Bojanala Platinum District Municipality
Annual Financial Statements
for the year ended 30 June 2021

General Information

Legal form of entity	Bojanala Platinum District Municipality
Nature of business and principal activities	Provide democratic and accountable government for local authorities
Mayoral committee	
Executive Mayor	Cllr M.F. Molosiwa
	Cllr E.E. Tanke : Speaker
	Cllr P.A. Tlhapi : Chief WHIP
Mayoral Committee Councillors	Cllr S. Davids : MPAC Chairperson
	Cllr V. K. Maluleka : MMC Budget and Treasury
	Cllr T.L. Madiba : MMC Technical Support
	Cllr L. Malope : MMC Special Projects
	Cllr V.O. Moche : MMC Arts and Culture
	Cllr N. R. Rakolle : MMC IDP, PMS, Monitoring and Evaluation
	Cllr. R.D. Tlabyane : MMC Rural and Agricultural Development
	Cllr J.J. Kgarimetsa : MMC Community Development Services
	Cllr M. P. Papa : MMC Corporate Support
	Cllr L. L. Moate : MMC Local Economic Development
	Cllr B Mantsho : MMC Health and Environment
	Cllr K .Kgaswe
	Cllr W.M. Lefyine
	Cllr M.D. Kodisang
	Cllr M.R. Seema
	Cllr N.P. Bogatsu
	Cllr G. Makhanya
	Cllr L. Mabula
	Cllr M.D. Malane
	Cllr M.M. Modise
	Cllr D.M. Rakgatlha
	Cllr G.T. Mogale
	Cllr L.A. Ratlou
	Cllr P.R. Zwede
	Cllr P.E. Hendricks
	Cllr D.M.N. Ngadi
	Cllr T.S. Bogale
	Cllr M.L. Makgale
	Cllr J.M.S. Mosito
	Cllr H.T. Phalwane
	Cllr E. Van der Schyffe
	Cllr M.M. Sekgothe
	Cllr M.W. Motlhasedi
	Cllr K.S. Komape
	Cllr J.T. Moabi
	Cllr O.D. Marapyane
	Cllr M.Z. Banda
	Cllr E.E. Tanke
	Cllr G. Madisa
	Cllr S. Mabiletsa
	Cllr E. Matshereng
	Cllr K.J Sekomeng
	Cllr L.M. Letebele

General Information

	Cllr C.M. Shai Cllr T.G. Naledi Cllr S. Moloi Cllr J.M. Radiokana Cllr J. Makhubela Cllr R.S. Magalefa Cllr B.J. Mpolokeng Cllr A.D. Malla Cllr J. Motshwane Cllr M.R. Rantho Cllr M. Coetzee Cllr I. Edwards Cllr N.V. Mqanqeni Cllr E.N. Mjekula Cllr L.P. Mokwele Cllr A.B.P. Mnisi Cllr C.N. Mmolotsi Cllr A.S. Habi Cllr R.P. Molatlhegi
Grading of local authority	Grade 5
Acting Chief Finance Officer (ACFO)	Mrs A Tolo
Acting Accounting Officer	Mr A Khumalo
Business address	Cnr Beyers Naude and Fatima Bhayat Drive Rustenburg 0300
Postal address	P O Box 1993 Rustenburg 0300
Bankers	ABSA Bank Limited
Auditors	Auditor General of South Africa
Preparer	The annual financial statements were internally compiled by: Jerry Chacha AGA (SA)
Contact Telephone Number:	(014) 590 4500
Email Address	admin@bojanala.gov.za
Website address	www.bojanala.gov.za

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

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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

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 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly 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 the are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements set out on pages 7 to 66, which have been prepared on the going concern basis, were approved by the Accounting Officer on the 01 February 2022 and were signed by:

Mr A Khumalo (Acting Accounting Officer)
Designation

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2021.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet atleast 4 times per annum as per its approved terms of reference. During the current year 8 number of meetings were held.

Name of member	Number of meetings attended
Mr I.S. Mogotsi (Chairperson)	8
Ms S.J. Masite (Deputy Chairperson	8
Mr S.A.B. Ngobeni	8
Mr T. Zororo	8
Mr M. Makgale	8

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General.
- reviewed the Auditor-General of South Africa's management report and management’s response thereto;
- reviewed changes in accounting policies and practices.
- reviewed the municipal compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concurs with and accepts the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

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Chairperson of the Audit Committee

Date: ______________________

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2021.

1. Review of activities

Main business and operations

Net surplus of the municipality was R 87,181,085 (2021: surplus R 63,146,558).

2. Going concern

We draw attention to the fact that at 30 June 2021, the municipality had an accumulated surplus of R 22,952,144 and that the municipality's total assets exceeded its liabilities by R 35,781,220.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.The entity will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act.
The COVID-19 pandemic has developed rapidly in 2020, resulting in a significant number of infections and fatalities. Measures taken by the South African government to contain the spread of the virus have affected economic activity. We have taken a few measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people like social distancing, working from home and securing the supply of materials that are essential for our operations.

At this stage, the impact on our operations is limited. We are confident that the municipality will continue as a going concern in the foreseeable future. We will continue to follow the government regulations and advice and in parallel will do our outmost to continue our operations in the best and safest way possible without jeopardising the health and safety of our people.

3. Subsequent events

The Municipality will be able to continue as a going concern throughout the 2021/22 financial year as there is no material concern that may hinder the ability to continue settling its creditors as they become due. The Municipality further on has engaged outstanding creditors and agreed that they will settle creditors within the 2021/22 financial year..

4. Accounting policies

The annual financial statements were prepared in accordance with GRAP and any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Corporate governance

General

The municipality is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the municipality supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the Municipal Systsems Act as per Schedule A and Schedule B. The council discusses the responsibilities of management in this respect, at council meetings and monitor the municipality's compliance with the code on a quartelly basis.

Accounting Officer's Report

Audit and risk committee

The audit committee consists of the following members that were appointed on the 1st of June 2017 for a period of 3 years;

Mr I.S. Mogotsi (Chairperson)
Ms S.J. Masite (Deputy Chairperson)
Mr S.A.B. Ngobeni
Mr T. Zororo
Mr M. Makgale

The committee met 8 times during the financial year to review matters necessary to fulfil its role. This is not a non-compliance in terms of the Section 166, 4(b) of the Municipal Financial Management Act as it requires that the audit committee meets at least 4 times a year to perform its functions.

Details of the meetings held are as follows:

Date	Venue
08 October 2020	Visual
23 October 2020	Visual
29 October 2020	Visual
08 December 2020	Visual
25 January 2021	Visual
24 February 2021	Visual
21 May 2021	Visual
30 June 2021	Visual

In terms of Section 166 of the Municipal Finance Management Act, Council must appoint members of the Audit Committee. Bojanala Platinum District Municipality was satisfied that the Audit Committee of the municipality, constituted by the non-executive directors was properly constituted to fulfil its role and advise the Council of its responsibilities as provided in Section 166 of the Municipal Finance Management Act.

Internal audit

The municipality has an internal audit department that executes the function of the internal audit as provided in Section 165 of the Municipal Finance Management Act, however the internal audit department has been severely under-staffed for a period of 12 months.

