

Bojanala Platinum District Municipality  
Annual Financial Statements  
For the year ended 30 June 2023

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Legal form of entity</b>	Bojanala Platinum District Municipality
<b>Nature of business and principal activities</b>	Provide democratic and accountable government for local authorities
<b>Mayoral committee</b>	
Executive Mayor	Clr. M. Nondzaba Clr. T. L Madiba (SPEAKER) Clr. L. R Diremelo (SINGLE WHIP)
Mayoral Committee Councillors	Clr. T. M Mashomo (MPAC Chairperson) Clr. R. I Msoki (MMC IDP,PMS Monitoring and Evaluation) Clr. V. K Phusoane (MMC Budget and Treasury) Clr. A. E Selebogo ( MMC Technical Support Services) Clr. Susan D. N Nthangeni (MMC Corporate Support Service) Clr. F. M Mangoathe (MMC Rural Dev. and Agriculture) Clr. T. P Maremo (MMC Health and Economic Environment) Clr. K. K. C Ramokgadi (MMC Community Development) Clr. M. Karani (MMC Local Economic Development) Clr. L. Malope (MMC Community Development Services) Clr. W. M Sono (MMC Special Project)
<b>Councillors</b>	Clr. Lucas Moate Clr. Mpho Ditebogo Moeketsane Clr. Gous Beatrix Petronella Clr. Kelebogile Patience Motheng Clr. Ditiragalo Mmakgamelo Rakgatlha Clr. Pako Molathegi Clr. Hlongwane Tebogo Elias Clr. Louisah Nkele Tau Clr. Gloria Lesedi Magadane Clr. Alfred Norman Motsi Clr. Bafedile Tabea Moerane Clr. Obed David Pitso Clr. Ofentse Simon Molosi Clr. Annabel Phemelo Pitsoe Clr. Thimotheus Francois Potgieter Clr. Johana Potgieter Clr. Eric Langen Clr. Isabel Sibongile Macone Clr. Poppy Maria Morapedi Clr. Elias Elek Mapogo Mosete Clr. Sanah Mmule Motshegwe Clr. Tebogo Esther Selebaleng Pule Clr. Joseph Qobeka Clr. Martin Coetzee Clr. Vivian Nomphelo Myoli Clr. Nnana Primorose Bogatsu Clr. Sharon Molebogeng Letlape Clr. Oteng Junior Mokgatle Clr. Abrahm Petrus Rootman Clr. Deliki Nomawisile Clr. Nkeko Anastatia Letlape

# Bojanala Platinum District Municipality

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## General Information

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	Clr. Rose Mapula Lukhele
	Clr. Ratselana Ezekiel Mashimo
	Clr. Nomvula Seanokeng Grace Sekao
	Clr. Aphiri Gerald Itumeleng
	Clr. Senkgane Brunny Marakalala
	Clr. Caroline Ramasela Lekalakala
	Clr Semetsa Peter Letlhabi
	Clr. Onicca Mkgadi Mamabolo
	Clr. Lebogang Frans Modise
	Clr. Makinta Andries Monaheng
	Clr. Stephens Abram Kutumela
	Clr. Ramasela Mmoti Elizabeth Kutumela
	Clr. Isaac Bongani Bhebe
	Clr. Thobi – John Makhubela
	Clr. Lindiwe Gerty Mhlambi
	Clr. Nakiwe Faith Mokwena
	Clr Raymond chane Moraile
	Clr. Letlhogonolo Peter Sedio
	Clr. Nkateko stephina Mabunda
	Clr. Eugene Van Der Schyff
	Clr. Tebogo Josephine Mohlabane
	Clr. Reuben Regopotswe Mohulatsi
	Clr. Ella Dorothea Fredrika
	Clr. Thukula Kleinbooi
<b>Accounting Officer</b>	Mr L.L. Fourie
<b>Acting Chief Finance Officer (ACFO)</b>	Ms D. Motlounq
<b>Business address</b>	Cnr Beyers Naude and Fatima Bhayat Drive Rustenburg 0300
<b>Postal address</b>	P O Box 1993 Rustenburg 0300
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	Auditor General of South Africa
<b>Contact Telephone Number:</b>	(014) 590 4500
<b>Email Address</b>	admin@bojanala.gov.za
<b>Website address</b>	www.bojanala.gov.za

# Bojanala Platinum District Municipality

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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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The following supplementary information does not form part of the annual financial statements and is unaudited:

Appendixes:

Appendix G(1): Budgeted Financial Performance (revenue and expenditure by standard classification)

### Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of Southern Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
MEC	Member of the Executive Council

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Responsibilities and Approval

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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.

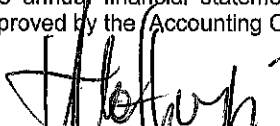
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable 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 6.

The annual financial statements set out on pages 6 to 76, which have been prepared on the going concern basis, were approved by the Accounting Officer on the 30 November 2023 and were signed by:



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Dr AJ Mothupi (Accounting Officer)  
Acting Municipal Manager

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Audit Committee Report

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We are pleased to present our report for the financial year ended 30 June 2023.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 7 number of meetings were held.

Name of member	Number of meetings attended
Ignatius Mogotsi (Chairperson)	7
Jane Masite	7
Phumudzo Rambuda	7
Tichaona Zororo	7
Stanley Ngobeni	7

### 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 and the ;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report 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: \_\_\_\_\_

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2023.

### 1. Review of activities

#### Main business and operations

Net surplus of the municipality was R 96 019 398 (2021: surplus R 92 891 023).

### 2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 242 469 032 and that the municipality's total assets exceeded its liabilities by R 242 469 032.

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.

### 3. Subsequent events

The accounting officer is not aware of any significant matters or circumstances arising since the end of the 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 Systems Act as per Schedule A and Schedule B. The discusses the responsibilities of management in this respect, at council meetings and monitor the municipality's compliance with the code on a quarterly basis.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Report

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### Audit and risk committee

The audit committee consists of the following members that were appointed on the 1st of July 2021 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 P. Rambuda

The committee met 7 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
18 July 2022	Virtual
30 September 2022	Virtual
17 October 2022	Virtual
29 November 2022	Virtual
23 January 2023	Virtual
19 April 2023	Virtual
19 May 2023	Virtual

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.



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	6	842 348	1 108 891
VAT receivable	8	6 440 354	1 274 887
Cash and cash equivalents	9	258 434 501	180 724 671
		<b>265 717 203</b>	<b>183 108 449</b>
<b>Non-Current Assets</b>			
Investment property	2	210 000	375 000
Property, plant and equipment	3	62 192 460	43 150 770
Intangible assets	4	2 338 548	463 951
		<b>64 741 008</b>	<b>43 989 721</b>
<b>Total Assets</b>		<b>330 458 211</b>	<b>227 098 170</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability		58 537	233 024
Payables from exchange transactions	12	54 834 642	43 828 364
Employee benefit obligation	5	1 955 000	2 198 000
Unspent conditional grants and receipts	11	-	201 591
		<b>56 848 179</b>	<b>46 460 979</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	5	31 141 000	34 429 000
<b>Total Liabilities</b>		<b>87 989 179</b>	<b>80 889 979</b>
<b>Net Assets</b>		<b>242 469 032</b>	<b>146 208 191</b>
Reserves			
Revaluation reserve	10	9 418 849	9 418 849
Accumulated surplus/deficit		233 050 183	136 789 342
<b>Total Net Assets</b>		<b>242 469 032</b>	<b>146 208 191</b>

\* See Note 33

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rental of facilities	14	114 783	114 783
Licences and permits	15	634 668	434 662
Other Income		185 475	231 709
<b>Total revenue from exchange transactions</b>		<b>934 926</b>	<b>781 154</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Interest received		20 501 763	9 539 725
<b>Transfer revenue</b>			
Government grants & subsidies	18	390 553 168	372 115 422
Fines, Penalties and Forfeits	16	1 400 000	-
<b>Total revenue from non-exchange transactions</b>		<b>412 454 931</b>	<b>381 655 147</b>
<b>Total revenue</b>	13	<b>413 389 857</b>	<b>382 436 301</b>
<b>Expenditure</b>			
Employee related costs	19	(204 646 751)	(203 814 546)
Remuneration of councillors	20	(19 793 234)	(18 698 734)
Depreciation and amortisation	21	(6 054 981)	(6 689 965)
Impairment		(6 349 248)	-
Lease rentals on operating lease	22	(15 316 310)	(12 651 813)
Debt impairment		-	(1 225 000)
Consumables	23	(1 523 931)	(760 492)
Contracted services	24	(43 698 378)	(22 405 651)
Transfers and subsidies		-	(4 503 587)
Loss on disposal of assets		-	(241 443)
Operational costs	25	(28 439 750)	(20 552 047)
<b>Total expenditure</b>		<b>(325 822 583)</b>	<b>(291 543 278)</b>
Loss on disposal of assets and liabilities		(1 434)	-
Loss on foreign exchange		(241 441)	-
Fair value adjustments		(165 000)	255 000
Actuarial gains/losses	5	8 860 000	1 743 000
		<b>8 452 125</b>	<b>1 998 000</b>
<b>Surplus for the year</b>		<b>96 019 398</b>	<b>92 891 023</b>

