers and subsidies		
Dr JS Moroka	36 304 442	71 664 753
Emakhazeni	4 553 111	1 295 513
Emalahleni	628 184	11 191 196
Steve Tshwete	3 206 187	10 082 973
Thembisile Hani	21 742 559	14 262 467
Victor Khanye	14 741 356	25 876 243
	81 175 839	134 373 145
WIP transfer to Inventory from Transfers and Subsidies		
Dr JS Moroka	702 951	36 304 442
Emakhazeni	1 347 596	4 553 111
Emalahleni	5 914 160	628 184
Steve Tshwete	9 611 523	3 206 187
Thembisile Hani	15 784 750	21 742 559
Victor Khanye	-	14 741 356
	33 360 980	81 175 839



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
32. Finance Costs		
Finance leases	31 825	126 331
33. Inventory Consumed		
Inventory Consumed	4 211 855	2 815 439
Materials and supplies all directly expensed and no stores in place.		
34. Contracted services		
Outsourced Services		
Administrative and Support Staff	75 650	148 230
Business and Advisory	2 755 320	2 351 918
Cleaning Services	2 753 910	2 580 120
Personnel and Labour	-	144 000
Translators, Scribes and Editors	172 400	20 760
Consultants and Professional Services		
Business and Advisory	12 398 107	21 244 419
Infrastructure and Planning	47 260	214 632
Laboratory Services	1 940 997	1 791 759
Legal Cost	3 621 376	5 473 890
Contractors		
Artists and Performers	68 680	43 820
Auctioneers	173 900	-
Audio-visual Services	140 140	-
Catering Services	4 438 914	3 528 701
Employee Wellness	991 000	731 535
Fire Protection	-	82 418
Gardening Services	1 904 160	1 827 731
Maintenance of Buildings and Facilities	7 932 754	5 096 313
Maintenance of Equipment	3 191 757	2 093 934
Maintenance of Unspecified Assets	8 700 764	9 482 349
Pest Control and Fumigation	220 484	78 689
Plants, Flowers and Other Decorations	119 330	303 790
Transportation	1 053 347	1 146 782
Safeguard and Security	9 265 945	7 303 371
Stage and Sound Crew	403 604	1 059 985
Presented previously	-	-
Outsourced Services	5 757 280	5 245 028
Consultants and Professional Services	18 007 740	28 724 700
Contractors	38 604 779	32 779 418
	62 369 799	66 749 146



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

35. Operating lease

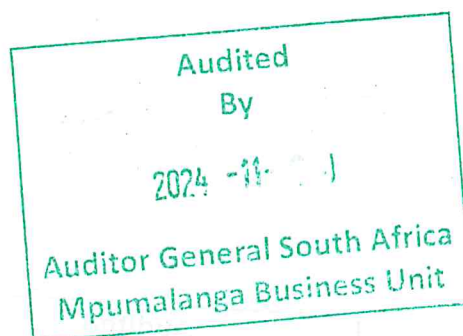
Lease rentals on operating lease

Operating lease payments for intangibles	4 735 699	3 452 794
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Operating lease expense refers to the Performance Management System, Risk Management System, Electronic Document Management System, Papercut Software and E-Signature that the municipality is renting.

36. Operational Costs

Advertising Publicity and Marketing	6 789 718	7 057 585
Bank Charges Facility and Card Fees	640 850	541 837
Hire Charges	561 439	279 669
Insurance Underwriting	3 886 114	3 159 087
External Computer Services	17 488 471	7 162 380
Skills Development Fund Levy	1 725 829	1 610 205
Motor Vehicle Expenses	191 093	138 152
Wet Fuel	3 296 715	4 012 037
Printing Publications and Books	4 711	29 000
Uniform and Protective Clothing	1 241 474	1 666 579
Subscriptions and Membership Fees	296 025	263 427
Communication	4 985 499	5 515 001
Transport	207 892	-
Seating Allowance for Traditional Leaders	95 604	21 000
Travel and Subsistence	7 089 632	6 454 128
Achievements and Awards	58 100	-
Municipal Services - Rates, Water & Electricity	5 485 999	4 828 639
Bursaries	2 393 599	2 390 476
Samples and Specimens	102 419	44 624
Toll Gate Fees	161 081	130 031
Travel Agency Fees	329 539	269 314
Workmen's Compensation Fund	1 158 567	1 155 524
Registration Fees	1 046 983	2 512 283
Learnerships and Internships	538 893	595 951
	59 776 246	49 836 929



37. Cash (used in) generated from operations

Deficit	(95 662 930)	(67 907 993)
Adjustments for:		
Depreciation and amortisation	21 201 831	17 444 376
Gain on sale of assets and liabilities	1 371 551	437 748
Fair value adjustments	131 804	106 485
Actuarial gains/losses	344 000	(4 405 000)
Interest paid	31 827	126 331
Movements in employee benefits	3 067 000	3 267 000
Movements in provisions	413 000	(28 000)
Donations	(5 250 000)	-
Movement in operating lease	125 582	-
Changes in working capital:		
Inventories	47 814 859	53 197 306
Consumer debtors	420 914	(282 244)
Other receivables from non-exchange transactions	(7 812 311)	(1 600 000)
Prepayments	(1 583 004)	(83 245)
Construction contracts and receivables	(9 997 738)	(10 349 769)
Payables from exchange transactions	47 246 144	31 051 845
VAT	(2 948 788)	19 929 039
	(1 086 259)	40 903 879

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
38. Contingencies		
Contingent liabilities		
TC Makola	-	1 950 000
Magiya Women Development	2 187 705	2 187 705
TC Makola	1 834 739	1 834 739
Balushi Chartered Accountants	476 104	-
Diamond Ntuli	-	90 000
	4 498 548	6 062 444

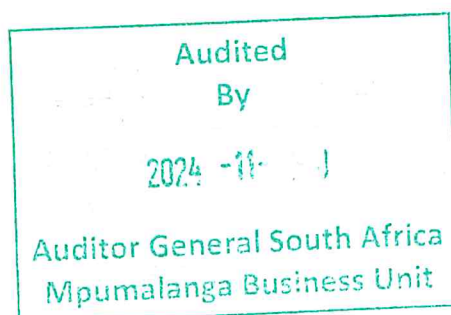
(i) TC Makola is claiming to be paid an amount of R 1 560 000 and R390 000 (three (3) months remuneration at R130 000pm) , totalling R1 950 000. The matter has become finalised. TC Makola's appeal was dismissed with no order as to costs. The municipality paid TC Makola his three (3) months salary as per the order of the Labour Court dated 08 April 2021.

(ii) Messrs Magiya Women Development is suing NDM an amount of R 1 887 705 for termination of contract done in December 2015 in accordance with the GCC and legal costs of R300 000.

(iii) The Plaintiff, Mr. Makola has issued a summons against NDM & 7 Others claiming for payment of damages for loss of income due to the unfair dismissal, legal costs for his unfair suspension case which was due to a misrepresentation of a sick note on his disciplinary on his disciplinary hearing. The financial exposure is R 1 609 739 which is made up as follows, R 1 534 739 (12 months salary) R 25 000 (mental anguish) R 50 000 (fraud allegations). Costs in the event NDM losses the matter are estimated at R 300 000. Total exposure is R 1 834 739

(iv) The municipality was served with a summons on the 17th of May 2024 by Balushi Chartered Accountants claiming non-payment of an outstanding professional fee invoice for Co-Sourced Internal Audit. Balushi is demanding a payment of R388 103.96 plus interest at the rate of 11.75%. Legal costs are estimated at R80 000.00 in the event the municipality loses the claim. The total financial exposure is R476 103.96

(v) Mr Diamond Ntuli is suing NDM an amount of R 45 000 for loss of Councillors allowances from September 2014 to the date of reinstatement. Legal costs are estimated at R 45 000. The matter was finalised on the 3rd of October 2023 in favour of the municipality.



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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39. Prior-year adjustments

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

The amount of R227 939 relates to VAT and retention, amount for retention was erroneously captured under VAT.

The amount of R257 568 relates to the clearing of the disposal clearing amount opening balance.