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Inventories	7	4,503,587	14,722,788
Investment	5	19,204,000	-
Receivables from exchange transactions	8	946,129	359,393
Receivables from non-exchange transactions	9	1,225,000	1,225,000
VAT receivable	10	1,565,271	3,323,504
Cash and cash equivalents	11	58,820,378	6,585,829
		86,264,365	**26,216,514**
Non-Current Assets			
Investment property	2	2,283,173	2,283,173
Property, plant and equipment	3	32,481,646	33,560,842
Intangible assets	4	1,164,166	1,139,499
		35,928,985	**36,983,514**
Total Assets		**122,193,350**	**63,200,028**
Liabilities			
Current Liabilities			
Operating lease liability		172,235	20,311
Payables from exchange transactions	14	49,457,176	80,130,451
Employee benefit obligation	6	1,492,000	1,219,000
Unspent conditional grants and receipts	13	570,719	1,279,762
Payables from non - exchange transactions	44	1,629,000	2,024,000
		53,321,130	**84,673,524**
Non-Current Liabilities			
Employee benefit obligation	6	33,091,000	26,317,000
Total Liabilities		**86,412,130**	**110,990,524**
Net Assets		**35,781,220**	**(47,790,496)**
Reserves			
Revaluation reserve	12	12,829,076	12,127,554
Accumulated surplus/deficit		22,952,144	(59,918,050)
Total Net Assets		**35,781,220**	**(47,790,496)**

* See Note 35 & 34

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities		132,000	-
Revenue from non-exchange transactions			
Interest received		3,666,621	1,306,803
Transfer revenue			
Government grants & subsidies	19	378,189,661	343,422,000
Total revenue from non-exchange transactions		**381,856,282**	**344,728,803**
Total revenue	15	**381,988,282**	**344,728,803**
Expenditure			
Employee related costs	20	(206,531,197)	(197,424,563)
Remuneration of councillors	21	(19,126,745)	(17,478,139)
Depreciation and amortisation	22	(3,711,507)	(4,362,932)
Finance costs	23	-	(863,300)
Lease rentals on operating lease	16	(10,691,244)	(15,333,113)
Impairment	24	(2,617,592)	-
Consumables	25	(348,734)	(15,929)
Contracted services	26	(28,407,677)	(31,780,349)
Loss on disposal of assets and liabilities		(3,354,097)	(1,632,689)
Operational costs	27	(15,942,404)	(17,361,231)
Total expenditure		**(290,731,197)**	**(286,252,245)**
Surplus for the year from continuing operations		**91,257,085**	**58,476,558**
Actuarial gains/losses		(4,076,000)	4,670,000
Surplus for the year		**87,181,085**	**63,146,558**

* See Note 35 & 34

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus/deficit	Total net assets
Balance at 01 July 2019	**12,127,554**	**(123,064,608)**	**(110,937,054)**
Changes in net assets			
Surplus for the year	-	63,146,558	63,146,558
Total changes	-	63,146,558	63,146,558
Restated* Balance at 01 July 2020	**12,127,554**	**(64,228,941)**	**(52,101,387)**
Changes in net assets			
Surplus for the year	-	87,181,085	87,181,085
Change in accounting estimates	701,522	-	701,522
Total changes	701,522	87,181,085	87,882,607
Balance at 30 June 2021	**12,829,076**	**22,952,144**	**35,781,220**
Note(s)	12		

* See Note 35 & 34

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		132,000	-
Grants		377,085,618	343,701,762
Interest income		3,413,276	1,306,803
Other cash item		-	50,000,000
		380,630,894	395,008,565
Payments			
Employee costs		(220,893,026)	(205,035,786)
Suppliers		(85,632,908)	(185,400,755)
Finance costs		-	(863,300)
		(306,525,934)	(391,299,841)
Net cash flows from operating activities	29	**74,104,960**	**3,708,724**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(2,095,804)	(20,150)
Purchase of other intangible assets	4	(570,607)	(1,239,775)
Purchase of investment		(19,204,000)	-
Net cash flows from investing activities		**(21,870,411)**	**(1,259,925)**
Net increase/(decrease) in cash and cash equivalents		**52,234,549**	**2,448,799**
Cash and cash equivalents at the beginning of the year		6,585,829	4,137,030
Cash and cash equivalents at the end of the year	11	**58,820,378**	**6,585,829**

The accounting policies on pages 16 to 37 and the notes on pages 37 to 66 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	-	-	**-**	132,000	**132,000**	
Other income	110,000	-	**110,000**	-	**(110,000)**	

* See Note 35 & 34

Fines, Penalties and forfeits	-	-	**-**	-	**-**	
Interest received - investment	1,500,000	700,000	**2,200,000**	-	**(2,200,000)**	More interest generated from short term investment than anticipated.
Total revenue from exchange transactions	**1,610,000**	**700,000**	**2,310,000**	**132,000**	**(2,178,000)**	
Revenue from non-exchange transactions						
Taxation revenue						
Interest, dividends and Rent on Land	-	-	**-**	3,666,621	**3,666,621**	
Transfer revenue						
Government grants & subsidies	358,895,000	19,769,000	**378,664,000**	378,189,661	**(474,339)**	Unspent portion of the Spluma grant which was not realized and over adjusting.
Total revenue from non-exchange transactions	**358,895,000**	**19,769,000**	**378,664,000**	**381,856,282**	**3,192,282**	
Total revenue	**360,505,000**	**20,469,000**	**380,974,000**	**381,988,282**	**1,014,282**	
Expenditure						
Personnel	(204,095,000)	(1,380,344)	**(205,475,344)**	(206,531,197)	**(1,055,853)**	
Remuneration of councillors	(19,558,000)	(999,580)	**(20,557,580)**	(19,126,745)	**1,430,835**	Actual cost reduced as a result of Covid 19
Transfer payments - Other	-	-	**-**	-	**-**	
Depreciation and amortisation	(6,300,000)	(3,700,000)	**(10,000,000)**	(3,711,507)	**6,288,493**	Adjustment on Property, Plant and equipment.
Finance costs	(500,000)	300,000	**(200,000)**	-	**200,000**	Re-classification of finance lease to operational lease
Lease rentals on operating lease	(11,000,000)	900,000	**(10,100,000)**	(10,691,244)	**(591,244)**	Re-classification of finance lease to operational lease
Debt Impairment	-	-	**-**	(2,617,592)	**(2,617,592)**	
Consumables	(510,000)	20,000	**(490,000)**	(348,734)	**141,266**	
Transfers and subsidies	(11,196,000)	(16,015,696)	**(27,211,696)**	(28,407,677)	**(1,195,981)**	
Transfers and subsidies	(2,038,000)	-	**(2,038,000)**	-	**2,038,000**	
Operational costs	(46,079,000)	19,724,000	**(26,355,000)**	(15,942,404)	**10,412,596**	Additional spending as a result of Covid 19 expenses
Total expenditure	**(301,276,000)**	**(1,151,620)**	**(302,427,620)**	**(287,377,100)**	**15,050,520**	
Operating surplus	**59,229,000**	**19,317,380**	**78,546,380**	**94,611,182**	**16,064,802**	
Loss on disposal of assets and liabilities	-	-	**-**	(3,354,097)	**(3,354,097)**	Budgeted under operational expenses
Surplus before taxation	**59,229,000**	**19,317,380**	**78,546,380**	**91,257,085**	**12,710,705**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Surplus for the year from continuing operations	**59,229,000**	**19,317,380**	**78,546,380**	**91,257,085**	**12,710,705**	
Discontinued operations	-	-	**-**	(4,076,000)	**(4,076,000)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**59,229,000**	**19,317,380**	**78,546,380**	**87,181,085**	**8,634,705**	