\* See Note 33

# Bojanala Platinum District Municipality

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## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
<b>Balance at 01 July 2021</b>	<b>11 147 554</b>	<b>35 062 935</b>	<b>46 210 489</b>
Changes in net assets			
Surplus for the year	-	92 891 023	92 891 023
Revaluation	(1 728 705)	-	(1 728 705)
Total changes	(1 728 705)	92 891 023	91 162 318
Opening balance as previously reported	9 418 849	127 688 244	137 107 093
Adjustments			
Correction of errors	-	12 106 347	12 106 347
Prior year adjustments 33	-	(3 029 520)	(3 029 520)
<b>Restated* Balance at 01 July 2022 as restated*</b>	<b>9 418 849</b>	<b>136 765 071</b>	<b>146 183 920</b>
Changes in net assets			
Surplus for the year	-	96 285 112	96 285 112
Total changes	-	96 285 112	96 285 112
<b>Balance at 30 June 2023</b>	<b>9 418 849</b>	<b>233 050 183</b>	<b>242 469 032</b>
Note(s)	10		

\* See Note 33

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		2 601 469	180 000
Grants		390 351 578	370 919 674
Interest income		20 501 763	9 793 070
Other receipts		-	766 326
		<u>413 454 810</u>	<u>381 659 070</u>
<b>Payments</b>			
Cash paid to suppliers and employees		(302 423 029)	(276 239 187)
<b>Net cash flows from operating activities</b>	27	<u>111 031 781</u>	<u>105 419 883</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(30 700 785)	(2 719 590)
Purchase of other intangible assets	4	(2 621 166)	-
Other cash item		-	19 204 000
<b>Net cash flows from investing activities</b>		<u>(33 321 951)</u>	<u>16 484 410</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>77 709 830</u>	<u>121 904 293</u>
Cash and cash equivalents at the beginning of the year		180 724 671	58 820 378
<b>Cash and cash equivalents at the end of the year</b>	9	<u>258 434 501</u>	<u>180 724 671</u>

The accounting policies on pages 14 to 35 and the notes on pages 35 to 76 form an integral part of the annual financial statements.

\* See Note 33

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Rental of facilities and equipment	-	-	-	114 783	114 783	42.1
Licences and permits	-	-	-	634 668	634 668	42.1
Other income	50 000	-	50 000	185 475	135 475	42.2
	-	-	-	-	-	
<b>Total revenue from exchange transactions</b>	<b>50 000</b>	<b>-</b>	<b>50 000</b>	<b>934 926</b>	<b>884 926</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Interest, dividends and Rent on Land	5 000 000	3 000 000	8 000 000	20 501 763	12 501 763	42.3
<b>Transfer revenue</b>						
Government grants & subsidies	387 877 000	-	387 877 000	390 553 168	2 676 168	42.4
Fines, Penalties and forfeits	200 000	1 300 000	1 500 000	1 400 000	(100 000)	Variance is below 10%
<b>Total revenue from non-exchange transactions</b>	<b>393 077 000</b>	<b>4 300 000</b>	<b>397 377 000</b>	<b>412 454 931</b>	<b>15 077 931</b>	
<b>Total revenue</b>	<b>393 127 000</b>	<b>4 300 000</b>	<b>397 427 000</b>	<b>413 389 857</b>	<b>15 962 857</b>	
<b>Expenditure</b>						
Personnel	(233 078 000)	4 396 000	(228 682 000)	(204 646 751)	24 035 249	42.5
Remuneration of councillors	(19 570 000)	-	(19 570 000)	(19 793 234)	(223 234)	Variance below 10%
Transfer payments - Other	-	-	-	-	-	
Depreciation and amortisation	(6 000 000)	2 000 000	(4 000 000)	(6 054 981)	(2 054 981)	42.6
Impairment loss/ Reversal of impairments	-	-	-	(6 349 248)	(6 349 248)	42.7
Finance costs	(120 000)	45 000	(75 000)	-	75 000	
Lease rentals on operating lease	-	-	-	(15 316 310)	(15 316 310)	42.8
Consumables	-	-	-	(1 523 931)	(1 523 931)	42.9
Contracted Services	(58 317 000)	(1 767 000)	(60 084 000)	(43 698 378)	16 385 622	42.10
Transfers and subsidies	(2 600 000)	368 000	(2 232 000)	-	2 232 000	42.11
Operational costs	(43 111 000)	(6 994 000)	(50 105 000)	(28 439 750)	21 665 250	42.12
<b>Total expenditure</b>	<b>(362 796 000)</b>	<b>(1 952 000)</b>	<b>(364 748 000)</b>	<b>(325 822 583)</b>	<b>38 925 417</b>	
<b>Operating surplus</b>	<b>30 331 000</b>	<b>2 348 000</b>	<b>32 679 000</b>	<b>87 567 274</b>	<b>54 888 274</b>	
Loss on disposal of assets and liabilities	-	-	-	(1 434)	(1 434)	42.13
Loss on foreign exchange	-	-	-	(241 441)	(241 441)	42.13
Fair value adjustments	-	-	-	(165 000)	(165 000)	42.13
Actuarial gains/losses	-	-	-	8 860 000	8 860 000	42.14
	-	-	-	8 452 125	8 452 125	
<b>Surplus before taxation</b>	<b>30 331 000</b>	<b>2 348 000</b>	<b>32 679 000</b>	<b>96 019 399</b>	<b>63 340 399</b>	

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>30 331 000</b>	<b>2 348 000</b>	<b>32 679 000</b>	<b>96 019 399</b>	<b>63 340 399</b>	

**Accounting Policies**

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# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1. Significant account policies

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

#### 1.1 Basis of preparations

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

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

#### 1.2 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.

#### 1.3 Going concern assumption

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

#### 1.4 Significant judgements and sources of estimation uncertainty

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

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

#### Trade receivables / Held to maturity investments and/or 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 municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and 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.



# Bojanala Platinum District Municipality

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### 1.4 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 [name a key assumption] 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. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

#### 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) include 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 5.

#### 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.

### 1.5 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.

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

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### 1.5 Investment property (continued)

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 cost 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 cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note ).

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

### 1.6 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.

# Bojanala Platinum District Municipality

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### 1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Bojanala Platinum District Municipality

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## Accounting Policies

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### 1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.6 Property, plant and equipment (continued)

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

### 1.7 Intangible assets

An asset is identifiable if it either:

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

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:

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Item	Depreciation method	Average useful life
Computer software	Straight-line	3

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# Bojanala Platinum District Municipality

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## Accounting Policies

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### 1.7 Intangible assets (continued)

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

### 1.8 Financial instruments

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

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

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

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the municipality 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 municipality 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 municipality; or
- a contractual right to:
  - receive cash or another financial asset from another municipality; or
  - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

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:

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### 1.8 Financial instruments (continued)

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

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 municipality 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 municipality 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 municipality'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 municipality.

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

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

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

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

### Classification

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

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## Accounting Policies

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### 1.8 Financial instruments (continued)

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Trade payables	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost

### 1.9 Leases

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

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

#### Finance leases - 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.

#### 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.



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## Accounting Policies

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### 1.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

### 1.11 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
- 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:

[Specify judgements made]

### 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.

# Bojanala Platinum District Municipality

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## Accounting Policies

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### 1.11 Impairment of cash-generating assets (continued)

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.

### 1.12 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.

### 1.13 Employee benefits

Employee benefits are all forms of consideration given by an municipality 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 municipality, 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 municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, 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 municipality to reimburse it for employee benefits already paid.

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

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

### 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 municipality 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 municipality pays fixed contributions into a separate municipality (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 municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.13 Employee benefits (continued)

- 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, a municipality recognises 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.

### 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 municipality recognises 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 municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality 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 municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality 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 entity account 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 municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality'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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.13 Employee benefits (continued)

The amount determined as a defined benefit liability may be negative (an asset). The municipality 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 municipality 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.

The municipality 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 municipality 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 municipality 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 municipality 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 municipality 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 municipality 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 [OR is not] presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality 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.

### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.13 Employee benefits (continued)

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.

### 1.14 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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.14 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 30.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.15 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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

### 1.16 Revenue from exchange transactions

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

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

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

#### Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

#### Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

#### Interest

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

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the 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, the 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.

### Measurement

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



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.17 Revenue from non-exchange transactions (continued)

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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

#### 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.

### 1.18 Investment income

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

### 1.19 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.

### 1.20 Comparative figures

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

### 1.21 Unauthorised expenditure

Unauthorised expenditure means:

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

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

### 1.22 Fruitless and wasteful expenditure

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

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.23 Irregular expenditure

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

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

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 municipality'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.

### 1.24 Segment information

A segment is an activity of an entity:

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

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

#### Measurement

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.24 Segment Information (continued)

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.

### 1.25 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.

### 1.26 Budget information

The 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 2022/07/01 to 2023/06/30.

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.

### 1.27 Related parties

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

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

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

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

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

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.27 Related parties (continued)

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.

### 1.28 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.

### 1.29 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

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### 1.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

**Standard/ Interpretation:**

**Effective date:  
Years beginning on or  
after**

**Expected impact:**

# Bojanala Platinum District Municipality

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## Notes to the Annual Financial Statements

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### 2. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	210 000	-	210 000	375 000	-	375 000

#### Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	375 000	(165 000)	210 000

#### Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	120 000	255 000	375 000

#### Pledged as security

There was no investment of pledged as security during the year.

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.

#### Details of valuation

The effective date of the valuation was Tuesday, 15 August 2023. Revaluations were performed by an independent valuer, Mr peter Mabelane Professional valuer, of TJ Rasimeni Chatered Accountants. Mr Mabelane is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on The Market Data Approach or Comparable Method of Valuation.