Statement of financial position

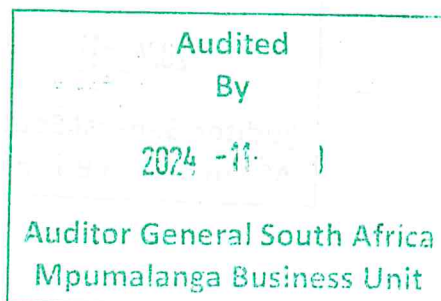
2023

	Note	As previously reported	Correction of error	Restated
Vat receivable		7 294 793	227 939	7 522 732
Payables from exchange transactions		(83 163 113)	(485 507)	(83 648 620)
Accumulated surplus		(525 221 652)	257 568	(524 964 084)
		(601 089 972)	-	(601 089 972)

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Restated
Other income		(1 498 234)	141 562	(1 356 672)



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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40. Commitments

Authorised capital expenditure

Total capital commitments

Already contracted for but not provided for	12 569 147	3 175 273
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Authorised operational expenditure

Already contracted for but not provided for

• Victor Khanye	117 012 710	144 135 320
• Dr JS Moroka	-	35 801
• Emalahleni	18 245 644	-
• Steve Tshwete	2 109 324	-
• Emakhazeni	25 908 906	41 043
• Thembisile Hani	926 375 686	1 117 248 369
• Nkangala	38 944 064	4 661 021
	1 128 596 334	1 266 121 554

Total operational commitments

Already contracted for but not provided for	1 128 596 334	1 266 121 554
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Total commitments

Total commitments

Authorised capital expenditure	12 569 147	3 175 273
Authorised operational expenditure	1 128 596 334	1 266 121 554
	1 141 165 481	1 269 296 827

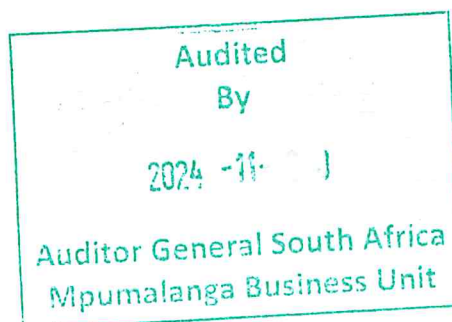
The district municipality entered into contracts with service providers to construct projects which will subsequently be transferred to local municipalities on completions.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1 894 998	1 935 595
- in second to fifth year inclusive	2 100 475	466 667
	3 995 473	2 402 262

Operating lease expense refers to the Performance Management System, Risk Management System, Electronic Document Management System and E-Signature that the municipality is renting



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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41. Related parties

Related parties include councillors and senior executives of the municipality.

Other than the related parties mentioned below municipality does not have any other related parties.

Remuneration of Senior Managers amounted to R9 205 953 and remuneration of Councillors amounted R17 127 602 for the current financial year 2023/24. Attached as Appendix A (refer to page 84) of these statements is a breakdown of the amounts.

No transactions occurred with related parties that were not at arm's length or not in the ordinary course of business.

When the municipality enters into agreements with service providers who made declarations that close family members or directors are in service of the State. The municipality considers the transactions to be at an arms length and in the ordinary course of business.

42. Risk management

Financial risk management

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

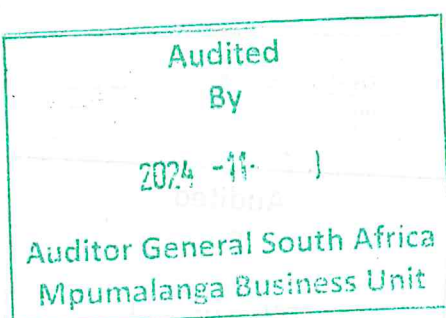
The municipality's risk management policies are established and analyse the risk faced by the municipality, to set up limits and controls to monitor risks and adherence to limits. The risk management policy is reviewed annually and a risk assessment is performed annually and monitored regularly to effect changes in the municipality's activities and risk profile.

Liquidity risk

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

Financial instrument	2024	2023
Trade payables	(57 889 914)	(42 835 402)
Advanced payments	(523)	(66 492)
Retentions	(62 239 230)	(28 968 230)
At 30 June 2024		
Finance Leases		
At 30 June 2023		
Finance Leases		
	Less than 1 year	Between 1 and 2 years
	Between 2 and 5 years	Over 5 years
	755 494	-



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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42. Risk management (continued)

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.

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	2024	2023
Receivables from exchange transactions	84 932	505 846
Construction contracts and receivables	26 427 584	16 429 846
Investments	76 640 876	72 188 712
Cash and cash equivalents	193 032 798	233 333 938

Market risk

Interest rate risk

Nkangala District Municipality has a long term investment in the form of a promissory note. The municipality's interest rate risk arises from long-term borrowings which are issued at variable rates thereby exposing the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

43. Going concern

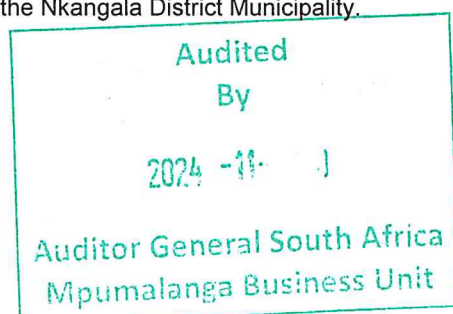
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments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

44. Nkangala Economic Development Agency (NEDA)

During 2020/21 financial year the District Municipality council took a resolution to establish the Nkangala Economic Development Agency (NEDA). The NEDA board of directors was appointed in August 2023. The establishment is still in process as the municipality is busy with the recruitment of administrative staff. The NEDA will have future financial reporting implications on the Nkangala District Municipality when the NEDA becomes operational. Thus far only the CEO and CFO of NEDA have been appointed.

45. Nkangala District Municipality Fire Academy

The Nkangala District Municipality council took a resolution to establish a fire fighting training academy. The project is still in early developmental stages. Discussions are still underway with stakeholders. The Fire Academy when completed and operational will have financial reporting implication on the Nkangala District Municipality.



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
46. Fruitless and wasteful expenditure		
Opening balance as previously reported	261 669	8 344
Add: Fruitless and wasteful expenditure identified - current	277 658	261 669
Less: Amount written off - current	(261 669)	(8 344)
Closing balance	277 658	261 669

Interest and penalties were charged by SARS for VAT and PAYE and COIDA during the current financial year

R261 669 was written-off during the financial year .

Refer to UIF&W Register on page 91

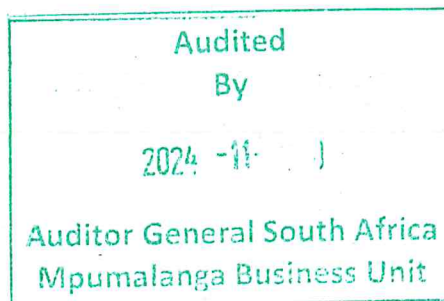
47. Irregular expenditure

Opening balance as previously reported	266 881	266 881
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The amounts recorded above are exclusive of VAT.

An investigation on the irregular expenditure has commenced and is still in progress.

Refer to UIF&W register on page 97

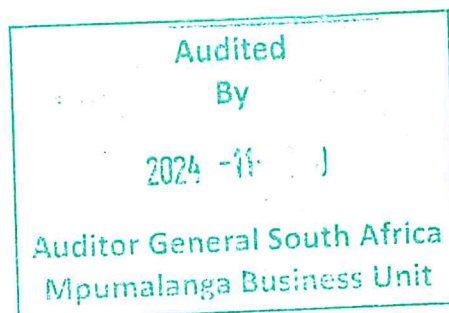


Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
48. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	2 172 148	2 229 400
Amount paid - current year	(2 172 148)	(2 229 400)
	-	-
Audit fees		
Current year subscription / fee	5 493 981	6 304 624
Amount paid - current year	(5 493 981)	(6 304 624)
	-	-
PAYE and UIF		
Current year subscription / fee	39 043 527	35 379 705
Amount paid - current year	(39 043 527)	(35 379 705)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	29 326 576	28 275 962
Amount paid - current year	(29 326 576)	(28 275 962)
	-	-



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

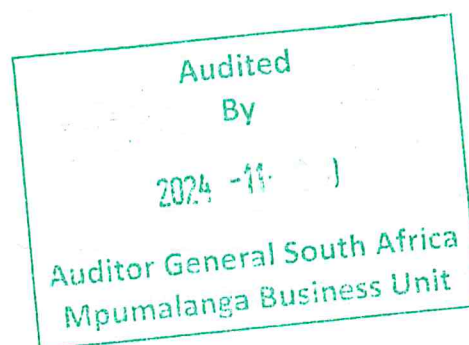
2023

49. Deviation from supply chain management regulations

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

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

Deviations for the current financial year amounts to R681 416.33 as per the deviation register (refer to page 92, Annexure B).



Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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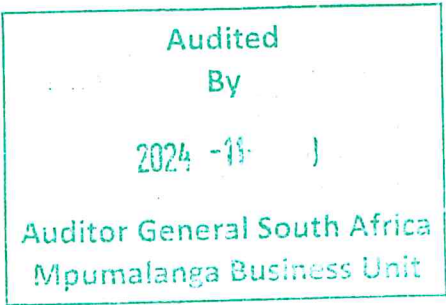
50. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of six major functional areas: Council, Governance, Finance, Social Services, Planning and Development, Technical Services and Administrative and Corporate Support. The segments were organised around the type of service delivered. 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.



Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

50. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Council Governance	Finance	Community Development Services	Planning & Economic Development	Technical Services	Administrative and Corporate Support	Total
Revenue							
Operational Revenue	642	715 884	96 605	-	-	96 028	909 159
Fines Penalties and Forfeits	-	798 601	1 352 200	-	-	-	2 150 801
Licences or Permits	-	-	1 359 119	-	-	-	1 359 119
Interest Revenue	-	30 743 872	-	-	-	-	30 743 872
Agency Services	-	-	-	-	27 268 047	-	27 268 047
Government Grants and Subsidies	-	402 237 000	-	2 094 000	520 076 401	12 545 645	936 953 046
Total segment revenue	642	434 495 357	2 807 924	2 094 000	547 344 448	12 641 673	999 384 044
Entity's revenue							999 384 044

Expenditure

Employee Related Costs	35 796 817	17 932 569	93 930 894	13 950 536	10 501 489	26 782 595	198 894 900
Remuneration of Councilors	17 127 602	-	-	-	-	-	17 127 602
Contracted Services	18 962 387	6 576 650	8 888 018	464 607	7 554	27 470 582	62 369 798
Depreciation and Amortisation	7 238 946	116 969	7 396 693	121 625	527 953	5 799 646	21 201 832
Finance Costs	7 897	1 066	8 086	1 066	1 066	12 644	31 825
Inventory Consumed	1 909 586	182 563	1 321 094	46 360	32 243	720 007	4 211 853
Operational Costs	26 962 641	5 629 443	9 989 704	4 250 524	546 271	17 133 355	64 511 938
Transfers and Subsidies	72 809	-	1 022 491	30 070 933	678 182 947	15 500 675	724 849 855
Loss on Disposal of Assets and Liabilities	331 498	3 783	970 063	52 027	1 035	13 146	1 371 552
Fair Value Adjustments	-	131 804	-	-	-	-	131 804
Actuarial Gains/Losses	63 062	43 135	161 144	23 247	19 102	34 310	344 000
Total segment expenditure	108 473 245	30 617 982	123 688 187	48 980 925	689 819 660	93 466 960	1 095 046 959
Total segmental surplus/(deficit)	(7 613 092)	14 674 597	(9 300 777)	(8 404 977)	(8 578 375)	(8 673 828)	(95 662 915)

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

50. Segment information (continued)

	Council Governance	Finance	Community Development Services	Planning & Economic Development	Technical Services	Administrative and Corporate Support	Total
Assets							
Cash and Cash Equivalents	(283 545 163)	1 782 441 134	(227 253 608)	(163 414 052)	(618 228 851)	(296 966 662)	193 032 798
Inventory	-	33 360 980	-	-	-	-	33 360 980
Trade and Other Receivables from Exchange	(248 857)	84 932	1 616 666	-	-	248 857	1 701 598
Construction Contracts and Receivable	-	-	-	-	26 427 584	-	26 427 584
Receivables from Non-Execchange	-	-	-	-	-	7 795 645	7 795 645
Prepayment	-	-	-	-	-	1 670 484	1 670 484
Vat	8 791 519	4 844 054	4 138 107	6 099 123	(18 796 514)	5 395 237	10 471 526
Property, Plant and Equipment	(2 305 591)	469 707	147 399 671	442 154	9 425 215	69 441 849	224 873 005
Heritage Assets	508 772	-	-	-	-	-	508 772
Intangible Assets	13 133 337	(2 549)	25 018	-	-	(615 569)	12 540 237
Long Term Investments	-	76 640 877	-	-	-	-	76 640 877
Total segment assets	(263 665 983)	1 897 839 135	(74 074 146)	(156 872 775)	(601 172 566)	(213 030 159)	589 023 506
Total assets as per Statement of financial Position							589 023 506
Liabilities							
Consumer Deposit	-	(14 030)	-	-	-	-	(14 030)
Operating lease Straight lining	(125 582)	-	-	-	-	-	(125 582)
Defined Benefit Obligations	-	(21 370 000)	-	-	-	-	(21 370 000)
Long Service	-	(7 318 000)	-	-	-	-	(7 318 000)
Trade and Other Payables from Exchange Transactions	(357 962)	(131 072 991)	472 353	45 348	1 533	16 975	(130 894 744)
Total segment liabilities	(483 544)	(159 775 021)	472 353	45 348	1 533	16 975	(159 722 356)
Total liabilities as per Statement of financial Position							(159 722 356)

Nkangala District Municipality

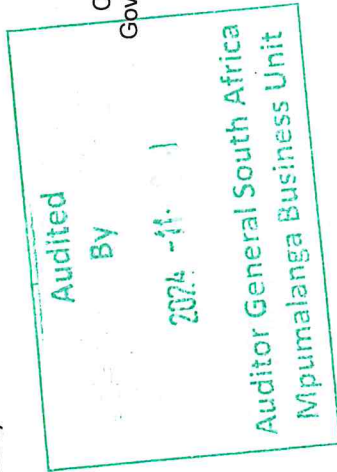
Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

50. Segment information (continued)

2023



Revenue	Council Governance	Finance	Community Development Services	Planning & Economic Development	Technical Services	Administrative and Corporate Support	Total
Operational Revenue	1 370	1 198 227	31 249	-	-	125 826	1 356 672
Fines, Penalties and Forfeits	-	1 057 490	1 717 452	-	-	-	2 774 942
Licences or Permits	-	-	1 093 519	-	-	-	1 093 519
Interest Revenue	-	25 071 486	-	-	-	-	25 071 486
Agency Services	-	-	-	-	8 492 681	-	8 492 681
Government Grants and Subsidies	-	389 810 000	-	2 315 000	292 971 006	-	685 096 006
Total segment revenue	1 370	417 137 203	2 842 220	2 315 000	301 463 687	125 826	723 885 306
Entity's revenue							723 885 306

Expenditure	Council Governance	Finance	Community Development Services	Planning & Economic Development	Technical Services	Administrative and Corporate Support	Total
Employee Related Costs	30 553 610	18 645 616	85 346 661	12 813 255	9 350 558	24 469 575	181 179 275
Remuneration of Councillors	16 981 155	-	-	-	-	-	16 981 155
Contracted Services	29 477 692	7 147 279	8 360 937	1 064 474	9 437	20 689 328	66 749 147
Depreciation and Amortisation	4 490 863	117 242	7 010 575	142 900	287 741	5 395 049	17 444 370
Finance Costs	31 442	4 233	32 002	4 233	4 233	50 187	126 330
Inventory Consumed	1 530 960	181 527	573 395	43 178	20 416	465 961	2 815 437
Operational Costs	17 545 942	5 840 857	8 913 809	3 583 640	452 913	16 952 575	53 289 736
Transfers and Subsidies	249 217	-	4 184 327	23 145 268	425 235 226	4 254 610	457 068 648
Loss on Disposal of Assets and Liabilities	-	437 748	-	-	-	-	437 748
Fair Value Adjustment	-	106 485	-	-	-	-	106 485
Actuarial Gains/Losses	-	(4 405 000)	-	-	-	-	(4 405 000)
Total segment expenditure	100 860 881	28 075 987	114 421 706	40 796 948	435 360 524	72 277 285	791 793 331
Total segmental surplus/(deficit)	(18 308 769)	18 634 046	7 940 049	(9 687 314)	(78 588 901)	(2 636 959)	(67 908 025)