Reconciliation

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	-	-	4,503,587	**4,503,587**	
Investment	-	-	-	19,204,000	**19,204,000**	
Receivables from exchange transactions	-	-	-	946,129	**946,129**	
Receivables from non-exchange transactions	-	-	-	1,225,000	**1,225,000**	
VAT receivable	-	-	-	1,565,271	**1,565,271**	
Cash and cash equivalents	-	-	-	58,820,378	**58,820,378**	
	-	**-**	**-**	**86,264,365**	**86,264,365**	
Non-Current Assets						
Investment property	-	-	-	2,283,173	**2,283,173**	
Property, plant and equipment	(3,003,000)	(7,937,000)	**(10,940,000)**	32,481,646	**43,421,646**	
Intangible assets	-	-	-	1,164,166	**1,164,166**	
	(3,003,000)	**(7,937,000)**	**(10,940,000)**	**35,928,985**	**46,868,985**	
Total Assets	**(3,003,000)**	**(7,937,000)**	**(10,940,000)**	**122,193,350**	**133,133,350**	
Liabilities						
Current Liabilities						
Operating lease liability	-	-	-	172,235	**172,235**	
Payables from exchange transactions	-	-	-	49,457,175	**49,457,175**	
Employee benefit obligation	-	-	-	1,492,000	**1,492,000**	
Unspent conditional grants and receipts	-	-	-	570,719	**570,719**	
Payables from non - exchange transactions	-	-	-	1,629,000	**1,629,000**	
	-	**-**	**-**	**53,321,129**	**53,321,129**	
Non-Current Liabilities						
Employee benefit obligation	-	-	-	33,091,000	**33,091,000**	
Total Liabilities	**-**	**-**	**-**	**86,412,129**	**86,412,129**	
Net Assets	**(3,003,000)**	**(7,937,000)**	**(10,940,000)**	**35,781,221**	**46,721,221**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	-	-	-	12,829,076	**12,829,076**	
Accumulated surplus/deficit	(3,003,000)	(7,937,000)	**(10,940,000)**	22,952,145	**33,892,145**	
Total Net Assets	**(3,003,000)**	**(7,937,000)**	**(10,940,000)**	**35,781,221**	**46,721,221**	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical convention, except where otherwise indicated.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), as approved by the Minister of Finance, including interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with the requirements of the Municipal Finance Management Act (Act 56 of 2003).

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the period ended 30 June 2017 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by the Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1 Presentation currency

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

1.2 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.

1.3 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. 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, loans and receivables

The municipality assesses its trade receivables, held to maturity investments and 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 surplus 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 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.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 assumption 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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured using management best estimates of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effects are material. Reliance was based on expert knowledge.

Post retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalent comprises of cash on hand and demand deposits, and other short-term highly liquid investment that are readily convertible to a known amount of cash and are subject to an insignificant risk in change of value. These are initially and subsequently recorded at fair value.

1.4 Investment property

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

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

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

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

1.4 Investment property (continued)

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

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

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

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the revaluation model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the revaluation model in accordance with the accounting policy on Property, plant and equipment.

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, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

1.5 Property, plant and equipment (continued)

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.

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 except for land and building which is carried at a revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

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

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

The useful lives of items of property, plant and equipment is assessed annually and in some cases may extend the useful life of an asset to longer than the predetermined useful live of that particular class of asset. Useful lives have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	30 years
Plant and machinery	Straight line	5-7 years
Furniture and fixtures	Straight line	7 years
Motor vehicles	Straight line	5-7 years
Office equipment	Straight line	3-7 years
Computer equipment	Straight line	3 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.

Accounting Policies

1.5 Property, plant and equipment (continued)

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 27).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 1.5).

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.

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.

Accounting Policies

1.6 Intangible assets (continued)

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	Amortisation method	Average useful life
Computer software	Straight line	3 years

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

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

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

1.7 Financial instruments

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

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

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

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

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

1.7 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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

1.7 Financial instruments (continued)

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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 [if subsequently measured at 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.

1.7 Financial instruments (continued)

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.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

1.7 Financial instruments (continued)

Presentation

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

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

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

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

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

1.8 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 - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

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 - lessor

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

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

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

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

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

1.8 Leases (continued)

Operating leases - lessee

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

1.9 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

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

1.10 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or

1.10 Impairment of cash-generating assets (continued)

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

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.

1.11 Share capital / contributed capital

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

1.12 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

1.12 Employee benefits (continued)

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.12 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:
- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

1.12 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

1.12 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

1.13 Provisions and contingencies

Provisions are recognised when:
- the 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.

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

1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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 32.

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, an 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.

1.14 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

1.14 Commitments (continued)

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-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 Revenue from 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.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

1.15 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

1.16 Investment income

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

1.17 Borrowing costs

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

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

1.18 Comparative figures

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

1.19 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 the 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 the statement of financial performance.

1.20 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the 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 the statement of financial performance.

1.21 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.

1.21 Irregular expenditure (continued)

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).

Irregular expenditure that was incurred and identified during the current financial and which was condoned 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.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is 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 in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority 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 debt impairment 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 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.

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.

1.22 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.23 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.

Accounting Policies

1.23 Segment information (continued)

Measurement

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

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

1.24 Budget information

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

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

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

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.

1.25 Related parties

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

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

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

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

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 considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

1.25 Related parties (continued)

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.

1.26 Events after reporting date

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

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

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

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.

1.27 Value Added Tax

The municipality is registered with SARS for VAT on payment basis in accordance with section 15 (to) (a). of the Value Added Tax Act No. 89 of 1991.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

2. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2,283,173	-	2,283,173	2,283,173	-	2,283,173

Reconciliation of investment property - 2021

	Opening balance	Total
Investment property	2,283,173	2,283,173

Reconciliation of investment property - 2020

	Opening balance	Total
Investment property	2,283,173	2,283,173

Fair value of investment properties	2,283,173	2,283,173

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.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality has to measure investment property using the revaluation model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	132,000	-

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	11,700,000	-	11,700,000	17,064,000	-	17,064,000
Buildings	5,400,000	-	5,400,000	3,736,000	(231,161)	3,504,839
Plant and machinery	2,946,241	(2,630,503)	315,738	3,149,668	(2,531,470)	618,198
Motor vehicles	22,068,974	(16,833,807)	5,235,167	22,068,974	(15,848,820)	6,220,154
Office equipment	11,304,710	(9,344,463)	1,960,247	10,870,446	(8,371,490)	2,498,956
Computer equipment	17,176,408	(14,450,583)	2,725,825	16,640,069	(12,985,374)	3,654,695
Work in Progress (WIP)	7,298,030	(2,153,361)	5,144,669	-	-	-
Total	**77,894,363**	**(45,412,717)**	**32,481,646**	**73,529,157**	**(39,968,315)**	**33,560,842**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Total
Land	17,064,000	-	-	-	(5,364,000)	-	-	11,700,000
Buildings	3,504,839	-	-	-	2,019,603	(124,442)	-	5,400,000
Plant and machinery	618,198	-	(87,879)	-	-	(167,780)	(46,801)	315,738
Motor vehicles	6,220,154	-	-	-	-	(984,987)	-	5,235,167
Office equipment	2,498,956	448,490	(2,397)	-	-	(597,178)	(387,624)	1,960,247
Computer equipment	3,654,695	708,827	(51,732)	-	-	(1,145,218)	(440,747)	2,725,825
Work in Progress (WIP)	-	938,487	-	6,094,565	-	(145,961)	(1,742,422)	5,144,669
	33,560,842	**2,095,804**	**(142,008)**	**6,094,565**	**(3,344,397)**	**(3,165,566)**	**(2,617,594)**	**32,481,646**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Land	17,064,000	-	-	17,064,000
Buildings	3,629,281	-	(124,442)	3,504,839
Plant and machinery	839,476	11,804	(233,082)	618,198
Motor vehicles	7,649,201	-	(1,429,047)	6,220,154
Office equipment	3,376,223	-	(877,267)	2,498,956
Computer equipment	4,959,424	8,346	(1,313,075)	3,654,695
WIP	-	-	-	-
	37,517,605	**20,150**	**(3,976,913)**	**33,560,842**

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

4. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,904,970	(1,740,804)	1,164,166	2,334,364	(1,194,865)	1,139,499

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Change In Estimate	Total
Computer software	1,139,499	570,607	(609,456)	63,516	1,164,166

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Change In Estimate	Total
Computer software	404,794	1,239,775	(557,493)	52,423	1,139,499

5. Investment

At amortised cost		
Investment	19,204,000	-

Bojanala Platinum District Municipality invested with Absa bank an amount of R19,204,000.00 (19.2 Million) for a period of 125 days to mature on the 22 July 2021 at a rate of 4.63%.