These assumptions are based on current market conditions.

Amounts recognised in surplus and deficit for the year.

Fair value adjustment	(165 000)	255 000
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#### Maintenance of investment property

There were no maintenance costs incurred on the investment property during the current year.

**Bojanala Platinum District Municipality**

Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

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**3. Property, plant and equipment**

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	12 284 400	-	12 284 400	12 284 400	-	12 284 400
Buildings	5 527 437	(463 086)	5 064 352	5 527 437	(10 428)	5 517 009
Plant and machinery	7 334 526	(2 978 585)	4 355 941	3 149 668	(3 049 801)	99 867
Motor vehicles	43 670 193	(17 646 221)	26 023 972	22 068 974	(17 999 129)	4 069 845
Office equipment	10 921 615	(9 201 988)	1 319 627	11 533 258	(9 737 054)	1 796 204
Computer equipment	20 958 278	(17 338 483)	3 619 795	19 985 367	(16 686 349)	3 299 018
Infrastructure	182 230	(6 215)	176 015	-	-	-
Community	19 173 141	(9 824 783)	9 348 358	19 173 141	(3 088 714)	16 084 427
<b>Total</b>	<b>119 651 820</b>	<b>(67 459 360)</b>	<b>62 192 460</b>	<b>93 722 245</b>	<b>(60 671 475)</b>	<b>43 150 770</b>

**Bojanala Platinum District Municipality**  
Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

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

**Reconciliation of property, plant and equipment - 2023**

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	12 284 400	-	-	-	-	12 284 400
Buildings	5 517 009	-	-	(452 657)	-	5 064 352
Plant and machinery	99 867	4 521 448	-	(265 374)	-	4 355 941
Motor vehicles	4 069 845	24 207 199	-	(2 253 072)	-	26 023 972
Office equipment	1 796 204	367 359	(1 434)	(842 502)	-	1 319 627
Computer equipment	3 299 018	1 422 549	-	(1 101 772)	-	3 619 795
Infrastructure	-	182 230	-	(6 215)	-	176 015
Community	16 084 427	-	-	(386 821)	(6 349 248)	9 348 358
	<b>43 150 770</b>	<b>30 700 785</b>	<b>(1 434)</b>	<b>(5 308 413)</b>	<b>(6 349 248)</b>	<b>62 192 460</b>

**Reconciliation of property, plant and equipment - 2023**

	Opening balance	Additions	Revaluations	Depreciation	Total
Land	17 064 000	-	(4 779 600)	-	12 284 400
Buildings	2 664 253	-	3 050 895	(198 139)	5 517 009
Plant and machinery	311 154	-	-	(211 287)	99 867
Motor vehicles	7 234 658	-	-	(3 164 813)	4 069 845
Office equipment	2 708 797	80 860	-	(993 453)	1 796 204
Computer equipment	1 443 242	2 638 730	-	(782 954)	3 299 018
Community	16 723 531	-	-	(639 104)	16 084 427
	<b>48 149 635</b>	<b>2 719 590</b>	<b>(1 728 705)</b>	<b>(5 989 750)</b>	<b>43 150 770</b>

Assets with a carrying amount of R861 558 as at 30 June 2023 are still under investigation to confirm their existence.

**Pledged as security**

There is no property plant and equipment pledged as security.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 3. Property, plant and equipment (continued)

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 .



## Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 4. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5 526 136	(3 187 588)	2 338 548	2 904 970	(2 441 019)	463 951

#### Reconciliation of Intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	463 951	2 621 166	(746 569)	2 338 548

#### Reconciliation of Intangible assets - 2022

	Opening balance	Additions through transfer of functions / mergers	Total
Computer software		1 164 166	463 951

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 5. 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 2023 by ZAQ Consultants and Actuaries. The valutors were Neil Fourie who has a B.Comm (CERA) (FASSA) and Julian van der Spuy who has a B.Comm. (Actuarial Sciences). Neil Fourie 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.

Discount rate - 12.91% p.a, Consumer price inflation 7.6%, Net discount rate - 3.97%. 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.

##### 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 2023 by ZAQ Consultants and Actuaries. The valutors were Neil Fourie who has a B.Comm (CERA) (FASSA) and Julian van der Spuy who has a B.Comm. (Actuarial Sciences). Neil Fourie 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.:

Discount rate - 12.91% p.a, Consumer price inflation - 7.60%, Net discount rate - 3.97%. 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.

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	(31 141 000)	(34 429 000)
Present value of the defined benefit obligation-partly or wholly funded	(1 955 000)	(2 198 000)
	<b>(33 096 000)</b>	<b>(36 627 000)</b>

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	(19 422 000)	(23 468 000)
Present value of the defined benefit obligation-partly or wholly funded	(11 719 000)	(10 961 000)
	<b>(31 141 000)</b>	<b>(34 429 000)</b>

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	(926 000)	(390 000)
Present value of the defined benefit obligation-partly or wholly funded	(1 029 000)	(1 808 000)
	<b>(1 955 000)</b>	<b>(2 198 000)</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 5. Employee benefit obligations (continued)

#### Net expense recognised in the statement of financial performance

Current service cost	2 379 000	2 443 000
Past service cost	(1 303 000)	(1 527 000)
Interest	4 253 000	2 871 000
	<b>5 329 000</b>	<b>3 787 000</b>

#### Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(8 860 000)	(1 743 000)
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#### 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 2023 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:

	2023	2021	2020	2019	2018
	R	R	R	R	R
Defined benefit obligation	20 748 000	23 858 000	17 791 000	17 837 000	15 026 000

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>6. Receivables from exchange transactions</b>		
Prepayments	54 048	172 891
Other debtors	788 300	936 000
	<b>842 348</b>	<b>1 108 891</b>
<b>Other debtors aging</b>		
Current (0-30days)	54 048	172 891
121 - 365 days	788 300	936 000
	<b>842 348</b>	<b>1 108 891</b>
<b>Financial asset receivables included in receivables from exchange transactions above</b>	-	-
<b>Total receivables from exchange transactions</b>	<b>842 348</b>	<b>1 108 891</b>

### Trade and other receivables past due but not impaired

Prepaid expenditure relates to payments made for board membership subscriptions.

Other debtors relates to the Mayoral house that was auctioned in October 2020. The full debt has not yet been received per the sales agreement but however no impairment was provided for the debt as the house is held as security by the municipality and the value of the house exceeds the debt as at 30 June 2023.

### 7. Receivables from non-exchange transactions

Receivable from Non-exchange Transactions	1 225 000	1 225 000
Allowance for impairment	(1 225 000)	(1 225 000)
	-	-
<b>Days in arrears</b>		
121 - 365 days	1 225 000	1 225 000
Allowance for impairment	(1 225 000)	(1 225 000)
	-	-

### Statutory receivables general information

#### Transaction(s) arising from statute

Receivable from non exchange transactions relates to fine issued for contravention of the National Environmental Act, 1998 (Act No.107 of 1998).

#### Statutory receivables impaired

As of 30 June 2023, Statutory receivables of R1 225 000 (2021: R 1 225 000) were impaired and provided for.

The amount of the provision was R1 225 000 as of 30 June 2023 (2021: R1 225 000).

The ageing of these loans is as follows:

Over 6 months	1 225 000	1 225 000
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#### Factors the entity considered in assessing statutory receivables impaired

The municipality considered the fact that the mine that was issued with fine had closed down and it was uncertain that the amount will be received as at year end.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 8. VAT receivable

VAT	6 440 354	1 274 887
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The Municipality claims VAT in terms of the VAT Act 89 of 1991.

VAT output is charged on taxable services and VAT input is claimed for goods and services received from suppliers who are registered as VAT vendors. The VAT receivable or payable at the end of the financial year is based on the difference between input VAT charged on operational goods and services supplied to the Municipality, input VAT charged on capital goods and services and the output VAT charged for services rendered by the Municipality.

The current VAT rate used, as determined by National Government is, 15% The municipality is registered for VAT on the Payment Basis.

Vat Receivable from SARS	3 532 038	436 989
Vat input provision	2 908 316	837 898
	<b>6 440 354</b>	<b>1 274 887</b>

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	258 434 501	180 724 671
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The municipality holds short-term investment accounts with Standard Bank and Nedbank. These accounts are used to invest and earn interest until maturity. As at 30 June 2023 all the investment accounts had NIL balances - these accounts have been disclosed below.