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2024

Figures in Rand

	Council Governance	Finance	Community Development Services	Planning & Economic Development	Technical Services	Administrative and Corporate Support	Total
50. Segment information (continued)							
Assets							
Cash and cash equivalents	(232 544 139)	1 651 866 215	(198 374 504)	(131 025 372)	(629 984 523)	(226 603 739)	233 333 938
Inventory	-	81 175 839	-	-	-	-	81 175 839
Trade and Other Receivables from Exchange	(248 857)	309 302	1 796 544	-	-	248 857	2 105 846
Construction Contracts and Receivable	-	-	-	-	16 429 846	-	16 429 846
Prepayments	87 480	-	-	-	-	-	87 480
VAT	7 817 071	(1 436 865)	3 759 150	5 174 519	(12 576 920)	4 785 777	7 522 732
Property, Plant and Equipment	32 493	521 677	146 461 827	555 115	3 414 630	57 995 964	208 981 706
Heritage Assets	508 772	-	-	-	-	-	508 772
Intangible Assets	12 354 981	(2 548)	25 018	-	-	(466 096)	11 911 355
Long Term Investments	-	72 188 712	-	-	-	-	72 188 712
Total segment assets	(211 992 199)	1 804 622 332	(46 331 965)	(125 295 738)	(622 716 967)	(164 039 237)	634 246 226
Total assets as per Statement of financial Position							634 246 226
Liabilities							
Consumer deposit	-	(14 030)	-	-	-	-	(14 030)
Defined benefit obligations	-	(17 959 000)	-	-	-	-	(17 959 000)
Long service awards	-	(6 905 000)	-	-	-	-	(6 905 000)
Finance Lease Obligation	(53 225)	(220 082)	(229 355)	(31 929)	5 320	(226 220)	(755 491)
Trade and Other Payables Exchange Transactions	117 808	(83 797 801)	(16 242)	34 247	1 457	11 910	(83 648 621)
Total segment liabilities	64 583	(108 895 913)	(245 597)	2 318	6 777	(214 310)	(109 282 142)
Total liabilities as per Statement of financial Position							(109 282 142)

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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51. Change in estimate

Property, plant and equipment

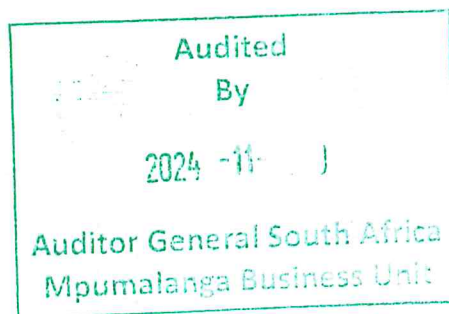
The useful lives of all asset classes were adjusted during the 2023/2024 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 10. The effect of changing the remaining useful life of assets for the Municipality during 2023/2024 has decreased the depreciation charge for the current year by R164 563.41. It is impracticable to estimate the effect of the changes on future periods.

52. Operating lease asset (liability)

Current liabilities

125 582

-



RELATED PARTIES

Remuneration of Senior Management	2024	2023
Remuneration of Municipal Manager		
Annual Remuneration	1 479 726	1 225 453
Performance Bonus	50 572	116 260
Contribution to UIF, Medical And Pension Funds	327 051	299 966
Cellphone Allowance	42 174	39 329
Car Allowance	120 000	110 000
Leave Pay	110 062	103 443
	<u>2 129 585</u>	<u>1 894 451</u>
Remuneration of Chief Finance Officer		
Annual Remuneration	1 062 011	939 899
Car Allowance	126 000	126 000
Performance Bonuses	64 506	99 292
Contributions to UIF, Medical and Pension Funds	230 983	227 730
Cellphone Allowance	30 834	30 834
Leave Pay	64 344	60 475
Acting Allowance	1 651	11 418
	<u>1 580 329</u>	<u>1 495 648</u>
Remuneration of Manager: Planning and Economic Development		
Annual Remuneration	1 170 152	898 351
Car Allowance	151 980	122 660
Contributions to UIF, Medical and Pension Funds	58 105	49 386
Cellphone Allowance	30 834	26 324
Leave Pay	64 344	45 356
Acting Allowance	0	14 368
	<u>1 475 415</u>	<u>1 156 445</u>
Remuneration of Manager: Corporate Services		
Annual Remuneration	1 150 850	614 864
Car Allowance	120 000	70 000
Performance Bonuses	23518	-
Contributions to UIF, Medical and Pension Funds	123 911	70 562
Acting Allowance	15 687	21 517
Cellphone Allowance	30 834	18 929
Leave Pay	64 344	35 277
	<u>1 529 144</u>	<u>831 149</u>

* See Note

Remuneration of Manager: Technical Services

Annual Remuneration	955 085	438 936
Car Allowance	144 000	56 000
Contributions to UIF, Medical and Pension Funds	78 178	36 620
Cellphone Allowance	30 834	15 417
Leave Pay	54 693	105 762
	1 262 790	652 735

Remuneration of Manager: Social Services

Annual Remuneration	756 912	236 933
Car Allowance	268 800	89 600
Contributions to UIF, Medical and Pension Funds	156 692	49 679
Acting Allowance	6 458	-
Cellphone Allowance	30 712	10 278
Leave Pay	9 116	17 135
	1 228 690	403 625

Remuneration of Councillors

2024 2023

Remuneration of the Executive Mayor

Annual Remuneration	916 758	834 872
Car Allowance	115 981	165 321
Cellphone Allowance	49 877	42 600
Contribution to UIF, Medical and Pension Funds	111 486	108 706
	1 194 102	1 151 499

Remuneration of the Speaker

Annual Remuneration	642 156	583 203
Car Allowance	224 028	216 041
Cellphone Allowance	51 037	42 600
Contribution to UIF, Medical and Pension Funds	55 478	87 952
	972 699	929 796

Remuneration of the Chief Whip

Annual Remuneration	576 812	575 390
Car Allowance	186 044	202 545
Cellphone Allowance	48 208	42 600
Contribution to UIF, Medical and Pension Funds	79 190	53 839
	890 254	874 374

Remuneration of the Mayoral Committee Members

Annual Remuneration	4 135 927	4 003 132
Car Allowance	1 353 649	1 287 713
Cellphone Allowance	341 770	298 200
Contribution to UIF, Medical and Pension Funds	475 795	473 519
	6 307 141	6 062 564

* See Note

Remuneration of other Councillors

Annual Remuneration	4 674 444	4 495 836
Car Allowance	1 344 120	1 310 044
Cellphone Allowance	1 479 113	1 926 733
Contribution to UIF, Medical and Pension Funds	265 728	219 425
	7 763 405	7 952 038

* See Note

ANNEXURE B									
DEVIATION REPORTS 2023 - 2024 FINANCIAL YEAR									
NO. / DEVIATION NUMBER	DESCRIPTION OF SERVICES REQUIRED	REQUESTING DEPARTMENT	APPROVED SERVICE PROVIDER	VALUE OF PROJECT / SERVICES / GOODS	REASONS FOR DEVIATION		PAYMENT		
					DATE OF DECISION	DEPARTMENT	AM-SCM	DEPUTY	RDR NUMBER
JULY 2023									
1	Registration fees for the Mpumalanga Provincial Members assembly to take place from the 05th July 2023	Corporate Services	South African Local Government Association (SALGA)	R 2 000.00	06/07/2023	If such goods or services are produced or available from a single provider only		035258	Deleted
2	Multichoice is the only service provider for the TV programs and facilities of pay per view subscription services. The requested deviation is for a period of 36 months	Corporate Services	Multichoice SA	R 24 900.00	07/07/2023	If such goods or services are produced or available from a single provider only		035264	EF073901-000/07/07/2023 R 24 900.00
TOTAL				R 26 900.00					TOTAL R 24 900.00
AUGUST 2023									
3	Payment to SALGA for workshops, conferences, training and registration for NDM conciliators & officials	Corporate Services	SALGA	Rates 17/08/2023		If such goods or services are produced or available from a single provider only		035655	EF073984-11/09/2023 R 5 000.00
TOTAL									TOTAL R 5 000.00
SEPTEMBER 2023									
4	Repairing of audio visual in the Council Chamber	Corporate Services	Shellard Media	R 161 161.00	11/09/2023	If such goods or services are produced or available from a single provider only		035637	EF074030-000/11/09/2023 R 161 161.00
5	Online workshop for EHP's	Community Development Services	Central University of Technology	R 25 200.00	22/09/2023	If such goods or services are produced or available from a single provider only		035723	EF074203-001/26/09/2023 R 28 980.00
6	Repairs of tools of trade for 11 ICT laptops for NDM employees	ICT	Acer Africa (Pty)Ltd	R 45 690.98	27/09/2023	Repairs and maintenance- on strip and quote		035802	EF074071-000/09/10/2023 R 52 544.03
TOTAL				R 232 051.98					TOTAL R 242 685.03
OCT 23									
7	Online database package for National Legislation & Local Government Legislations	Corporate Services	Lexis Nexis	R 367 487.41	2023/10/10	Online database package for National Legislation & Local Government Legislations		035913	EF074102-000/27/10/2023 R 116 570.15