Figures in Rand	2021	2020

6. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. 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) is entitled to remain a continued member of such medical aid fund on
retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2020 by
Independant Actuaries and Consultants PTY(LTD). The valuator is Peter Theusissen who has a Bsc (FASSA) and is a Fellow
of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost
and past service cost, were measured using the Projected Unit Credit funding method.

Other employee benefit - Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to
45 years of service. The provision is an estimate of the long service awards based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2021 by
Independant Actuaries and Consultants PTY(LTD). The valuator is Peter Theusissen who has a Bsc (FASSA) and is a Fellow
of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost
and past service cost, were measured using the Projected Unit Credit funding method The principal assumptions used for the
purposes of the actuarial valuations were as follows for the year ended 30 June 2020:

Discount rate - 8.72% p.a, General salary inflation - 5.10%,Net discount rate - 3.45%. The basis on which the discount rate has
been determined is as follow: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent
with the estimated term of the post-employment liabilities should be used.

Discount rate - 8.81% p.a, General salary inflation - 6.57%,Net discount rate - 2.11%. The basis on which the discount rate has been determined is as follow: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used..

Employee Benefit		
Non-current liabilities	(33,091,000)	(26,317,000)
Current liabilities	(1,492,000)	(1,219,000)
	(34,583,000)	**(27,536,000)**
Defined Benefit & Long Service Award - (Non Current Liabilities)		
Non-current liabilities - Defined Benefit	(23,031,000)	(17,472,000)
Non-current liabilities - Long Sservice Awards	(10,059,000)	(8,845,000)

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

6. Employee benefit obligations (continued)

	(33,090,000)	**(26,317,000)**

Defined Benefit & Long Service Awards (Current Liabilities)

Current liabilities - Defined Benefit	(363,000)	(319,000)
Current liabilities - Long Sservice Awards	(1,129,000)	(900,000)
	(1,492,000)	**(1,219,000)**

The amounts recognised are as follows:

Long Service Awards

Opening	9,745,000	10,603,000
Additions	962,000	982,000
Utilised during the year	906,000	1,084,000
Reversed during the year	(1,921,000)	(900,000)
Changes in discount factor	1,496,000	(2,024,000)
	11,188,000	**9,745,000**

The members of the post-employment health benefit plan are made up as follows;

Current in service members	255	252
Continuation members	9	8

The major categories of plan assets as a percentage of total plan assets are as follows:

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

Opening balance	17,791,000	17,837,000
Interest paid	2,288,000	1,807,000
Service cost	1,046,000	1,112,000
Estimated payments	(363,000)	(319,000)
Actuarial (gain)/ loss	2,633,000	(2,646,000)
	23,395,000	**17,791,000**

Net expense recognised in the statement of financial performance

Current service cost	1,046,000	1,112,000
Interest cost	2,288,000	1,807,000
Actuarial (gains) losses	2,633,000	(2,646,000)
	5,967,000	**273,000**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	2,633,000	(2,646,000)

6. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

The basis on which the discount rate has been determined is as follows: GRAP25 stipulates that the choice of this rate should
be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the postemployment liabilities should be used

We used the nominal and real zero curves as at 30 June 2021 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, we
use the prevailing yield at the time of performing our calculations.

Other assumptions

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

	2021 R	2021 R	2020 R	2019 R	2018 R
Defined benefit obligation	23,395,000	17,791,000	17,837,000	15,026,000	13,416,000

7. Inventories

Inventories	4,503,587	14,722,788

These relates to completed capital projects not yet handed over/ transferred to the relevant local municipalities

8. Receivables from exchange transactions

Staff Debts	-	-
Prepayments	692,784	359,393
Accrued Interest Income	253,345	-
	946,129	**359,393**

Bojanala Platinum District Municipality invested with Absa bank an amount of R19,204,000.00 (19.2 Million) for a period of 125 days to mature on the 22 July 2021 at a of 4.63% as quoted on the 23 Fevruary 2021 and as at 30 June 2021 the fixed investment had accrued interest as disclosed above (R253,345)

9. Receivables from non-exchange transactions

Receivable from Non-exchange Transactions	1,225,000	1,225,000

10. VAT receivable

VAT	1,565,271	3,323,504

Opening balance	3,323,504	(309,882)
Input Vat	7,054,176	5,846,404
Refund	(8,724,279)	(2,164,441)
Output Vat	(88,130)	(48,577)
	1,565,271	**3,323,504**

Figures in Rand	2021	2020

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	58,820,378	6,585,829

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
ABSA Call Account 11-3150-027	58,705,904	6,473,329	2,734,268	58,705,904	6,473,329	2,734,268
ABSA Cheque Account 11-2000-0272	2,000	2,000	2,000	2,000	2,000	2,000
ABSA Petty Cash 90-8451-8967	-	-	1,395	-	-	1,395
Housing Account 40-9603-861	112,473	110,499	1,399,367	112,473	110,499	1,399,367
Total	**58,820,377**	**6,585,828**	**4,137,030**	**58,820,377**	**6,585,828**	**4,137,030**

12. Revaluation reserve

Opening balance	12,127,554	12,127,554
Revaluation Reserve	701,522	-
	12,829,076	**12,127,554**

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Spatial Planning and Land Use Management Grant	-	924,000
Skills Development Grant	567,380	355,762
Financial Management Grant	3,339	-
	570,719	**1,279,762**

14. Payables from exchange transactions

Trade payables	9,336,638	42,822,465
Provision for leave	31,616,715	29,369,369
Unidentified Deposit	2,319,883	1,647,995
Other payables	1,318,421	108,404
Bonus accrual	4,746,076	5,199,506
Retentions	269,684	927,700
Suspense	(150,241)	55,012
	49,457,176	**80,130,451**

15. Revenue

Rental of facilities and equipment	132,000	-
Interest, dividends and Rent on Land	3,666,621	1,306,803
Government grants & subsidies	378,189,661	343,422,000
	381,988,282	**344,728,803**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities and equipment	132,000	-

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

15. Revenue (continued)

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

Interest received	3,666,621	1,306,803
Transfer revenue		
Government grants & subsidies	378,189,661	343,422,000
	381,856,282	**344,728,803**

16. Lease rentals on operating lease

Building and Machinery		
Contractual amounts	10,691,244	15,333,113

17. Other revenue

18. Investment revenue

19. Government grants and subsidies

	2021	2020
Operating grants		
Equitable share	373,092,000	337,899,000
Financial Management Grant	517,661	556,000
EPWP	1,789,000	1,024,000
Spatial Planning and Land Use Management Act Grant	924,000	2,100,000
Disaster Grant - Covid 19	-	272,000
Rural Asset Management Grant	1,867,000	1,571,000
	378,189,661	**343,422,000**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

	2021	2020
Unconditional grants received	371,302,000	337,899,000

Disaster Grant - Covid 19

	2021	2020
Current-year receipts	-	506,000
Conditions met - transferred to revenue	-	(272,000)
Disallowed Grant Expense - Payable	(234,000)	(234,000)
	(234,000)	**-**

Expanded Public Works Programme

	2021	2020
Current-year receipts	1,789,000	1,437,000
Conditions met - transferred to revenue	(1,789,000)	(1,024,000)
Other	-	(413,000)
	-	-

Financial Management Grants

	2021	2020
Current-year receipts	1,400,000	1,000,000
Conditions met - transferred to revenue	(524,340)	(556,000)
Disallowed Grant Expense - Payable	(879,000)	(444,000)
	(3,340)	**-**

Rural Asset Management Grant

	2021	2020
Current-year receipts	2,383,000	2,504,000
Conditions met - transferred to revenue	(1,867,000)	(1,571,000)
Disallowed Grant Expense - Payable	(516,000)	(933,000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

19. Government grants and subsidies (continued)

SPLUMA Grant

Balance unspent at beginning of year	924,000	924,000
Current-year receipts	(924,000)	-
	-	**924,000**

Conditions still to be met - remain liabilities (see note 13).