#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
ABSA Call Account 11-3150-027	258 311 499	180 605 740	58 705 904	258 311 499	180 605 740	58 705 904
ABSA Cheque Account 11-2000-0272	2 000	2 000	2 000	2 000	2 000	2 000
XXX BANK - Account Type - ABSA Petty Cash 93-6584-4663	2 316	2 157	-	2 316	2 157	-
Housing Account 40-9603-861	118 686	114 773	112 474	118 686	114 773	112 474
90-5817-4303 (32 Day Notice deposit)	-	-	-	-	-	1
90-8451-8967 (SavingsAccount)	-	-	-	-	-	1
Standard Bank : 038446537-024	-	-	-	-	-	-
Standard Bank : 038446537-025	-	-	-	-	-	-
Standard Bank : 038446537-021	-	-	-	-	-	-
Standard Bank : 038446537-022	-	-	-	-	-	-
Standard Bank : 038446537-023	-	-	-	-	-	-
Standard Bank : 038446537-019	-	-	-	-	-	-
Standard Bank : 038446537-018	-	-	-	-	-	-
Standard Bank : 038446537-020	-	-	-	-	-	-
Standard Bank : 038446537-015	-	-	-	-	-	-
Standard Bank : 038446537-016	-	-	-	-	-	-
Standard Bank : 038446537-017	-	-	-	-	-	-
Nedbank Bank : 03/7881533110	-	-	-	-	-	-
<b>Total</b>	<b>258 434 501</b>	<b>180 724 670</b>	<b>58 820 378</b>	<b>258 434 501</b>	<b>180 724 670</b>	<b>58 820 380</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>10. Revaluation reserve</b>		
Opening balance	9 418 849	9 418 849
<b>11. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Financial Management Grant	-	201 591
<b>12. Payables from exchange transactions</b>		
Trade payables	16 865 557	7 124 196
Provision for leave	33 122 733	31 857 230
Bonus accrual	4 649 011	4 649 011
Retentions	197 341	197 927
	<b>54 834 642</b>	<b>43 828 364</b>
<b>13. Revenue</b>		
Rental of facilities and equipment	114 783	114 783
Licence and permits	634 668	434 662
Other income	185 475	231 709
Interest on Investments	20 501 763	9 539 725
Government grants & subsidies	390 553 168	372 115 422
Fines, Penalties and Forfeits	1 400 000	-
	<b>413 389 857</b>	<b>382 436 301</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Rental of facilities and equipment	114 783	114 783
Licence and permits	634 668	434 662
Other Income	185 475	231 709
	<b>934 926</b>	<b>781 154</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Interest received	20 501 763	9 539 725
<b>Transfer revenue</b>		
Government grants & subsidies	390 553 168	372 115 422
Fines, Penalties and Forfeits	1 400 000	-
	<b>412 454 931</b>	<b>381 655 147</b>
<b>14. Rental of facilities and equipment</b>		
<b>Premises</b>		
Rental of facilities	114 783	114 783
<b>15. Licences and permits (exchange)</b>		
Health certificates	404 364	292 455
Licences and permits 1	230 304	142 207
	<b>634 668</b>	<b>434 662</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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Figures in Rand	2023	2022
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### 15. Other income (continued)

The municipality issues certificate of acceptability to trading stores that complies with the Health regulations after inspecting the premises for compliance. Revenue from health certificate is recognised after inspection.

Licences and permits from fire services relates to permits issued to trucks transporting flammable goods. Revenue is recognised when the permit has been issued.

### 16. Fines, Penalties and Forfeits

Fines, Penalties and Forfeits	1 400 000	-
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Fines relates to penalty issued by the municipality for contravention of the National Environmental Act, 1998 (Act No.107 of 1998).

### 17. Other income

Sale of tender documents	185 475	231 709
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# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>18. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	381 951 591	366 729 000
Financial Management Grant	1 850 000	1 451 748
EPWP	1 546 000	1 468 000
SETA Skills Development Grant	267 216	50 674
Fire Grant	2 409 361	-
Rural Asset Management Grant	2 529 000	2 416 000
	<b>390 553 168</b>	<b>372 115 422</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Unconditional grants received	381 750 000	365 334 000
<b>Expanded Public Works Programme</b>		
Current-year receipts	1 546 000	1 468 000
Conditions met - transferred to revenue	(1 546 000)	(1 468 000)
	-	-
<b>Financial Management Grants</b>		
Balance unspent at beginning of year	201 592	3 340
Current-year receipts	1 850 000	1 650 000
Conditions met - transferred to revenue	(1 850 000)	(1 451 748)
Refunded to National Treasury	(201 592)	-
	-	<b>201 592</b>
<b>Rural Asset Management Grant</b>		
Current-year receipts	2 529 000	2 416 000
Conditions met - transferred to revenue	(2 529 000)	(2 416 000)
	-	-



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>18. Government grants and subsidies (continued)</b>		
<b>Disaster Grant</b>		
Current-year receipts	2 409 361	-
Conditions met - transferred to revenue	(2 409 361)	-
	<u>-</u>	<u>-</u>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>19. Employee related costs</b>		
Basic	120 756 430	122 335 920
Leave Pay	5 196 275	5 373 155
Bonus	8 869 535	8 690 737
Contribution to pension and provident	21 704 730	21 708 275
Medical aid - company contributions	9 705 317	9 558 875
Contributions	36 493	35 690
UIF	622 920	636 965
Cellphone allowance	690 400	667 270
Skills Development Levy	1 611 296	1 598 381
Leave gratuity	1 819 000	1 146 219
Standby allowance	2 422 917	2 667 231
Overtime payments	8 389 520	9 077 406
Shift allowance	2 511 474	-
Acting allowances	1 893 448	1 187 712
Car allowance	13 336 764	12 628 902
Housing benefits and allowances	1 448 192	1 804 808
Post employment medical aid benefit	3 510 000	3 787 000
Non pensionable basic salary	122 040	910 000
	<b>204 646 751</b>	<b>203 814 546</b>

### Remuneration of Municipal Manager

Annual Remuneration	710 101	-
Car Allowance	181 025	-
Cellphone Allowance	14 000	-
Housing Allowance	100 569	-
Acting allowance- Mr. T. Bloom	-	287 700
Acting allowance- Mr. A. Khumalo (August)	34 514	69 029
	<b>1 040 209</b>	<b>356 729</b>

### Remuneration of Chief Finance Officer

Acting allowance - G.M. Mofokeng (January)	16 058	175 950
Acting Allowance - A . Tolo ( December)	1 644	17 038
Acting allowance - K.C. Chauke (July to April)	580 892	84 044
Acting Allowance Dikeledi Motloung ( November) ( May-June)	38 728	-
	<b>637 322</b>	<b>277 032</b>

### Remuneration of Director Corporate Services

Acting allowance: Mr. A. Khumalo (December)	5 136	67 808
Acting allowance: M.P. Maape (July - August) (December)	36 051	67 047
Acting Allowance: Beauty Makganye (June)	31 847	-
Acting Allowance: Gladys Mahlangu (November - April)	90 331	-
	<b>163 365</b>	<b>134 855</b>

### Remuneration of Director Local Economic development

Annual Remuneration	1 377 361	1 181 459
Car Allowance	60 000	60 000
Cellphone Allowances	24 000	24 000
Contributions to UIF, Medical and Pension Funds	44 043	-
Backpay	-	162 000
	<b>1 505 404</b>	<b>1 427 459</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 19. Employee related costs (continued)

#### Remuneration of Director : Community Development Services

Annual Remuneration	1 219 882	1 427 459
Contributions to UIF, Medical and Pension Funds	37 961	-
Leave Resignation	272 260	-
	<b>1 530 103</b>	<b>1 427 459</b>

#### Remuneration of Director -Technical Services

Annual Remuneration	708 519	813 700
Car Allowance	285 000	342 000
Contributions to UIF, Medical and Pension Funds	243 411	253 687
Cellphone Allowances	15 000	18 000
Leave Resignation	301 263	-
	<b>1 553 193</b>	<b>1 427 387</b>

#### Remuneration of Director - Health and Environment Services

Annual Remuneration	1 138 561	1 104 659
Car Allowance	300 000	300 000
Cellphone Allowances	22 800	22 800
Contributions to UIF, Medical and Pension Funds	48 931	-
	<b>1 510 292</b>	<b>1 427 459</b>

### 20. Remuneration of councillors

	<b>2023</b>	<b>2022</b>
Mayor	1 139 522	1 061 689
Single Whip	865 670	823 755
Speaker	919 775	767 096
Councillors	7 801 480	7 551 400
MPAC	840 670	780 612
MMC's	8 223 089	7 714 391
	<b>19 790 206</b>	<b>18 698 943</b>

#### 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.

### 21. Depreciation and amortisation

Property, plant and equipment	5 308 411	5 989 751
Intangible assets	746 570	700 214
	<b>6 054 981</b>	<b>6 689 965</b>

See Note 2 and 3 for details per asset

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>22. Lease rentals on operating lease</b>		
<b>Building and Machinery</b>		
Contractual amounts	15 316 310	12 651 813
<b>23. Consumables</b>		
Consumables	1 523 931	760 492
<b>24. Contracted services</b>		
<b>Outsourced Services</b>		
Security Services	6 884 994	6 884 994
<b>Consultants and Professional Services</b>		
Business and Advisory	8 210 929	4 993 829
Legal Cost	16 987 938	2 771 392
<b>Contractors</b>		
Catering Services	4 115 119	2 441 731
Maintenance of Buildings and Facilities	138 500	2 483 657
Transportation	2 088 567	886 399
Other Contractors	5 272 331	1 943 649
	<b>43 698 378</b>	<b>22 405 651</b>
<b>25. Operational cost</b>		
Auditors remuneration	4 505 524	5 106 291
Bank charges	285 302	25 913
Accommodation	3 348 149	1 599 305
Membership fees	2 232 011	-
Promotional Material	1 332 661	1 282 988
Workshops & Hire	-	126 157
Community development and training	87 509	175 191
Registration and training	1 510 158	235 032
Repairs and Maintenance	376 522	866 294
Fuel and oil	1 443 873	546 608
Water & Electricity	1 788 380	2 262 145
Software expenses	935 542	929 568
Staff welfare	6 826	-
Subscriptions and membership fees	647 889	205 778
Travel - local	2 073 481	2 272 180
Uniforms	3 696 208	149 296
Operational costs - Other	4 169 715	4 769 301
	<b>28 439 750</b>	<b>20 552 047</b>
<b>26. Auditors' remuneration</b>		
Fees	4 505 524	5 106 291