8	000008	Registration fees for IMPSA conference in Cape Town	Corporate Services	IMPSA	R 5 325.00	2023/10/10	Registration fees for IMPSA conference in Cape Town	If such goods or services are produced or available from a single provider only	038615	EF074056-001	20/10/2023	R 5 325.00
				TOTAL	R 372 812.41						TOTAL	R 121 895.15
Nov-23												
9	000009	The sound from Mdm couldn't connect properly to the SABC equipment for the live transmission and sound feedback for the period 2023-12-01 to 2024-11-30	Corporate Services	Strictly Projects	R 8 625.00	2023/02/11	The sound from Mdm couldn't connect properly to the SABC equipment for the live transmission and sound feedback for the period 2023-12-01 to 2024-11-30	In any other exceptional case where it is impractical to procure from a single provider only	035992	EF074066-001	06/11/2023	R 8 625.00
10	000010	Payment for NDM TV licenses for the period 2023-12-01 to 2024-11-30	Corporate Services	SABC TV Licence	R 4 813.06	15/11/2023	Payment for NDM TV licenses for the period 2023-12-01 to 2024-11-30	If such goods or services are produced or available from a single provider only	036043	EF074080-001	16/11/2023	R 4 813.06
11	000011	Registration fees for CIAGOL conference in Birchwood Hotel-Boksburg	Corporate Services/Internal Audit	Chartered Institute of Governance, Oversight and Leadership (CIAGOL)	R 8 300.00	22/11/2023	Registration fees for CIAGOL conference in Birchwood Hotel-Boksburg	If such goods or services are produced or available from a single provider only	036078	EF074079-001	22/11/2023	R 8 300.00
12	000012	Registration fees for CIAGOL conference in Birchwood Hotel-Boksburg	Internal Audit	Chartered Institute of Governance, Oversight and Leadership (CIAGOL)	R 0.00	N/A	Registration fees for CIAGOL conference in Birchwood Hotel-Boksburg	If such goods or services are produced or available from a single provider only				
13	000013	Registration fees for CIAGOL conference in Birchwood Hotel-Boksburg	Municipal Managers Office	Chartered Institute of Governance, Oversight and Leadership (CIAGOL)	R 0.00	N/A	Registration fees for CIAGOL conference in Birchwood Hotel-Boksburg	If such goods or services are produced or available from a single provider only				
				TOTAL	R 21 738.06						TOTAL	R 21 738.06
Dec-23												
14	000014	Registration fees for CIAGOL conference in Birchwood Hotel-Boksburg	Office of the Mayor	Chartered Institute of Governance, Oversight and Leadership (CIAGOL)	R 8 700.00	2023/01/12	Registration fees for CIAGOL conference in Birchwood Hotel-Boksburg	If such goods or services are produced or available from a single provider only	036125	EF074164-001	01/12/2023	R 8 700.00
15	000015	Registration fees for CIAGOL conference in Birchwood Hotel-Boksburg	Office of the Chiefship	Chartered Institute of Governance, Oversight and Leadership (CIAGOL)	R 4 350.00	2023/01/12	Registration fees for CIAGOL conference in Birchwood Hotel-Boksburg	If such goods or services are produced or available from a single provider only	036127	EF074175-001	01/12/2023	R 4 350.00
				TOTAL	R 13 050.00						TOTAL	R 13 050.00
Jan-24												

16	000016	Assessment Toolbox had a contract with the municipality until 31 December 2023. Human Resource requested for quotation and bookings for 8 candidates (3 x CFO and 4 CEO NEDA) on the 08th of December 2023 but unfortunately the service provider was already fully booked until the 14th December 2023 and could not take on further bookings since they had to finalize the assessment reports before they closed for festive recess and could only confirm the 2024 available dates upon reopening from the 08th of	Corporate Services	Assessment Toolbox	R 43 724.20	15/01/2024	Assessment Toolbox had a contract with the municipality until 31 December 2023. Human Resource requested for quotation and bookings for 8 candidates (3 x CFO and 4 CEO NEDA) on the 08th of December 2023 but unfortunately the service provider was already fully booked until the 14th December 2023 and could not take on further bookings since	In any other exceptional case where it is impractical or impossible to follow the official procurement processes	036354	EF074158-000	06/02/2024	R 43 724.20
17	000017	Government Printing Works is the only service provider that deals with the promulgation of by-laws and any other documents that requires to be gazetted. It is therefore requested that the deviation should be for a period of not exceeding 36 months from the date of approval by Accounting officer	Corporate Services	Government Printing Works	rates	2023/01/16	Government Printing Works is the only service provider that deals with the promulgation of by-laws and any other documents that requires to be gazetted. It is therefore requested that the deviation should be for a period of not exceeding 36 months from the date of approval by Accounting officer	If such goods or services are produced or available from a single provider only	036594	EF074104-000	12/03/2024	R13 114.40
			TOTAL		R 43 724.20					TOTAL		R 56 838.60
Feb-24												
No Deviations												
18	000018	Scanners with Licensing	Finance Services	Munsoft	Mar-24	14-Mar-24	Scanners with licensing	If such goods or services are produced or available from a single provider only	036611	EF074108-000	16/03/2024	R 188 107.14
			TOTAL		R 188 107.14					TOTAL		R 188 107.14
Apr-24												
No Deviations												
19	000019	Registration fees for TB conference in Durban ICC	Community Development Services	Foundation for Professional Development Fund (FPD)	May-24	31-May-24	Registration fees for TB conference in Durban ICC	If such goods or services are produced or available from a single provider only	036968	EF074197-000	01/06/2024	R6 000.00

2023/2024 REGISTER OF UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE												
ANNEXURE C												
NKANGALA DISTRICT MUNICIPALITY												
NO	Date of discovery	Date reported to the Accounting Officer (Audited)	Service Provider	Amount	Description of incident	Person liable (Official or Political)	Type of prohibited expenditure	Status				
								UI	DP	CC	TR	P
	2022/23 Opening Balance			R 528 550.66								
	Cumulative balance as at 30 June 2024			R 528 550.66								
	Amounts investigated and written off by Council.			-R 261 669.17								✓
	Amounts incurred during the current financial year:											
	SARS: VAT			R 153 324.98	Val penalty and interest	A.Hlongwa		✓				
	SARS: PAYE			R 8 476.45	PAYE interest	C Kwakwa		✓				
	CIDA			R 115 857.00	CIDA interest	C Kwakwa		✓				
	Amounts recovered			R -								
	Closing balance as at 30 June 2024			R 544 539.92								

Abbreviations

UI:	Irregular expenditure under investigation
DP:	Disciplinary process initiated against responsible person
CC:	Criminal charges laid with SAPS
TR:	Transferred to receivables for recovery
P:	Paid or in process of paying in instalments
WO:	Written-off by Council as irrecoverable

Annexure D

Nkangala District Municipality

Interpretation of results

The green indicates that the results are within the norm

Red indicates that the results are outside the norm

RATIO	FORMULA	DATA SOURCE	NORMAN GE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	DATA INPUTS AND RESULTS
1. FINANCIAL POSITION						
A. Asset Management/Utilisation						
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital expenditure) x 100	Statement of Financial Position, Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	Total Operating Expenditure Taxation Expense Total Capital Expenditure	1 003 159 619 34 779 006	755 654 092 35 419 181
2	Investment of Property, Plant and Equipment in Intangible Assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment (Total Property, Plant and Equipment + Investment Property + Intangible Assets) x 100	Statement of Financial Position, Notes to the AFS and AR	PPE Investment Property and Intangible Impairment PPE at carrying value Investment at carrying value Intangible Assets at carrying value	21 201 833 239 381 791 12 540 338	17 444 376 209 480 478 11 911 355
3	Repairs and Maintenance as a Percentage of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Total Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Performance, Notes to the AFS, Budget, In-Year Reports	Total Repairs and Maintenance Expenditure PPE at carrying value Investment Property at Carrying value	22 857 185 237 922 029	16 672 596 221 401 833