SETA Grant (Conditional)

Balance unspent at beginning of year	355,762	355,762
Current-year receipts	211,618	-
	567,380	**355,762**

Conditions still to be met - remain liabilities (see note 13).

Figures in Rand	2021	2020

20. Employee related costs

Basic	126,173,504	118,005,708
Leave Pay	2,425,252	986,777
Bonus	8,963,370	9,572,724
Contribution to pension and provident	22,009,602	20,816,530
Medical aid - company contributions	9,483,670	8,989,010
Contributions	37,887	36,145
UIF	587,491	586,591
Cellphone allowance	711,300	691,600
Skills Development Levy	1,367,134	1,290,059
Leave gratuity	2,247,346	5,096,864
Standby allowance	2,904,585	2,768,074
Overtime payments	8,556,911	8,122,056
Long-service awards	-	1,166,000
Acting allowances	2,548,456	1,253,761
Car allowance	13,358,217	13,209,630
Housing benefits and allowances	2,185,472	2,233,034
Post employment medical aid benefit	2,971,000	2,600,000
	206,531,197	**197,424,563**

Remuneration of Municipal Manager

Annual Remuneration	1,137,930	1,494,573
Car Allowance	45,000	60,000
Contributions to UIF, Medical and Pension Funds	18,000	24,000
Housing Allowance	90,000	120,000
Acting Allowance - Mr T. Bloom	89,350	-
Acting Allowance - Mrs J. Tlhoaele	193,161	257,548
	1,573,441	**1,956,121**

Remuneration of Chief Finance Officer

Annual Remuneration	1,070,594	1,424,219
Acting Allowance	230,394	153,596
Backpay	35,640	-
	1,336,628	**1,577,815**

Remuneration of Director Corporate Services

Acting Allowance	144,093	-

The acting allowance is for director Amos Khumalo who is alos an acting director CSS

Remuneration of Director Local Economic development

Annual Remuneration	1,127,459	1,325,126
Car Allowance	60,000	60,000
Cellphone Allowance	24,000	24,000
Backpay	201,666	-
	1,413,125	**1,409,126**

Remuneration of Director : Community Development Services

Annual Remuneration	1,427,459	1,424,219
Backpay	35,640	-

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

20. Employee related costs (continued)

	1,463,099	**1,424,219**

Remuneration of Director -Technical Services

Annual Remuneration	813,700	810,460
Car Allowance	342,000	342,000
Housing Allowances	253,687	253,759
Contributions to UIF, Medical and Pension Funds	18,000	18,000
Backpay	35,640	-
	1,463,027	**1,424,219**

Remuneration of Director - Health and Environment Services

Annual Remuneration	1,104,659	1,086,326
Car Allowance	300,000	300,000
Cellphone Allowances	22,800	22,800
Backpay	201,666	-
	1,629,125	**1,409,126**

21. Remuneration of councillors

Mayor	1,124,713	1,050,884
Single Whip	853,732	798,362
Speaker	621,252	410,976
Councillors	7,521,643	6,872,137
MPAC	829,887	776,141
MMC's	8,175,518	7,569,639
	19,126,745	**17,478,139**

In-kind benefits

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

The Executive Mayor, Single whip and the Speaker have use of a Council owned vehicle for official duties.

The Executive Mayor has two full-time bodyguards and two drivers.

Councillors were paid in accordance with the Government Gazette, Remuneration of Councillors with exception to the SDL that the municipality is intending to correct and recover in the year 2020-2021.

22. Depreciation and amortisation

Property, plant and equipment	3,165,568	3,857,862
Intangible assets	545,939	505,070
	3,711,507	**4,362,932**

See Note 2 and 3 for details per asset

23. Finance costs

Bank	-	795,745
Late salary payments	-	67,555
	-	**863,300**

Figures in Rand	2021	2020

23. Finance costs (continued)

Capitalisation rates used during the period were -% on specific borrowings for capital projects and -% being the weighted average cost of funds borrowed generally by the municipality.

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R - (2021: R -).

24. Impairment

Property, plant and equipment	2,617,592	-

25. Consumables

Consumables	348,734	15,929

26. Contracted services

Outsourced Services		
Accommodation & Catering	24,500	-
Catering Services	37,216	118,970
Security Services	6,884,994	6,918,589
Transport Services & Professional Fees	3,682,995	1,653,031
Consultants and Professional Services		
Business and Advisory	16,000	20,000
Legal Cost	5,298,273	1,028,943
Contractors		
Maintenance of Buildings and Facilities	1,876,085	2,521,139
Maintenance of illegal dump & Disluging Tanks & Other	5,886,968	13,790,659
Other Contractors	4,700,646	5,729,018
	28,407,677	**31,780,349**

27. Operational cost

Auditors remuneration	4,087,058	1,014,075
Bank charges	96,822	300,378
Catering	2,353	156,448
Accommodation	2,058,690	2,525,720
Membership fees	2,047,420	1,870,880
Promotional Material	261,216	555,652
Workshops & Hire	604,970	3,769,555
Community development and training	-	29,600
Registration and training	1,681,600	1,558,072
Repairs and Maintenance	521,780	118,326
Fuel and oil	529,012	694,569
Water & Electricity	1,904,902	1,245,906
Software expenses	341,118	-
Subscriptions and membership fees	47,155	44,669
Travel - local	154,511	1,867,817
Uniforms	72,553	-
Operational costs - Other	1,556,649	1,579,664
Stipents - Epwp	(25,405)	29,900
	15,942,404	**17,361,231**

Figures in Rand	2021	2020

28. Auditors' remuneration

Fees	4,087,058	1,014,075

29. Cash generated from operations

Surplus	87,181,085	63,146,558
Adjustments for:		
Depreciation and amortisation	3,711,507	4,362,932
Loss on disposal of assets and liabilities	3,354,097	1,632,689
Work in progress transfers	5,151,156	-
Impairment	2,617,592	-
Movements in operating lease assets and accruals	151,924	20,311
Movements in retirement benefit assets and liabilities	7,047,000	(904,000)
Changes in working capital:		
Inventories	(4,503,587)	(647,569)
Receivables from exchange transactions	(586,736)	(331,085)
Other receivables from non-exchange transactions	-	50,000,000
Payables from exchange transactions	(30,673,268)	23,879,558
Movement in VAT	1,758,233	(3,633,386)
Unspent conditional grants and receipts	(709,043)	(1,744,234)
Payables from non-exchange transactions	(395,000)	(132,073,050)
	74,104,960	**3,708,724**

30. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions	946,129	946,129
Investment	19,204,000	19,204,000
Cash and cash equivalents	58,820,378	58,820,378
	78,970,507	**78,970,507**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	72,242,976	72,242,976
Employee benefits obligations	23,395,000	23,395,000
Payable from non-exchange transactions	1,629,000	1,629,000
Operating lease liability	172,235	172,235
	97,439,211	**97,439,211**

Residual interest

	At fair value	At amortised cost	Total
Revaluation reserves	6,823,157	-	6,823,157
Accumulated Surplus	-	6,172,262	6,172,262
	6,823,157	**6,172,262**	**12,995,419**

2021

Figures in Rand	2021	2020

30. Financial instruments disclosure (continued)

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	28,308	28,308
Cash and cash equivalents	6,585,829	6,585,829
	6,614,137	**6,614,137**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	105,946,555	105,946,555
Employee Benefit Obligation	17,791,000	17,791,000
Payable from non-exchange transactions	2,024,000	2,024,000
Operating lease liability	20,311	20,311
	125,781,866	**125,781,866**

Residual interest

	At fair value	At amortised cost	Total
Revaluation reserves	12,127,554	-	12,127,554
Accumulated deficit	-	(90,738,287)	(90,738,287)
	12,127,554	**(90,738,287)**	**(78,610,733)**

Financial instruments in Statement of financial performance

2021

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	3,666,715	3,666,715

2021

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	1,360,803	1,360,803

31. Commitments

The municipality does not have any capital commitments as at 30 June 2021.

32. Contingencies

Case Number	NAME OF THE CASE AND PARTIES INVOLVED	STATUS OF THE MATTER	NAME OF THE ATTORNEY REPRESENTING THE MUNICIPALITY	2021	2020
1560/19	Onica Kim Medupe // BPDM	The matter is set down for trial on 31 May 2022 and 01 June 2022.	Setshedi Makgale and Matlapeng Attorneys	2,000,000	2,000,000
956/2020	Salome Melabo Ubane // BPDM	Parties have filed their discovery notices. Awaiting further exchange of pleadings.	Setshedi Makgale and Matlapeng Attorneys	850,000	-
11735/2020	Stephen Mphedi Madiro // BPDM	Parties are still exchanging pleadings.	Setshedi Makgale and Matlapeng Attorneys	16,842,500	-
J853/20	Thapelo Hendrick Mathekga // BPDM	The matter is finalized and awaiting written judgment.	Choshane Attorneys	430,000	-
JR955/20	Tebogo Princess Modisane and Another // BPDM	The attorney for the municipality and filed the Notice of Intention to Oppose and await the records from the Applicant in terms of Rule 7A of the Labour Court Rules.	Choshane Attorneys	641,737	320,868
JR2190/2019	Dibuseng Alice Phihlela // BPDM	Awaiting date of trial.	Majang Attorneys	150,000	-
1992/20	KHABOWD // BPDM	Exceptions on behalf of the municipality has been filed. Awaiting date of the hearing of the exceptions. Interest is applied at 10% per annum.	Majang Attorneys	5,692,840	-
1947/20	Meme Ditshego // BPDM	Exceptions on behalf of the municipality has been filed. Awaiting date of the hearing of the exceptions. Interest is applied at 10% per annum.	Majang Attorneys	5,371,299	-
B037/21/22	Likopane Liboko Trading	Oltema Trading and Project CC, Likopane Likopane Trading criminal investigation in progress	Shuping Attorneys	5,265,000	-
B037/21/22	Oltema Trading	Oltema Trading and Project CC, Likopane Likopane Trading criminal investigation in progress	Shuping Attorneys	6,456,663	-

Notes to the Annual Financial Statements

Figures in Rand

32. Contingencies (continued)

NWD072105	Leslina Olga Ndlovu // BPDM	The matter was set for hearing on 15 February 2022 and was postponed to 13-14 April 2022.	Majang Attorneys	347,145	-
		Contingent Liability Balance		**44,047,184**	**2,320,868**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

33. Related parties

Close family member of key management	Likopane Libokodo Trading and Projects

[For a detailed breakdown of the remuneration paid to s57 managers and executive councillors refer to note 20 and 21 of the financial statements.]

Related party transactions

	2021	2020
Purchases from (sales to) related parties		
Likopane Libokodo Trading and Projects	-	6,298,064

Close family member of key management

Key management information

Remuneration of management

Management class: Councillors

Refer to note 21 "Remuneration of councillors"

Remuneration of councillors

33. Related parties (continued)

2021

Name	Basic salary	Back-pay	Travel	Cellphone	SittingAllowance	Pension CC	Medical CC	Total
Cllr V.K Maluleka	554,621	27,685	126,000	40,800	-	87,346	17,280	853,732
Cllr T.L Madiba	660,447	27,685	124,800	40,800	-	-	-	853,732
Cllr V.O Moche	569,647	27,685	126,000	40,800	-	89,600	-	853,732
Cllr N.R Rakolle	554,621	27,685	126,000	40,800	-	87,346	17,280	853,732
Cllr R.D Tlabyane	554,621	27,685	126,000	40,800	-	87,346	17,280	853,732
Cllr Kgarimetsa	384,561	27,685	73,500	23,800	-	-	-	509,546
Cllr M.P Papa	554,621	27,685	126,000	40,800	-	87,346	17,280	853,732
Cllr L.L Moate	554,621	27,685	126,000	40,800	-	87,346	17,280	853,732
Cllr B. Mantsho	555,664	27,685	124,800	40,800	-	87,503	17,280	853,732
Cllr L.B Malope	659,247	10,067	126,000	40,800	-	-	-	836,114
Cllr K. Kgaswe	233,113	11,682	43,000	34,000	-	-	-	321,795
Cllr W.M Lefyine	241,724	11,682	51,600	40,800	-	38,011	-	383,817
Cllr M.D Kodisang	241,724	11,682	51,600	40,800	-	38,011	-	383,817
Cllr M.R Seema	241,724	11,682	51,600	40,800	-	38,011	-	383,817
Cllr N.P Bogatsu	262,455	11,682	51,600	40,800	-	-	17,280	383,817
Cllr G. Makhanya	279,735	11,682	51,600	40,800	-	-	-	383,817
Cllr L. Malane	226,698	11,682	51,600	40,800	-	35,757	17,280	383,817
Cllr L Mabula	241,724	11,682	51,600	40,800	-	38,011	-	383,817
Cllr M.M. Modise	279,735	11,682	51,600	40,800	-	-	-	383,817
Cllr D.M Rakgatlha	241,724	11,682	51,600	40,800	-	38,011	-	383,817
Cllr G.T. Mogale	241,724	11,682	51,600	40,800	-	38,011	-	383,817
Cllr L.A Ratlou	241,724	11,682	51,600	40,800	-	38,011	-	383,817
Cllr P.R Zwede	279,735	11,682	51,600	40,800	-	-	-	383,817
Cllr P.E Hendricks	226,698	11,682	51,600	40,800	-	35,757	17,280	383,817
Cllr D.M.N Ngadi	226,698	11,682	51,600	40,800	-	35,757	17,280	383,817
Cllr M Nondzaba	93,245	-	17,200	13,600	-	-	-	124,045
CllrLJR Diremelo	93,245	-	17,200	13,600	-	-	-	124,045
Cllr B Matlala	93,245	-	17,200	13,600	-	-	-	124,045
BOGALE TS	48,456	1,709	-	-	-	-	-	50,165
MAKGALE ML	48,456	1,709	-	-	-	-	-	50,165
MOSITO J MS	48,456	1,709	-	-	-	-	-	50,165