# Bojanala Platinum District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>27. Cash generated from operations</b>		
Surplus	96 019 398	92 891 023
<b>Adjustments for:</b>		
Depreciation and amortisation	6 054 981	6 689 965
Transfers and subsidies	1 434	4 503 587
Loss on disposal of assets	-	241 443
Fair value adjustments	165 000	(255 000)
Loss on foreign exchange	241 444	-
Impairment deficit	6 349 248	-
Impairment	-	1 225 000
Movements in operating lease assets and accruals	(174 487)	233 024
Movements in retirement benefit assets and liabilities	(3 531 000)	2 044 000
<b>Changes in working capital:</b>		
Receivables from exchange transactions	266 543	773 238
Payables from exchange transactions	11 006 278	(220 761)
Movement in VAT	(5 165 467)	(1 274 887)
Unspent conditional grants and receipts	(201 591)	198 251
Payables from non-exchange transactions	-	(1 629 000)
	<b>111 031 781</b>	<b>105 419 883</b>

## 28. Financial instruments disclosure

### Categories of financial instruments

#### 2023

##### Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	842 348	842 348
Cash and cash equivalents	258 434 501	-	258 434 501
	<b>258 434 501</b>	<b>842 348</b>	<b>259 276 849</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	16 883 573	16 883 573

#### 2022

##### Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	1 108 891	1 108 891
Cash and cash equivalents	180 724 671	-	180 724 671
	<b>180 724 671</b>	<b>1 108 891</b>	<b>181 833 562</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	6 336 633	6 336 633

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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Figures in Rand	2023	2022
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### 29. Commitments

The municipality does not have any capital commitments as at 30 June 2023.

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year

1 054 049

-

The operating lease relates rental of office building at 49 Heysteck street. .

## Bojanala Platinum District Municipality

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#### 30. Contingencies

Case Number	NAME OF THE CASE AND PARTIES INVOLVED	STATUS OF THE MATTER	NAME OF THE ATTORNEY REPRESENTING THE MUNICIPALITY	2023	2022
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
956/2020	Salome Melabo Ubane //BPDM	Parties have filed their discovery notice. Awaiting further exchange of pleading	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
JR955/20	Tebogo Princess Moisan and Another // BPDM	The attorney for the municipality filed the Notice of the Intention to Oppose and await the records from the Applicant in terms of Rule 7A of the Labour Court Rules	Choshane Attorneys	-	641 737
1992/20	KHABOWDI// BPDM	Exception 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	Exception on behalf of the municipality has been filed. Awaiting date of the hearing of the exceptions. Interest is applied at 10% per annum	Setshedi Makgale & Matlapeng Attorneys	-	5 371 299
B037/21/22	Likopane Liboko Trading	Ottema Trading and Project CC, Lkopane Lkopane Trading criminal investigation in progress	Shuping Attorneys	-	5 265 000
B037/21/22	Ottema Trading	Ottema Trading and Project CC, Lkopane Lkopane Trading criminal investigation in progress	Shuping Attorneys	-	6 456 663
1454/21	Mosala Justinus Mokoena	Wrongful and negligent breach of the legal duty. Parties are still exchanging pleadings	Rangwako Attorneys Inc.	200 000	5 600 000

## Bojanala Platinum District Municipality

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#### 30. Contingencies (continued)

11735/2020	Telkom Stephen M.Madiro/Local Municipality Madibeng// BPDM	Telkom invoices still under dispute This matter was previously on the opposed roll for the rescission of judgement pertaining to a warrant of arrest against the Municipal Manager. We are yet to receive a judgement from the learn Judge in the Gauteng North High Court. We shall navigate the way forward in the main action after receipt of the above-mentioned judgement.	Peterson & Pandaram Attorneys Setshedi Makgale & Matlhapeng Attorneys	- 16 482 500	2 641 193 -
956/2020	S.Mubane/Local Municipality Madibeng// BPDM	The plaintiffs have abandoned the matter.Council is yet to give us a way forward on this.	Setshedi Makgale & Matlhapeng Attorneys	500 000	-
1170/2022	BPDM// Meme Dilshago Enterprise (PTY) LTD	The matter is at the stage of being finalized in court unless instant payment of R6 100 000.00 is affected negotiation on the cost implications can be entered into to reduce a quantum estimated.	Setshedi Makgale & Matlhapeng Attorneys	8 000 000	-
Total				<u>25 182 500</u>	<u>51 361 232</u>

#### Contingent assets

Case Number	NAME OF THE CASE AND PARTIES INVOLVED	STATUS OF THE MATTER	NAME OF THE ATTORNEY REPRESENTING THE MUNICIPALITY	2023	2022



**Bojanala Platinum District Municipality**  
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30. Contingencies (continued)					
BP/CIV/023	Bojanala Platinum District Municipality/Municipal officials and Political office Bearers liable for the utilization of the Erronous Payment of R134,097,050	Bojanala Platinum District Municipality/Municipal officials and Political office Bearers liable for the utilization of the Erronous Payment of R134,097,050	Shuping Attorneys		136 671 764
CAS288/7/2022	Bojanala Platinum District Municipality case against MTN.	In progress	SAPS - Investigated by the HAWKS	2 574 714	2 574 714
BPDM// Mashego Projects	BPDM// Projects	Mashego Attending to consult with client.	Majang Inc. Attorneys	589 500	
		Contingent Balance		3 164 214	139 246 478

# Bojanala Platinum District Municipality

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### 31. Related parties

For a detailed breakdown of the remuneration paid to s57 managers and executive councillors refer to note 15 and 16 of the financial statements.

#### Remuneration of management

##### Management class: Councillors

## Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 31. Related parties (continued)

##### Remuneration of councillors

2023

Name	Basic salary	Travel	Cell phone	Sitting	Pension	Medical	Total
M NONDZABA	752 736	233 076	40 800	-	112 910	-	1 139 522
TL MADIBA	654 761	126 000	40 800	-	98 214	-	919 775
LJR DIREMELO	359 856	73 500	23 800	-	53 684	-	510 840
TM MASHOMO	621 940	160 650	40 800	-	-	17 280	840 670
KKKC Ramokgadi	552 794	171 048	40 800	-	82 919	17 280	864 841
FM Mangoathe	552 794	171 048	40 800	-	82 919	17 280	864 841
VK Phusoane	552 794	171 048	40 800	-	82 919	17 280	864 831
F Potgler	257 482	51 600	40 800	-	38 622	-	388 504
TP Maremo	281 315	85 524	20 400	-	42 197	10 080	439 516
M Karani	606 992	126 000	40 800	-	91 048	-	864 840
SD Nthangeni	606 992	126 000	40 800	-	91 048	-	864 840
BP Gous	257 482	51 600	40 800	-	38 622	-	388 504
WM Sono	552 794	171 048	40 800	-	82 919	17 280	864 841
LN Tau	268 700	38 700	40 800	-	40 304	-	388 504
MG Malebogo	12 584	4 300	3 400	-	-	-	20 284
AE Selebogo	552 794	171 048	40 800	-	82 919	17 280	864 841
TE Hlongwane	257 482	51 600	40 800	-	38 622	-	388 504
RI Msoki	549 518	174 816	40 800	-	82 919	17 280	865 333
DM Moeketsane	399 920	82 600	40 800	-	59 988	-	583 308
AP Pitsoe	242 456	51 600	40 800	-	36 368	17 280	388 504
DM Rakgatha	257 482	51 600	40 800	-	38 622	-	388 504
LB Malope	595 266	139 485	40 800	-	89 289	-	864 840
ODM Pitso	292 988	51 600	40 800	-	-	-	385 388
EST Pule	-	-	-	12 499	-	-	12 499
EDF Louren	50 645	-	-	-	-	-	50 645
RR Mohulatsi	-	-	-	42 325	-	-	42 325
IS Macone	-	-	-	2 268	-	-	2 268
E Van Der Schyffe	-	-	-	50 645	-	-	50 645
NF Mokwena	-	-	-	50 645	-	-	50 645
RN Moralle	-	-	-	50 645	-	-	50 645

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**31. Related parties (continued)**