* See Note

B. Debtors' Management

1	Calculation Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off) ÷ Billed Revenue × 100	Statement of Financial Position, Performance, Notes to the AFS, Budget, In-Year Reports, IDP and AR	Gross Debtors closing balance Gross Debtors opening balance Bad debts written Off	95%	1 701 568 2 105 846 - 232 602	-	2 105 846	2 100 000
2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off Provision for Bad debts ÷ 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	Consumer Debtors Current bad debt provision	100%	25 731	0%	-	25 731
3	Net Debtors Days	((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue) × 365	Statement of financial position, Statement of Financial Performance, Notes to the AFS, Budget and AR	Gross debtors Bad debts Provision Billed Revenue	30 days	1 701 568 - 25 731 1 600 000	-	2 105 846 - 25 731 2 100 000	2 100 000

C. Liquidity Management

				2 Month	4 Month
1	Cash / Cost Coverage Ratio (FetL Unsupport Conditional Grants)	(Cash and Cash Equivalents - Unsupport Conditional Grants - Overhead) / Short Term Investments/ Monthly Fixed Operational Costs of the AFs, Association, and Amplification, Provision for Bad Debt, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows	189,023,708 (14,272,279) Overhead	233,333,938 -10,429,846
			1 - 3 Months		
			Short Term Investments		
			Total Annual Operational Expenditure	1,033,169,010	759,654,099
2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	274,420,814.0 132,519,395.0	340,656,631 89,566,135
			1.5 - 2.1	2.07	3.46

D. Liability Management

1	Capital Cost/Interest Paid and Redemption as a % of Total Operating Expenditure	Capital Cost/Interest Paid and Redemption / Total Operating Expenditure x 100	Statement of Financial Position, Statement of Cash Flows	Interest Paid Redemption	11.92% 754.02	120.31
2	Debt/Total Borrowings / Revenue	(Borrowings + Long term borrowing) / (Lease Obligation + Short Term Borrowings + Long term borrowing) x 100	Statement of Financial Position, Statement of Financial Position, Income Statement, Cash Flow and AR	Total Debt Total Borrowings Operational Conditional Grants	1,003,109.618 929,369.814	759,654.029

E. Sustainability				
				66%
1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft - Short Term Investment - Grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserves) x 100	Statement Financial Position, Budget and AR	100%
				Cash and cash Equivalents
				Bank Overdraft
				Short Term Investment
				Long Term Investment
				Unspent Grants
				Net Assets
				Share Premium
				Share Capital
				Revaluation Reserve
2. FINANCIAL PERFORMANCE				
1	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure)/Total Operating Revenue	Statement of Financial Performance, Budget, In-Year Reports, AR, Statement of Comparison of Budget and Actual Amounts, and Statement of Changes in Net Asset	-5%
				Total Operating Revenue
				Depreciation - Revalued Portion
				Only applicable if depreciation line item in the Statement of Financial
				Total Operating Expenditure
				Taxation Expense
				-3%
				660 354 044
				21 201 833
				1 091 199 619

C. Revenue Management					
2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue) / previous period's Total Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI	CPI
					33%
					6%
					723 895 307
					431 584 250
					723 895 307
					599 384 044
					723 895 307
3	Revenue Growth (%) - Excluding capital grants	(Period under review's Total Revenue Excluding capital grants - previous period's Total Revenue excluding capital grants) / previous period's Total Revenue excluding capital grants x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	= CPI	CPI
					33%
					6%
					721 593 307
					431 584 250
					721 593 307
					597 250 044
					721 593 307

* See Note

D. Expenditure Management																																													
1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) * 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days	<table><tr><td>Trade Creditors</td><td>57 889 914</td><td>42 577 835</td><td>26 100%</td><td>37 599%</td></tr><tr><td>Contracted Services</td><td>39 512 614</td><td>50 076 550</td><td></td><td></td></tr><tr><td>Repairs and Maintenance</td><td>22 857 185</td><td>16 672 956</td><td></td><td></td></tr><tr><td>General expenses</td><td>750 460 882</td><td>509 721 018</td><td></td><td></td></tr><tr><td>Bulk Purchases</td><td></td><td></td><td></td><td></td></tr><tr><td>Capital Credit Purchases / Capital Creditors</td><td></td><td></td><td></td><td></td></tr><tr><td>Capital Creditors / Total Creditors</td><td></td><td></td><td></td><td></td></tr><tr><td>Additional Information</td><td></td><td></td><td></td><td></td></tr></table>	Trade Creditors	57 889 914	42 577 835	26 100%	37 599%	Contracted Services	39 512 614	50 076 550			Repairs and Maintenance	22 857 185	16 672 956			General expenses	750 460 882	509 721 018			Bulk Purchases					Capital Credit Purchases / Capital Creditors					Capital Creditors / Total Creditors					Additional Information				
Trade Creditors	57 889 914	42 577 835	26 100%	37 599%																																									
Contracted Services	39 512 614	50 076 550																																											
Repairs and Maintenance	22 857 185	16 672 956																																											
General expenses	750 460 882	509 721 018																																											
Bulk Purchases																																													
Capital Credit Purchases / Capital Creditors																																													
Capital Creditors / Total Creditors																																													
Additional Information																																													
2	Insolvent, Facilities and Workload and Unfunded Expenditure / Total Operating Expenditure	Insolvent, Facilities and Workload and Unfunded Expenditure / Total Operating Expenditure *100	Statement of Financial Performance, Budget, DP, In-Year reports and AR	0%	<table><tr><td>Insolvent, Facilities and Workload and Unfunded Expenditure</td><td>277 658</td><td>10%</td><td>261 669</td></tr><tr><td>Total Operating Expenditure</td><td>1 093 199 619</td><td></td><td>755 654 099</td></tr><tr><td>Taxation Expense</td><td></td><td></td><td></td></tr></table>	Insolvent, Facilities and Workload and Unfunded Expenditure	277 658	10%	261 669	Total Operating Expenditure	1 093 199 619		755 654 099	Taxation Expense																															
Insolvent, Facilities and Workload and Unfunded Expenditure	277 658	10%	261 669																																										
Total Operating Expenditure	1 093 199 619		755 654 099																																										
Taxation Expense																																													
3	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councilors' Remuneration) / Total Operating Expenditure *100	Statement of Financial Performance, Budget, DP, In-Year reports and AR	25% - 40%	<table><tr><td>Employee Related Costs</td><td>188 804 903</td><td>20%</td><td>181 179 279</td></tr><tr><td>Councilors' Remuneration</td><td>17 127 602</td><td></td><td>16 881 155</td></tr><tr><td>Total Operating Expenditure</td><td>1 093 199 619</td><td></td><td>755 654 099</td></tr><tr><td>Taxation Expense</td><td></td><td></td><td></td></tr></table>	Employee Related Costs	188 804 903	20%	181 179 279	Councilors' Remuneration	17 127 602		16 881 155	Total Operating Expenditure	1 093 199 619		755 654 099	Taxation Expense																											
Employee Related Costs	188 804 903	20%	181 179 279																																										
Councilors' Remuneration	17 127 602		16 881 155																																										
Total Operating Expenditure	1 093 199 619		755 654 099																																										
Taxation Expense																																													
4	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure *100	Statement of Financial Performance, Budget, DP, In-Year reports and AR	2% - 5%	<table><tr><td>Contracted Services</td><td>62 369 759</td><td>6%</td><td>66 749 148</td></tr><tr><td>Total Operating Expenditure</td><td>1 093 199 619</td><td></td><td>755 654 099</td></tr><tr><td>Taxation Expense</td><td></td><td></td><td></td></tr></table>	Contracted Services	62 369 759	6%	66 749 148	Total Operating Expenditure	1 093 199 619		755 654 099	Taxation Expense																															
Contracted Services	62 369 759	6%	66 749 148																																										
Total Operating Expenditure	1 093 199 619		755 654 099																																										
Taxation Expense																																													