33. Related parties (continued)

PHALWANE HT	48,456	1,709	-	-	-	-	-	50,165
VAN DER SCHYFF E	48,456	1,709	-	-	-	-	-	50,165
SEKGOTHE MM	4,038	1,709	-	-	-	-	-	5,747
MOTLHASEDI MW	48,456	1,709	-	-	-	-	-	50,165
KOMAPE KS	48,456	1,709	-	-	-	-	-	50,165
MOABI JT	48,456	1,709	-	-	-	-	-	50,165
MARAPYANE OD	48,456	1,709	-	-	-	-	-	50,165
BANDA MZ	48,456	1,709	-	-	-	-	-	50,165
MS MOLOI	48,456	1,709	-	-	-	-	-	50,165
KGALEGI K	48,456	1,709	-	-	-	-	-	50,165
MATSHERENG E	48,456	1,709	-	-	-	-	-	50,165
RADIOKANA J M	48,456	1,709	-	-	-	-	-	50,165
MADISA TG	48,456	1,709	-	-	-	-	-	50,165
MABITSELA MS	48,456	1,709	-	-	-	-	-	50,165
SEKOMENG KJ	36,342	-	-	-	-	-	-	36,342
LETEBELE LM	58,905	2,077	-	-	-	-	-	60,982
SHAI CM	58,905	2,077	-	-	-	-	-	60,982
NALEDI TGName 1	48,456	1,709	-	-	-	-	-	50,165
MAKHUBELA J	58,905	2,077	-	-	-	-	-	60,982
MAGALEFA RS	58,905	2,077	-	-	-	-	-	60,982
RAMADI MA	58,905	1,709	-	-	-	-	-	60,614
BJ MPOLOKENG	-	-	-	-	16,548	-	-	16,548
AD MALLA	-	-	-	-	22,065	-	-	22,065
MR RANTHO	-	-	-	-	23,168	-	-	23,168
M COETZEE	-	-	-	-	15,445	-	-	15,445
I EDWARDS	-	-	-	-	22,065	-	-	22,065
NV MQANQENI	-	-	-	-	26,478	-	-	26,478
EN MJEKULA	-	-	-	-	15,445	-	-	15,445
LP MOKWELE	-	-	-	-	19,858	-	-	19,858
ABP MNISI	-	-	-	-	35,303	-	-	35,303
CN MMOLOTSI	-	-	-	-	20,961	-	-	20,961
RP MOLATLHEGI	-	-	-	-	4,413	-	-	4,413
MAFOKO SD	-	-	-	-	33,097	-	-	33,097
	10,747,998	**475,241**	**2,022,100**	**1,037,000**	**254,846**	**987,181**	**172,800**	**15,697,166**

Refer to note 21 "Remuneration of councillors

34. Prior period errors

Increase in Investment property is as a result of prior year reclassification of property, plant and equipment into investment property.

Increase in Receivables from exchange transactions is as a result of prepayment expenses

Increase in Receivables from non exchange transactions is as a result of incorrect impsirment on receivables.

Increase in VAT receivable is as a result of adjustment in expenditure.

Decrease in Vat receivable was as a result of previous uncaptuted transactions relating to the financial year ended 30 June 2019 and also due to reclassification of a VAT refund that was incorrectly classified.

Increase in Property, plant and equipment is as a result of re-assessment of asset conditions or useful lives and reclassification of Inventory into property, plant and equipment..

Increase in Operating Lease Liability is as a result of prior year straight-lining of operating leases.

Decrease in Payables from exchange transactions is as a result of corrections on the payable control account.

Decrease in employee related costs is as a result of movement in prepayment

Decrease in Depreciation is as a result of useful live re-assessment in the prior year and reclassification of inventory to property, plant and equipment.

Increase in leases is as a result of unrecorded invoices:

Decrease in Impairment is as a result of re-assessment perfomed on PPE.

Decrease in Contracted Services is as a result of an issued credit note and clearing of the Age analysis.

Decrease in Operational Cost is as a result of corrections on payable from exchange transactions

Deccrease in Inventory was as a result of reclassification of Inventory into Property, plant and equipment.

Increase in fair value adjsustment is as a result of Investment property reclassified from property, plant and equipment.

Interest on investment was reclassified to revenue from non-exchange transaction due to the naure and source of the interest.

Actuarial ganis/losses was reclassified from employee related cost to gains and losses on the statement of financial performance.

35. 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:

Statement of financial position

35. Prior-year adjustments (continued)

2021

	Note	As previously reported	Adjustments	Correction of Error	Closing Balance
Inventories		14,075,219	-	647,569	14,722,788
Receivables from exchange transactions		28,308	-	331,085	359,393
Receivables from non exchange transactions		-	1,225,000	-	1,225,000
VAT receivable		2,850,592	-	472,912	3,323,504
Cash and cash equivalents		6,585,829	-	-	6,585,829
Property, plant and equipment		43,878,661	-	(10,317,819)	33,560,842
Investment Property		-	2,283,173	-	2,283,173
Intangible assets		1,139,499	-	-	1,139,499
Operating Lease Liability		-	-	(20,311)	(20,311)
Payables from exchange transactions		(107,298,095)	-	27,167,644	(80,130,451)
Employee benefit obligation		(1,219,000)	-	-	(1,219,000)
Unspent conditional grants and receipts		(1,279,762)	-	-	(1,279,762)
Payables from non - exchange transactions		(2,024,000)	-	-	(2,024,000)
Employee benefit obligation		(26,317,000)	-	-	(26,317,000)
Revaluation reserve		(12,127,554)	-	-	(12,127,554)
		(81,707,303)	**3,508,173**	**18,281,080**	**(59,918,050)**

Statement of financial performance

2021

	Note	As previously reported	Adjustments	Correction of Error	Re-classification	Closing Balance
Interest received		1,306,803	-	-	-	1,306,803
Government grants & subsidies		343,422,000	-	-	-	343,422,000
Actuarial Gains		-	4,670,000	-	-	4,670,000
Employee related costs		(192,795,195)	(4,670,000)	10,363	30,269	(197,424,563)
Remuneration of councillors		(17,478,139)	-	-	-	(17,478,139)
Depreciation and amortisation		(9,642,841)	171,910	5,107,999	-	(4,362,932)
Finance costs		(772,495)	-	-	(90,805)	(863,300)
Lease rentals on operating lease		(9,564,539)	-	395,881	(6,164,455)	(15,333,113)
Impairment		(2,558,946)	-	2,558,946	-	-
Consumables		(102,921)	-	-	86,992	(15,929)
Contracted services		(29,473,366)	-	2,272,149	(4,579,132)	(31,780,349)
Loss on disposal of assets and liabilities		(1,632,689)	-	-	-	(1,632,689)
Operational costs		(30,091,562)	-	2,013,200	10,717,131	(17,361,231)
Surplus for the year		**50,616,110**	**171,910**	**12,358,538**	**-**	**63,146,558**

36. Risk management

Financial risk management

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.

36. Contingencies (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	2021	2020
Payables from exchange transactions	54,768,991	85,442,266
Investment	19,204,000	-
Receivables from exchange transactions	946,129	359,393
Cash and bank	58,820,378	6,585,829

Foreign Exchange Risk

Foreign exchange risk

The municipality does not hedge foreign exchange fluctuations.

The municipality reviews its foreign currency exposure, including commitments on an ongoing basis. The municipality expects its foreign exchange contracts to hedge foreign exchange exposure.

37. Going concern

We draw attention to the fact that at 30 June 2021, the municipality had an accumulated surplus of R 22,952,144 and that the municipality's total asset exceed its liabilities by R 35,781,220.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality to restore the solvency of the municipality.

The COVID-19 pandemic has developed rapidly in 2020, resulting in a significant number of infections and fatalities. Measures taken by the South African government to contain the spread of the virus have affected economic activity. We have taken a few measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people like social distancing, working from home and securing the supply of materials that are essential for our operations.