LP Sedio	-	-	-	50 645	-	-	50 645
GI Aphiri	-	-	-	50 645	-	-	50 645
LG Mhlambi	-	-	-	50 645	-	-	50 645
E Langeni	-	-	-	10 226	-	-	10 226
J Qobeka	-	-	-	6 817	-	-	6 817
DS Ramokoka	-	-	-	4 886	-	-	4 886
NSG Sekao	-	-	-	50 645	-	-	50 645
M Kutmela	-	-	-	61 556	-	-	61 556
JT Mabaso	-	-	-	4 886	-	-	4 886
RM Lukhela	-	-	-	50 645	-	-	50 645
SB Marakalala	-	-	-	50 645	-	-	50 645
TK Motaung	-	-	-	50 645	-	-	50 645
RC Lekalakala	-	-	-	50 645	-	-	50 645
TJ Mohlabane	-	-	-	50 645	-	-	50 645
VN Myoli	-	-	-	19 284	-	-	19 284
RR Rampe	-	-	-	4 886	-	-	4 886
PS Letlhabi	-	-	-	61 556	-	-	61 556
J Makhubela	-	-	-	50 645	-	-	50 645
LF Modise	-	-	-	61 556	-	-	61 556
S Letlape	-	-	-	3 408	-	-	3 408
N Letlape	50 645	-	-	-	-	-	50 645
MEE Mosete	-	-	-	15 672	-	-	15 672
MA Monaheng	-	-	-	61 556	-	-	61 556
J Potgieter	-	-	-	50 645	-	-	50 645
N Deleke	-	-	-	50 645	-	-	50 645
S Kutmela	-	-	-	61 556	-	-	61 556
B Moerane	27 535	4 300	3 400	-	-	-	35 235
O Molusi	291 332	51 600	40 800	-	-	-	383 732
AN Tsholo	3 458	-	-	-	-	-	3 458
G Boikhutso	2 287	-	-	-	-	-	2 287
NS Xatasi	631	-	-	-	-	-	631
L Moale	242 456	51 600	40 800	-	36 368	17 280	388 504
AN Motsi	257 482	51 600	40 800	-	38 622	-	388 504
MP Morapedi	-	-	-	24 965	-	-	24 965
SM Motshogwe	-	-	-	31 816	-	-	31 816
AP Rootman	-	-	-	32 953	-	-	32 953
RE Mashimo	-	-	-	50 645	-	-	50 645

## Bojanala Platinum District Municipality

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### Notes to the Annual Financial Statements

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#### 31. Related parties (continued)

OM Mamabolo	-	-	-	61 556	-	-	61 556
IB Bhebe	-	-	-	50 635	-	-	50 635
NS Mabunda	-	-	-	50 645	-	-	50 645
GL Magadane	317 704	30 000	40 800	-	-	-	388 504
RP Moatlhegi	257 482	51 600	40 800	-	38 622	-	388 504
PN Bogatsu	3 510	-	-	-	-	-	3 510
KP Motheng	257 482	51 600	40 800	-	38 622	-	388 504
SS TM MGUNI	241 395	43 000	34 000	-	-	-	318 395
VN MAKHAULA	120 697	21 500	17 000	-	-	-	159 197
RL MOTSEPE	96 558	17 200	13 600	-	-	-	127 358
PA TAU	35 576	-	-	-	-	-	35 576
CK CHAKA	14 643	-	-	-	-	-	14 643
MS PHALOLE	-	-	-	1 136	-	-	1 136
TE MATJENE	-	-	-	3 408	-	-	3 408
TS BOGALE	513	-	-	-	-	-	513
ML MAKGALE	513	-	-	-	-	-	513
J MOSITO	513	-	-	-	-	-	513
HT PHALWANE	513	-	-	-	-	-	513
E VAN DER SCHYFFE	513	-	-	-	-	-	513
MW MOTLHASE	513	-	-	-	-	-	513
KS KOMAPE	513	-	-	-	-	-	513
JT MOABI	513	-	-	-	-	-	513
OD MARAPYAN	513	-	-	-	-	-	513
MZ BANDA	513	-	-	-	-	-	513
K KGALEGI	513	-	-	-	-	-	513
E MATSHERENG	513	-	-	-	-	-	513
LM LETEBELE	624	-	-	-	-	-	624
CM SHAI	624	-	-	-	-	-	624
TG NALEDI	513	-	-	-	-	-	513
J M RADIOKA	513	-	-	-	-	-	513
J MAKHUBELA	624	-	-	-	-	-	624
RS MAGALEFA	513	-	-	-	-	-	513
M COETZEE	24 999	-	-	-	-	-	24 999
MS MOLOI	513	-	-	-	-	-	513
SS MA RAMADI	624	-	-	-	-	-	624
MS MABITSELA	513	-	-	-	-	-	513
TG MADISA	513	-	-	-	-	-	513

## Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 31. Related parties (continued)

KJ SEKOMENG	513	-	-	-	-	-	513
WM LEFYINE	3 510	-	-	-	-	-	3 510
MD KODISANG	3 510	-	-	-	-	-	3 510
MR SEEMA	3 510	-	-	-	-	-	3 510
NP BOGATSU	3 510	-	-	-	-	-	3 510
G MAKHANYA	3 510	-	-	-	-	-	3 510
L MABULA	3 510	-	-	-	-	-	3 510
MD MALANE	3 510	-	-	-	-	-	3 510
MM MODISE	3 510	-	-	-	-	-	3 510
DM RAKGATLHE	3 510	-	-	-	-	-	3 510
GT MOGALE	3 510	-	-	-	-	-	3 510
LA RATLOU	3 510	-	-	-	-	-	3 510
PR ZWEDE	3 510	-	-	-	-	-	3 510
S DAVIDS	8 075	-	-	-	-	-	8 075
TL MADIBA	8 319	-	-	-	-	-	8 319
RB MANTSHO	8 319	-	-	-	-	-	8 319
VO MOCHE	8 319	-	-	-	-	-	8 319
VK MALULEKA	8 319	-	-	-	-	-	8 319
DR TLABYANE	8 319	-	-	-	-	-	8 319
NR RAKOLLE	8 319	-	-	-	-	-	8 319
PM PAPA	8 319	-	-	-	-	-	8 319
LL MOATE	8 319	-	-	-	-	-	8 319
PE HENDRICK	3 510	-	-	-	-	-	3 510
DMN NGADI	3 510	-	-	-	-	-	3 510
MF MOLOSIWA	11 093	-	-	-	-	-	11 093
PA TLHAPI	8 319	-	-	-	-	-	8 319
EE TANKE	5 878	-	-	-	-	-	5 878
LB MALOPE	8 319	-	-	-	-	-	8 319
S M NONDZABA	3 510	-	-	-	-	-	3 510
LJR DJIREMEL	3 510	-	-	-	-	-	3 510
B MATLALA	3 510	-	-	-	-	-	3 510
KP MOTHENG	3 510	-	-	-	-	-	3 510
Name 1	-	-	-	-	-	-	-
	<b>12 520 086</b>	<b>2 909 491</b>	<b>1 176 400</b>	<b>1 502 371</b>	<b>1 519 286</b>	<b>165 600</b>	<b>19 793 234</b>

Refer to note 19 "Remuneration of councillors"

# Bojanala Platinum District Municipality

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## Notes to the Annual Financial Statements

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### 32. Change in estimate

#### Property, plant and equipment

The useful life of certain items of Property, plant and equipment was revised. The effect of this revision on depreciation charges for the current and future periods is as follows.

Effect of change in current and future periods

Depreciation on property plant and equipment

effect of the  
change in  
estimate

Buildings

(102)

Plant and equipment

253 273

Motor vehicles

443 121

office equipment

40 638

Computer equipment

51 269

**788 199**

### 33. 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:

#### 1. Receivables from exchange, Investment Property and Trade payables from exchange.

During the year we noted that the Mayoral house was disposed in 2021 financial year but however it was not derecognised from the investment property. Investment property was corrected to derecognise the mayoral house from the financial statements in the 2021 FY and the correction of the error resulted in increase in receivable from exchange by R 936 000, decrease in investment property by R 2 940 000 and decrease in fair value adjustment by R 776 827.

#### 2. Property plant and equipment

Property plant and equipment was understated in the prior year due to errors identified on the asset register. Correction of these errors resulted in increase in property plant and equipment by R 13 674 696. As a result Depreciation was understated by R 1 011 607.

#### 3. Operating lease liability

Operating lease was under stated by R 172 235 in the prior year due to incorrect application of GRAP 13.

#### 4. Payables from exchange transactions

During the year we noted that payables were mistated in the prior years and correction of these errors resulted in decrease in creditors by R 799 595

#### 5. Operating lease expense and contracted expenses

Operating lease expenses were understated in the prior year by R 2 612 444 and contracted expenses were overstated due to classification error.

#### 6. Rental of facilities

Rental of facilities was overstated in the prior year by R17 217 due to VAT included in the revenue.

#### 7. Other Income

Other Income was reclassified to Licence and permits by an amount of R434 662 whilst an prior period error of VAT amount R99 955 was removed.

#### 8. Lease rentals

Rentals were understated in the prior year by R1 049 662 due to invoices not recorded in the prior year.