E: Grant Dependency						
1	Own funded Capital Expenditure (Internally generated funds, Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds, Borrowings) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-Year reports and AR	None	Internally generated funds Borrowings Total Capital Expenditure	100% 35 619 181 35 619 181
2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-Year reports and AR	None	Internally generated funds Total Capital Expenditure	100% 35 619 181 35 619 181
3	Own Source Revenue to Total Operating Revenue (including Pymts/Revs)	Own Source Revenue (Total revenue - Government grants and Subsidies - Total Operating Revenue, including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None	Total Revenue Government grant and subsidies Public contributions and Donations Capital Grants	6% 682 764 005 2 332 000
3. BUDGET IMPLEMENTATION						
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%	Actual Capital Expenditure Budget Capital Expenditure	65% 35 619 181 44 578 597
2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budget Operating Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%	Actual Operating Expenditure Budget Operating Expenditure	65% 799 654 069 793 381 375
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%	Actual Operating Revenue Budget Operating Revenue	91% 721 553 307 791 049 375

* See Note

Nkangala District Municipality
Unaudited Appendix G1
Budgeted Financial Performance (revenue and expenditure by functional classification)
for the year ended 30 June 2024

2024/2023															2023/2022														
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 of Actual Outcome against Adjustments Budget		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Restated Audited Outcome		
Rand	Rand		Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
452 041 100	-		452 041 100	-		-			452 041 100	447 137 672					(4 903 428)		99 %	99 %										417 264 398	
-	-		-	-		-			-	642					642		DIV/0 %	DIV/0 %										1 369	
452 041 100	-		452 041 100	-		-			452 041 100	447 137 030					(4 904 070)		99 %	99 %										417 263 029	
829 000	-		829 000	-		-			829 000	1 481 837					652 837		179 %	179 %										890 046	
-	-		-	-		-			-	-				-	-		DIV/0 %	DIV/0 %										-	
-	-		-	-		-			-	-				-	-		DIV/0 %	DIV/0 %										-	
479 000	-		479 000	-		-			479 000	248 805					(230 195)		52 %	52 %										48 701	
-	-		-	-		-			-	-				-	-		DIV/0 %	DIV/0 %										-	
350 000	-		350 000	-		-			350 000	1 233 032					883 032		352 %	352 %										841 345	
475 599 400	100 500 000		576 099 400	-		-			576 099 400	550 764 535					(25 334 865)		96 %	116 %										305 730 861	
474 435 000	100 500 000		574 935 000	-		-			574 935 000	549 438 448					(25 496 552)		96 %	116 %										303 778 687	
1 164 400	-		1 164 400	-		-			1 164 400	1 326 087					161 687		114 %	114 %										-	
-	-		-	-		-			-	-				-	-		DIV/0 %	DIV/0 %										-	
-	-		-	-		-			-	-				-	-		DIV/0 %	DIV/0 %										-	
-	-		-	-		-			-	-				-	-		DIV/0 %	DIV/0 %										-	
-	-		-	-		-			-	-				-	-		DIV/0 %	DIV/0 %										-	
-	-		-	-		-			-	-				-	-		DIV/0 %	DIV/0 %										-	
-	-		-	-		-			-	-				-	-		DIV/0 %	DIV/0 %										-	
-	-		-	-		-			-	-				-	-		DIV/0 %	DIV/0 %										-	
-	-		-	-		-			-	-				-	-		DIV/0 %	DIV/0 %										-	
928 469 500	100 500 000		1 028 969 500	-		-			1 028 969 500	999 384 044					(29 585 456)		97 %	108 %										723 885 305	
Revenue - Functional																													
Municipal governance and administration																													
Finance and administration																													
Internal audit																													
Community and public safety																													
Community and social services																													
Sport and recreation																													
Public safety																													
Housing																													
Health																													
Economic and environmental services																													
Planning and development																													
Road transport																													
Environmental protection																													
Trading services																													
Energy sources																													
Water management																													
Waste water management																													
Waste management																													
Other																													
Total Revenue - Functional																													

Revenue - Functional

Municipal governance and administration
 Executive and council
 Finance and administration
 Internal audit
Community and public safety
 Community and social services
 Sport and recreation
 Public safety
 Housing
 Health
Economic and environmental services
 Planning and development
 Road transport
 Environmental protection
Trading services
 Energy sources
 Water management
 Waste water management
 Waste management
 Other
 Other

Total Revenue - Functional

Nkangala District Municipality
Unaudited Appendix G1
Budgeted Financial Performance (revenue and expenditure by functional classification)
for the year ended 30 June 2024

2023/2022

2024/2023

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Functional															
Governance and administration	252 079 745	2 845 688	254 925 433	-	-	254 925 433	223 299 720	-	(31 625 713)	88 %	89 %	-	-	-	194 080 028
Executive and council	44 190 217	1 073 345	45 263 562	-	(117 400)	45 146 162	42 177 281	-	(2 968 881)	93 %	95 %	-	-	-	38 093 558
Finance and administration	196 349 758	730 343	197 080 101	-	86 800	197 166 901	168 774 540	-	(28 392 361)	86 %	86 %	-	-	-	145 574 199
Internal audit	11 539 770	1 042 000	12 581 770	-	(97 000)	12 484 770	12 347 899	-	(136 871)	99 %	107 %	-	-	-	10 412 271
Community and public safety	137 123 677	1 867 030	138 990 707	-	127 600	139 118 307	126 366 511	-	(12 751 796)	91 %	92 %	-	-	-	116 173 939
Community and social services	33 481 352	386 930	33 868 282	-	128 600	33 996 882	27 218 471	-	(6 778 411)	80 %	81 %	-	-	-	29 158 469
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	62 562 020	2 319 900	64 881 920	-	-	64 881 920	59 949 668	-	(4 932 252)	92 %	96 %	-	-	-	52 971 880
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	41 080 305	(839 800)	40 240 505	-	(1 000)	40 239 505	39 198 372	-	(1 041 133)	97 %	95 %	-	-	-	34 043 590
Economic and environmental services	654 823 673	73 965 684	728 789 357	-	-	728 789 357	745 222 215	-	16 432 858	102 %	114 %	-	-	-	481 108 451
Planning and development	647 667 805	74 465 684	722 133 489	-	-	722 133 489	741 354 924	-	19 221 435	103 %	114 %	-	-	-	477 192 856
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	7 155 868	(500 000)	6 655 868	-	-	6 655 868	3 867 591	-	(2 788 277)	58 %	54 %	-	-	-	3 915 595
Trading services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Energy services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	903 680	300 000	1 203 680	-	-	1 203 680	158 515	-	(1 045 165)	13 %	18 %	-	-	-	-
Other	903 680	300 000	1 203 680	-	-	1 203 680	158 515	-	(1 045 165)	13 %	18 %	-	-	-	430 891
Total Expenditure - Functional	1 044 930 775	78 978 402	1 123 909 177	-	-	1 123 909 177	1 095 046 961	-	(28 862 216)	97 %	105 %	-	-	-	791 793 309
Surplus/(Deficit) for the year	(116 461 275)	21 521 598	(94 939 677)	-	-	(94 939 677)	(95 662 917)	-	(723 240)	101 %	82 %	-	-	-	(67 908 004)

Nkangala District Municipality
Unaudited Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2024

2024/2023														2023/2022																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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 of Actual Outcome against Budget Adjustments				Actual Outcome as % of Final Budget				Actual Outcome as % of Original Budget				Reported unauthorised expenditure				Expenditure authorised in terms of section 32 of MFMA				Balance to be recovered				Restated Audited Outcome																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
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Nkangala District Municipality
Unaudited Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2024

2024/2023										2023/2022																			
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 of Actual Outcome against Adjustments Budget		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Restated Audited Outcome		
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		
Revenue By Source																													
Sale of goods	-		-		-		-		-		-		-		-		-		DIV/0 %		DIV/0 %		-		-		25 020 787		
Interest earned - external investments	23 465 000		-		23 465 000		-		23 465 000		30 743 872		-		7 278 872		131 %		131 %		DIV/0 %		-		-		-		
Interest earned - outstanding debtors	-		-		-		-		-		-		-		-		DIV/0 %		DIV/0 %		DIV/0 %		-		-		-		
Dividends received	-		-		-		-		-		-		-		-		DIV/0 %		DIV/0 %		DIV/0 %		-		-		-		
Fines, penalties and forfeits	1 302 000		-		1 302 000		-		1 302 000		2 150 801		-		848 801		165 %		165 %		165 %		-		-		2 773 041		
Licences and permits	791 400		-		791 400		-		791 400		1 359 119		-		567 719		172 %		172 %		172 %		-		-		1 093 519		
Agency services	22 500 000		6 500 000		29 000 000		-		29 000 000		27 268 047		-		(1 731 953)		94 %		94 %		121 %		-		-		8 492 681		
Transfers and subsidies	877 831 000		94 000 000		971 831 000		-		971 831 000		929 362 046		-		(42 468 954)		96 %		96 %		106 %		-		-		682 622 444		
Operational revenue	239 100		-		239 100		-		239 100		909 159		-		670 059		380 %		380 %		380 %		-		-		1 550 835		
Gains on disposal of PPE	-		-		-		-		-		-		-		-		DIV/0 %		DIV/0 %		DIV/0 %		-		-		-		
Total Revenue (excluding capital transfers and contributions)	926 128 500		100 500 000		1 026 628 500		-		1 026 628 500		991 793 044		-		(34 835 456)		97 %		97 %		107 %		-		-		721 553 307		