At this stage, the impact on our operations is limited. We are confident that the municipality will continue as a going concern in the foreseeable future. We will continue to follow the government regulations and advice and in parallel will do our outmost to continue our operations in the best and safest way possible without jeopardising the health and safety of our people.

Figures in Rand	2021	2020

38. Unauthorised expenditure

Opening balance as previously reported	289,126,953	273,965,811
Opening balance as restated	**289,126,953**	**273,965,811**
Add: Expenditure identified - current	7,959,757	27,532,196
Prior period corrections	-	(12,371,054)
Closing balance	**297,086,710**	**289,126,953**

39. Fruitless and wasteful expenditure

Opening balance as previously reported	7,102,524	5,998,787
Opening balance as restated	**7,102,524**	**5,998,787**
Add: Expenditure identified - current	82,404	1,103,737
Closing balance	**7,184,928**	**7,102,524**

40. Irregular expenditure

Opening balance as previously reported	526,631,730	472,347,412
Opening balance as restated	**526,631,730**	**472,347,412**
Add: Irregular Expenditure - current	37,632,542	53,135,994
Prior period corrections	-	1,148,324
Closing balance	**564,264,272**	**526,631,730**

41. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA)

Current year subscription / fee	2,310,335	1,870,880
Amount paid - current year	-	(1,870,880)
	2,310,335	**-**

Audit fees

Opening balance	1,104,056	-
Current year subscription / fee	4,087,058	1,104,056
Amount paid - current year	(3,351,374)	-
	1,839,740	**1,104,056**

PAYE and UIF

Opening balance	-	7,530,197
Current year subscription / fee	40,762,619	37,169,963
Amount paid - current year	(40,762,619)	(44,700,160)
	-	**-**

Pension and Medical Aid Deductions

Current year subscription / fee	51,012,641	49,451,538
Amount paid - current year	(51,012,641)	(49,451,538)
	-	**-**

Figures in Rand	2021	2020

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

VAT

VAT receivable	1,565,271	3,323,504

The VAT receivables amount disclosed is a net off of SARS refunds, input VAT and out Output VAT movement.

All VAT returns have been submitted by the due date throughout the year.

42. Deviation from supply chain management regulations

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

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

Buses and gym equipment were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the who considered them and subsequently approved the deviation from the normal supply chain management regulations.

43. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of departmental functional areas. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

The municipality identifies its segmental information by classification of municipal departments that are led by directors

Segment surplus or deficit, assets and liabilities

Notes to the Annual Financial Statements

Figures in Rand

43. Segment information (continued)

2021

	CORPORATE SUPPORT	DISASTER MANAGEMEN T	COMMUNITY SERVICES	EXECUTIVE COUNCIL	LOCAL ECONOMIC DEVELOPMEN T	MUNICIPAL MANAGER OFFICE	TECHNICAL SERVICES	BUDGET AND TREASURY	Total
Revenue									
Revenue from exchange transactions	-	-	-	-	-	-	-	132,000	132,000
Revenue from non-exchange transactions	-	-	-	-	-	-	-	3,666,621	3,666,621
Revenue from non-exchange transactions	-	-	-	-	-	-	-	378,189,661	378,189,661
Total segment revenue	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**381,988,282**	**381,988,282**
Entity's revenue									**381,988,282**
Expenditure									
Employee related costs	25,279,813	70,793,403	48,363,258	14,017,765	7,240,556	15,288,192	9,242,280	16,305,931	206,531,198
Remuneration of councillors	-	-	-	19,126,745	-	-	-	-	19,126,745
Depreciation and amortisation	-	-	-	-	-	-	178,580	3,532,928	3,711,508
Lease rentals on operating lease	10,691,244	-	-	-	-	-	-	-	10,691,244
Impairment	-	-	-	-	-	-	2,617,592	-	2,617,592
Consumables	-	24,237	240,391	-	-	-	-	84,106	348,734
Contracted services	2,401,071	522,942	282,751	167,040	2,094,705	18,850,634	2,028,278	2,060,256	28,407,677
Loss on disposal of assets and liabilities	-	-	-	-	-	-	-	142,008	142,008
Operational costs	4,677,327	498,923	690,619	610,676	46,507	2,751,923	268,361	6,398,066	15,942,402
Actuarial gains/losses	-	-	-	-	-	-	-	4,076,000	4,076,000
Total segment expenditure	**43,049,455**	**71,839,505**	**49,577,019**	**33,922,226**	**9,381,768**	**36,890,749**	**14,335,091**	**32,599,295**	**291,595,108**
Total segmental surplus/(deficit)									**90,393,174**

43. Segment information (continued)

	CORPORATE SUPPORT	DISASTER MANAGEMENT	COMMUNITY SERVICES	EXECUTIVE COUNCIL	LOCAL ECONOMIC DEVELOPMENT	MUNICIPAL MANAGER OFFICE	TECHNICAL SERVICES	BUDGET AND TREASURY	Total
Assets									
Investment	-	-	-	-	-	-	-	19,204,000	19,204,000
Inventories	-	-	-	-	-	-	-	4,503,587	4,503,587
Receivable from Exchange Transactions	-	-	-	-	-	-	-	946,129	946,129
Receivable from Non Exchange Transactions	-	-	-	-	-	-	-	1,225,000	1,225,000
Vat Receivables	-	-	-	-	-	-	-	1,565,271	1,565,271
Cash and Cash Equivalent	-	-	-	-	-	-	-	58,820,378	58,820,378
Property, Plant & Equipment	22,088,104	11,804	93,905	-	37,120	356,374	3,266,812	6,627,527	32,481,646
Intangible Asset	-	-	-	-	-	-	-	1,164,166	1,164,166
Investment Property	-	-	-	-	-	-	-	2,283,173	2,283,173
Total segment assets	**22,088,104**	**11,804**	**93,905**	**-**	**37,120**	**356,374**	**3,266,812**	**96,339,231**	**122,193,350**
Total assets as per Statement of financial Position									**122,193,350**
Liabilities									
Operating lease liability	-	-	-	-	-	-	-	172,235	172,235
Payables from exchange transactions	-	-	2,319,883	-	-	-	-	52,449,108	54,768,991
Employee benefit obligation (Current)	-	-	-	-	-	-	-	1,492,000	1,492,000
Unspent conditional grants and receipts	-	-	-	-	-	-	-	570,719	570,719
Payables from non - exchange transactions	-	-	-	-	-	-	-	1,629,000	1,629,000
Employee benefit obligation (Non-current)	-	-	-	-	-	-	-	33,091,000	33,091,000
Total segment liabilities	**-**	**-**	**2,319,883**	**-**	**-**	**-**	**-**	**89,404,062**	**91,723,945**
Total liabilities as per Statement of financial Position									**91,723,945**

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

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

44. Payables from non - exchange transaction

Finance Management Grant	879,000	444,000
Rural Road Management Grant	516,000	933,000
Disaster Management Grant	234,000	234,000
Expanded Public Works Programme	-	413,000
	1,629,000	**2,024,000**

2021 - In the case of your municipality, National Treasury concluded that an amount of R1.4 million remains unspent and should be repaid to the NRF. The unspent amount is in respect of the Financial Management Grant (R516 thousand), Rural Roads Asset Management Systems grant (R879 thousand).

2020 - In the case of your municipality, National Treasury concluded that an amount of R2 million remains unspent and should be repaid to the NRF. The unspent amount is in respect of the Financial Management Grant (R444 thousand), Municipal Disaster Grant (R234 thousand), Rural Roads Asset Management Systems grant (R933 thousand) and the Expanded Public Works Programme (R413 thousand).