### Statement of financial position

# Bojanala Platinum District Municipality

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## Notes to the Annual Financial Statements

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### 33. Prior-year adjustments (continued)

#### 2023

	Note	As previously reported	Correction of error	Restated
Receivables from Exchange Transactions		172 891	936 000	1 108 891
Vat receivable		1 205 230	69 657	1 274 887
Cash and cash equivalents		180 724 671	-	180 724 671
Investment property		3 315 000	(2 940 000)	375 000
Property, Plant and Equipment		29 210 360	13 674 696	42 885 056
Intangible assets		463 951	-	463 951
Operating lease liability		(60 789)	(172 235)	(233 024)
Payables from exchange and non-exchange transactions		(44 627 958)	799 594	(43 828 364)
Employee benefit obligation		(2 198 000)	-	(2 198 000)
Unspent conditional grants and receipts		(201 591)	-	(201 591)
Employee benefit obligation		(34 429 000)	-	(34 429 000)
Revaluation reserve		(9 418 849)	-	(9 418 849)
Accumulated surplus		(124 155 916)	(12 633 426)	(136 789 342)
		-	(265 714)	(265 714)

### Statement of financial performance

#### 2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Rental of facilities		132 000	(17 217)	-	114 783
Licence and permits		-	-	434 662	434 662
Other income		766 326	(99 955)	(434 662)	231 709
Interest received		9 539 725	-	-	9 539 725
Government grants & subsidies		372 115 422	-	-	372 115 422
Employee related costs		(203 814 546)	-	-	(203 814 546)
Remuneration of councillors		(18 698 943)	-	-	(18 698 943)
Depreciation and amortisation		(5 678 358)	(1 011 607)	-	(6 689 965)
Lease rentals on operating lease		(11 602 151)	(1 049 662)	-	(12 651 813)
Debt impairment		(1 225 000)	-	-	(1 225 000)
Consumables		(686 240)	(74 252)	-	(760 492)
Contracted services		(22 405 651)	-	-	(22 405 651)
Transfers and subsidies		(4 503 587)	-	-	(4 503 587)
Operational costs		(20 793 490)	-	-	(20 793 490)
Fair Value Adjustment		1 031 827	(776 827)	-	255 000
Actuarial gains		1 743 000	-	-	1 743 000
<b>Surplus for the year</b>		<b>95 920 334</b>	<b>(3 029 520)</b>	<b>-</b>	<b>92 890 814</b>



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

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### 34. Risk management

#### Financial risk management

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

The municipality's Treasury function provides services to the business, co-ordinates access to domestic markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The municipality seeks to minimise the effects of these risks in accordance with its policies approved by the Council. The policies provide written principles on interest rate risk, credit risk and in the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Director Financial Services on a continuous basis. The municipality does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

The Treasury function reports periodically to the municipality's finance committee, that monitors risks and policies implemented to mitigate risk exposures.

#### Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

# Bojanala Platinum District Municipality

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### 34. Contingencies (continued)

#### Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur financial loss.

Potential concentrations of credit rate risk consist mainly of investments, loans and receivables, trade receivables, other receivables, short-term investment deposits and cash and cash equivalents.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the municipality's Investment Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply.

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

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

The municipality only deposits with major banks with high quality credit standing.

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

Financial instrument	2023	2022
Payables from exchange transactions	(16 883 573)	(6 336 633)
Receivables from exchange transactions	842 348	1 108 891
Cash and bank	258 434 501	180 724 671

#### Foreign Exchange Risk

##### Interest rate risk

The municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

The municipality's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings and finance leases are therefore usually at fixed rates.

This risk is managed on an ongoing basis.

##### 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.

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### 35. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 233 050 183 and that the municipality's total asset exceed its liabilities by R 242 469 032.

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 utmost to continue our operations in the best and safest way possible without jeopardising the health and safety of our people.

### 36. Unauthorised expenditure

Opening balance as previously reported	305 747 582	305 170 241
<b>Opening balance as restated</b>	<b>305 747 582</b>	<b>305 170 241</b>
Add: Expenditure identified - current	88 943 497	577 341
<b>Closing balance</b>	<b>394 691 079</b>	<b>305 747 582</b>

### 37. Fruitless and wasteful expenditure

Opening balance as previously reported	7 275 553	7 231 141
<b>Opening balance as restated</b>	<b>7 275 553</b>	<b>7 231 141</b>
Add: Expenditure identified - current	147 713	44 412
<b>Closing balance</b>	<b>7 423 266</b>	<b>7 275 553</b>

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#### 37. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

	Details of fruitless and wasteful			
Interest			131 858	72 330
Penalties			15 856	2 369
			<u>147 714</u>	<u>74 699</u>

#### 38. Irregular expenditure

Opening balance as previously reported	607 221 927	582 820 150
Opening balance as restated	<u>607 221 927</u>	<u>582 820 150</u>
Add: Irregular Expenditure - current	36 207 215	24 401 777
Unauthorised Debit Orders	-	-
Closing balance	<u>643 429 142</u>	<u>607 221 927</u>

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

	Details of irregular expenditure			
Adjudication committee not formulated in accordance with MSCMR section 28			7 257 931	7 917 743
Appointed by Regulation 32 but no demonstrable benefits/discount			7 525 092	9 665 807
Contract has expired. The contract is currently continuing on month to month basis in contravention of MFMA Section 116 (3)			20 991 748	6 398 323
No proof of competitive bidding			432 444	419 904
			<u>36 207 215</u>	<u>24 401 777</u>

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<b>39. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government ( SALGA)</b>		
Current year subscription / fee	2 566 813	2 310 335
Amount paid - current year	(2 566 813)	(2 310 335)
	-	-
<b>Audit fees</b>		
Opening balance	-	1 839 740
Current year subscription / fee	4 505 524	5 872 235
Amount paid - current year	(4 505 524)	(7 711 975)
	-	-
<b>PAYE and UIF</b>		
Opening balance	39 338 457	39 782 167
Current year subscription / fee	(39 338 457)	(39 782 167)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Opening balance	50 775 382	50 461 719
Current year subscription / fee	(50 775 382)	(50 461 719)
	-	-
<b>VAT</b>		
VAT receivable	6 440 354	1 274 887

VAT output payables and VAT input receivables are shown in note .

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

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

#### Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

#### Incident

GRAP Technical Support in the preparation of Annual Financial Statements.	2 500 000	-
Employee related costs actuarial calculations in preparation of Annual Financial Statements.	25 300	-
Placing of Notice/ Gazetting of Municipal Health By-Laws.	158 381	-
Accommodation, Return flights and transport of 3 officials attending CGFARO ICT Conference in Cape Town	79 810	-
Accommodation, dinner and breakfast for 5 Councilors attending SALGA Women Commission.	60 900	-
Accommodation, dinner and breakfast for 4 Councilors and 2 protectors attending Monitoring and Evaluation	46 250	-
Accommodation, dinner and breakfast for 6 officials attending Monitoring and Evaluation.	40 320	-
Accommodation, breakfast, car hire and return flights for 3 Councilors and 1 protector attending NCOP Week	153 960	-
Accommodation, return flights and shuttle for 3 officials attending Govtech Summit.	123 600	-
Accommodation, breakfast and dinner for 3 fire personnel attending training	101 520	-
Procurement and installation of two 18000 BTU air conditioners for server room	99 999	-
Advertising of an invitation to service providers to update the SCM database.	67 030	-
Accommodation, flights car hire for 1 Councilor and 1 protector attending SALGA National Assembly.	53 949	-
Replacement of turbo on vehicle Reg JRN 483 NW.	45 806	-
Accommodation, dinner, breakfast and shuttle for 2 councilors attending SALGA monitoring and evaluation.	39 510	-
Accommodation for 3 officials attending 1st Hybrid Cannabis Lekgotla	39 000	-
Accommodation for 8 officials attending Monitoring and evaluation	34 500	-
Decor(tables and chairs) for 200 people attending District World Environmental Health Day Awareness event to be held on the 3rd and 4th October 2022 atRustenburg Old Town Hall	44 800	-
Catering for 200 people attending District World Environmental Health Day Awareness event to be held on the 3rd and 4th October 2022 at Rustenburg Old Town Hall	63 700	-
Accommodation (bed and breakfast), flights and shuttle for six (6) BTO officials attending CIGFARO conference from the 10th October 2022 to 14th October 2022 in Durban	176 100	-
Accommodation (bed and breakfast), flights and shuttle for six (6) BTO officials attending CIGFARO conference from the 12th October 2022 to 15th October 2022 in Durban	129 200	-
Advertising of tenders in the local and National newspaper	99 790	-
Lunch for 250 people for World Food Awareness event	51 500	-
Accommodation for eighth (8) BPDM employees attending monitoring and evaluation at Wits from 24- October 2022 to 27 October 2022	35 280	-
Catering (Breakfast and lunch) for 300 people	141 225	-
Repair leakage roof and damaged trusses in the MMC Technical Office Steen Street	97 225	-
Conference package for anti-corruption	68 500	-
Accommodation for eight (8) BPDM employees attending monitoring and evaluation at Wits from 00-December 2022 to 00 December 2022	35 070	-
Training of 10 X Fire personnel	31 500	-
Registration fee for 3 AI officials attending the 25th African International Audit Conference	44 850	-
Accommodation (Bed and breakfast), flights and shuttle for Ms Kgomotso Phatlhane attending Torque IT at Cape Town	33 900	-
Accommodation for (0) BPDM employees attending monitoring and evaluation at Wits from 00-December 2022 to 00 December 2022	36 600	-
Annual Service of three jaws of life	179 690	-
Advertisement of tenders in the Local and National newspaper	48 900	-

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>39. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
Advertising tenders on Local and National Newspaper	186 288	-
Accommodation, Flights, Car Rental for Mr. Johannes Lesetja Mochichila attending workshop on Women's Political Leadership with Executive Mayor	38 483	-
Accommodation, conferencing and facilities for strategic planning session	300 000	-
Advert for senior managers vacancies	271 253	-
Accommodation for officials attending public sector audit and risk indaba in Durban	36 140	-
Advertisement of tenders to be advertised on National and Local newspaper (City Press and Rustenburg Herald)	165 578	-
Conference facility for two ward committee members attending ward committee capacity building and induction on the 12 April 2023 at Rustenburg	105 000	-
270 Sets of microsoft 365 E5 enterprise agreement licenses	2 263 716	-
Advertisement of tenders on national and local newspaper (City press and Herald newspapers)	134 914	-
Fumigation and deep cleaning for Main building office	79 959	-
Law enforcement for peace officer, NQF level 5 training for EHP's and Environmental professionals . 25 HES BPDM employees from 05 June 2023 to 09 June 2023	132 500	-
	<b>8 701 496</b>	<b>-</b>

### Political office-bearers (other than councillors)

#### 40. 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 Council and includes a note to the annual financial statements.