Nkangala District Municipality

Unaudited Financial Performance (revenue and expenditure)

for the year ended 30 June 2024

Municipality																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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Nkangala District Municipality
Unaudited Appendix G4
Budgeted Capital Expenditure by vote, function and funding
for the year ended 30 June 2024

2024/2023														2023/2022																	
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 of Actual Outcome against Adjustments		Actual Outcome of Final Budget		Actual Outcome as % of Original Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Restated Audited Outcome			
Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand			
Capital multi-year expenditure sub-total																															
Single-year expenditure																															
Vote1- Municipal Manager		11 195 000	(2 630 250)	8 564 750	-	(175 525)	8 389 225	6 119 850	-	(2 269 375)	73 %	55 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 004 385			
Vote2- Finance Services		30 000	85 000	115 000	-	-	115 000	76 714	-	(38 286)	67 %	256 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	227 060			
Vote3- Corporate Services		16 220 000	6 428 556	22 648 556	-	175 525	22 824 081	22 540 685	-	(283 396)	99 %	139 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6 137 307				
Vote4- Community Development Services		32 450 000	(12 828 857)	19 621 143	-	-	19 621 143	12 542 227	-	(7 078 916)	64 %	39 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26 250 429				
Vote5- Planning and Economic Development		300 000	(228 200)	71 800	-	-	71 800	71 792	-	(8)	100 %	24 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Vote6- Technical Services		-	1 500 000	1 500 000	-	-	1 500 000	1 289 649	-	(210 351)	86 %	DIV/0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Capital single-year expenditure sub-total		60 195 000	(7 673 751)	52 521 249	-	-	52 521 249	42 640 917	-	(9 880 332)	81 %	71 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Total Capital Expenditure - Vote																															
		60 195 000	(7 673 751)	52 521 249	-	-	52 521 249	42 640 917	-	(9 880 332)	81 %	71 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

**Nkangala District Municipality
Unaudited Appendix G4**

	2024/2023										2023/2022																				
	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 of Actual Outcome against Budget		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Restated Audited Outcome		
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		
Capital Expenditure - Functional																															
Governance and administration																															
Executive and council																															
Finance and administration																															
Internal audit																															
Community and public safety																															
Community and social services																															
Sport and recreation																															
Public safety																															
Housing																															
Health																															
Economic and environmental services																															
Planning and development																															
Road transport																															
Environmental protection																															
Trading services																															
Energy sources																															
Water management																															
Waste water management																															
Waste management																															
Other																															
Other																															
60 195 000		(7 673 751)		52 521 249		-		-		52 521 249		42 640 915		-		(9 880 334)		81 %		71 %		-		-		35 619 181		-			
Total Capital Expenditure - Functional																															
Funded by:																															
National Government																															
Provincial Government																															
District Municipality																															
Other transfers and grants																															
Transfers recognised - capital																															
Public contributions & donations																															
Borrowing																															
Internally generated funds																															
60 195 000		(7 673 751)		52 521 249		-		-		52 521 249		37 390 915		-		(15 130 334)		71 %		62 %		-		-		35 619 181		-			
60 195 000		(7 673 751)		52 521 249		-		-		52 521 249		42 640 915		-		(9 880 334)		81 %		71 %		-		-		35 619 181		-			
Total Capital Funding																															

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Appendix H: 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
2024											
Financial Performance											
Interest on investment	(23 523 500)	-	(23 523 500)	-	-	(23 523 500)	(30 743 872)		(7 220 372)	131 %	131 %
Transfers recognised - operational	(877 831 000)	(94 000 000)	(971 831 000)	-	-	(971 831 000)	(929 362 046)		42 468 954	96 %	106 %
Other own revenue	(24 774 000)	(6 500 000)	(31 274 000)	-	-	(31 274 000)	(31 687 126)		(413 126)	101 %	128 %
Total revenue (excluding capital transfers and contributions)	(926 128 500)	(100 500 000)	(1 026 628 500)	-	-	(1 026 628 500)	(991 793 044)		34 835 456	97 %	107 %
Employee costs	214 885 651	3 075 613	217 961 264	-	-	217 961 264	198 894 901		(19 066 363)	91 %	93 %
Remuneration of councillors	18 236 919	(239 713)	17 997 206	-	-	17 997 206	17 127 602		(869 604)	95 %	94 %
Depreciation and asset impairment	18 013 040	5 874 700	23 887 740			23 887 740	21 201 833		(2 685 907)	89 %	118 %
Finance charges	182 280	102 200	284 480	-	-	284 480	31 825		(252 655)	11 %	17 %
Inventory consumed and bulk purchases	5 811 350	(701 614)	5 109 736	-	-	5 109 736	4 211 853		(897 883)	82 %	72 %
Contracted Services	80 898 430	(11 894 605)	69 003 825	-	-	69 003 825	62 369 798		(6 634 027)	90 %	77 %
Transfers and grants	643 253 131	68 914 065	712 167 196	-	-	712 167 196	724 849 855		12 682 659	102 %	113 %
Operational costs	61 728 274	9 380 237	71 108 511	-	-	71 108 511	59 776 246		(11 332 265)	84 %	97 %
Operating lease	1 921 700	4 467 519	6 389 219	-	-	6 389 219	4 735 699		(1 653 520)	74 %	246 %
Fair value adjustments	-	-	-	-	-	-	131 804		131 804	DIV/0 %	DIV/0 %
Gain/loss on disposal of assets and liabilities	-	-	-	-	-	-	1 371 551		1 371 551	DIV/0 %	DIV/0 %
Actuarial gains/losses	-	-	-	-	-	-	344 000		344 000	DIV/0 %	DIV/0 %
Total expenditure	1 044 930 775	78 978 402	1 123 909 177	-	-	1 123 909 177	1 095 046 967	-	(28 862 210)	97 %	105 %

* See Note

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

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
Total revenue (excluding capital transfers and contributions)	(926 128 500)	(100 500 000)	(1 026 628 500)	-	-	-(1 026 628 500)	(991 793 044)	-	34 835 456	97 %	107 %
Total expenditure	1 044 930 775	78 978 402	1 123 909 177	-	-	- 1 123 909 177	1 095 046 967	-	(28 862 210)	97 %	105 %
Surplus/(Deficit)	118 802 275	(21 521 598)	97 280 677	-	-	97 280 677	103 253 923		5 973 246	106 %	87 %

* See Note

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2024

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments (i.t.o. s31 of the MFMA)	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 and subsidies - capital (monetary allocations) (National / Provincial and District)	(2 341 000)	-	(2 341 000)	-	-	(2 341 000)	(2 341 000)	-	-	100 %	100 %
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	(5 250 000)	(5 250 000)	-	(5 250 000)	DIV/0 %	DIV/0 %
Surplus/(Deficit) Capital transfers and contributions	118 802 275 (2 341 000)	(21 521 598)	97 280 677 (2 341 000)	-	-	97 280 677 (2 341 000)	103 253 923 (7 591 000)	-	5 973 246 (5 250 000)	106 % 324 %	87 % 324 %
Surplus (Deficit) after capital transfers and contributions	116 461 275	(21 521 598)	94 939 677	-	-	94 939 677	95 662 923	-	723 246	101 %	82 %
Surplus (Deficit) after capital transfers and contributions	116 461 275	(21 521 598)	94 939 677	-	-	94 939 677	95 662 923	-	723 246	101 %	82 %
Surplus/(Deficit) for the year	116 461 275	(21 521 598)	94 939 677	-	-	94 939 677	95 662 923	-	723 246	101 %	82 %
Capital expenditure and funds sources											
Total capital expenditure	60 195 000	(7 673 741)	52 521 259	-	-	52 521 259	42 640 917	-	(9 880 342)	81 %	71 %