Please refer to the detail listing above for deviations and reasons for deviation (**Supply Chain Management Regulations**) with a total balance of **R 8,701,496**.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

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### 41. Segment information

#### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

#### Reportable segment

COMMUNITY AND SOCIAL SERVICES

HEALTH SERVICES

BUDGET AND TREASURY

#### Goods and/or services

Community and Social Services,  
Public Safety.

Health Services;

Finance and administrative services



## Bojanala Platinum District Municipality

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#### 41. Segment information (continued)

##### Segment surplus or deficit, assets and liabilities

2022

	COMMUNITY AND SOCIAL SERVICES	HEALTH SERVICES	FINANCE	Unallocated	Total
<b>Revenue</b>					
Government grants & subsidies	115 338 000	37 745 000	37 734 000	181 300 422	372 115 422
License and Permits	142 207	292 455	-	-	434 662
Interest received	-	-	9 539 724	-	9 539 724
Other income	-	-	231 709	-	231 709
Rental of facilities	-	-	114 783	-	114 783
Actuarial gain	-	-	1 743 000	-	1 743 000
Fair value adjustment	-	-	255 000	-	255 000
<b>Total segment revenue</b>	<b>115 478 207</b>	<b>38 037 455</b>	<b>49 618 216</b>	<b>181 300 422</b>	<b>384 434 300</b>
<b>Entity's revenue</b>					<b>384 434 300</b>
<b>Expenditure</b>					
Employee related costs	82 356 812	35 744 130	20 445 783	65 267 821	203 814 546
Remuneration of councillors	-	-	-	18 698 734	18 698 734
Depreciation and amortisation	3 947 768	243 271	1 693 666	805 281	6 689 966
Lease rentals on operating lease	-	-	-	12 651 813	12 651 813
Debt impairment	-	1 225 000	-	-	1 225 000
Consumables	131 301	53 380	44 639	531 171	760 491
Contracted services	51 593	1 666 320	2 381 385	18 306 353	22 405 651
Transfers and subsidies	-	-	4 503 587	-	4 503 587
Operational costs	1 715 961	137 997	6 296 373	12 401 716	20 552 047
Loss on disposal of assets	-	-	241 443	-	241 443
<b>Total segment expenditure</b>	<b>88 203 435</b>	<b>39 070 098</b>	<b>35 606 876</b>	<b>128 662 869</b>	<b>291 543 278</b>
<b>Total segmental surplus/(deficit)</b>	<b>27 274 772</b>	<b>(1 032 643)</b>	<b>14 011 340</b>	<b>52 637 553</b>	<b>92 891 022</b>

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	COMMUNITY AND SOCIAL SERVICES	HEALTH SERVICES	FINANCE	Unallocated	Total
<b>41. Segment Information (continued)</b>					
<b>Assets</b>					
Receivable from Exchange Transactions	-	-	1 108 891	-	1 108 891
Vat Receivables	-	-	1 274 887	-	1 274 887
Cash and Cash Equivalent	-	-	180 724 671	-	180 724 671
Property, Plant & Equipment	71 325	93 905	19 477 199	23 508 341	43 150 770
Intangible Asset	-	-	463 952	-	463 952
Investment Property	-	-	375 000	-	375 000
<b>Total segment assets</b>	<b>71 325</b>	<b>93 905</b>	<b>203 424 600</b>	<b>23 508 341</b>	<b>227 098 171</b>
<b>Total assets as per Statement of financial Position</b>					<b>227 098 171</b>
<b>Liabilities</b>					
Operating lease liability	-	-	(233 024)	-	(233 024)
Payables from exchange transactions	-	-	(43 828 364)	-	(43 828 364)
Unspent conditional grants and receipts	-	-	(201 591)	-	(201 591)
Employee benefit obligation	-	-	(36 627 000)	-	(36 627 000)
<b>Total segment liabilities</b>	<b>-</b>	<b>-</b>	<b>(80 889 979)</b>	<b>-</b>	<b>(80 889 979)</b>
<b>Total liabilities as per Statement of financial Position</b>					<b>(80 889 979)</b>

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

## Bojanala Platinum District Municipality

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#### 41. Segment information (continued)

2023

	COMMUNITY AND SOCIAL SERVICES	HEALTH AND ENVIRONMEN TAL SERVICE S	FINANCE	Unallocated	Total
<b>Revenue</b>					
Government grants & subsidies	30 886 361	118 895 000	38 940 000	201 831 807	390 553 168
Rental of facilities	-	-	114 783	-	114 783
Licence and permits	230 304	404 364	-	-	634 668
Fines, Penalties and Forfeits	-	1 400 000	-	-	1 400 000
Other Income	-	-	185 475	-	185 475
Interest revenue	-	-	20 501 763	-	20 501 763
Actuarial gains/losses	-	-	8 860 000	-	8 860 000
<b>Total segment revenue</b>	<b>31 116 665</b>	<b>120 699 364</b>	<b>68 602 021</b>	<b>201 831 807</b>	<b>422 249 857</b>
<b>Entity's revenue</b>					<b>422 249 857</b>
<b>Expenditure</b>					
Consumables	214 050	148 750	198 209	962 921	1 523 930
Depreciation	3 354 843	452 656	1 589 072	658 410	6 054 981
Employee related cost	86 750 317	35 603 757	16 055 315	66 237 365	204 646 754
Lease rentals on operating lease	-	-	-	15 316 310	15 316 310
Remuneration of councillors	-	-	-	19 793 233	19 793 233
Contracted Services	740 249	602 498	10 449 010	31 906 620	43 698 377
Operational cost	5 077 959	752 255	5 829 186	16 780 351	28 439 751
Impairment loss	-	-	-	6 349 248	6 349 248
Loss on disposal of assets and liabilities	-	-	1 434	-	1 434
Loss on foreign exchange	-	-	241 441	-	241 441
Fair value adjustments	-	-	165 000	-	165 000
<b>Total segment expenditure</b>	<b>96 137 418</b>	<b>37 559 916</b>	<b>34 528 667</b>	<b>158 004 458</b>	<b>326 230 459</b>
<b>Total segmental surplus/(deficit)</b>	<b>(65 020 753)</b>	<b>83 139 448</b>	<b>34 073 354</b>	<b>43 827 349</b>	<b>96 019 398</b>

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	COMMUNITY AND SOCIAL SERVICES	HEALTH AND ENVIRONMEN TAL SERVICE S	FINANCE	Unallocated	Total
<b>41. Segment information (continued)</b>					
<b>Assets</b>					
Cash and cash equivalents	-	-	258 434 501	-	258 434 501
Intangible Assets	-	-	2 338 548	-	2 338 548
Property plant and equipment	3 137 387	480 674	10 517 431	48 056 968	62 192 460
Investment Property	-	-	210 000	-	210 000
Receivables from exchange transactions	-	-	842 348	-	842 348
VAT Receivables	-	-	6 440 354	-	6 440 354
<b>Total segment assets</b>	<b>3 137 387</b>	<b>480 674</b>	<b>278 783 182</b>	<b>48 056 968</b>	<b>330 458 211</b>
<b>Total assets as per Statement of financial Position</b>					<b>330 458 211</b>
<b>Liabilities</b>					
Employment Obligation	-	-	(33 096 000)	-	(33 096 000)
Payables from exchange transactions	(1 546 205)	-	(50 759 437)	(2 529 000)	(54 834 642)
Operating Lease Liability	-	-	(58 537)	-	(58 537)
<b>Total segment liabilities</b>	<b>(1 546 205)</b>	<b>-</b>	<b>(83 913 974)</b>	<b>(2 529 000)</b>	<b>(87 989 179)</b>
<b>Total liabilities as per Statement of financial Position</b>					<b>(87 989 179)</b>

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2023

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### 42. Budget differences

#### Material differences between budget and actual amounts

##### 42.1 Rental of facilities and licences

There was no budget raised for rental and licence revenue.

##### 42.2 Other Income

The reason for the variance was that the municipality received more income than anticipated.

##### 42.3 Interest received

The municipality has invested with Financial Institutions and received high favourable percentages due to available cash flow.

##### 42.4 Government grants & subsidies

The Municipality received a reimbursement from the Provincial Department for fire and disaster equipment of R 2 409 361.00 and SETA skills development Grant of R 267 216.00 during the financial year which was not budgeted.

##### 42.5 Employee related costs

The reason for the underspending is due to positions that have been budgeted for not been appointed for, some employees have been resigned, retirements and employment contracts that have ended.

##### 42.6 Depreciation and Amortisation

The reason for the variance was due to restatement of the PPE which was not taken into account during the budget preparation.

##### 42.7 Impairment.

There was no budget provided for impairment of assets.

##### 42.8 Lease rentals on operating lease.

There was no budget for rental of properties.

##### 42.9 Consumables

There was no budget raised for consumables.

##### 42.10 Contracted services

The reason for the under expenditure is mainly due to the procurement process that was delayed for the implementation of PPPFA (Preferential Procurement Policy Framework Act) as well as cost containment initiatives.

##### 42.11 Transfers and subsidies

There was no expenditure incurred and transferred in the current year.

##### 42.12 Operational cost

The PPPFA which caused the suspension of procurement by Municipalities within South Africa (Preferential Procurement Policy Framework Act) hence the underspending of the budget.

##### 42.13 Loss on disposal of assets, loss on foreign exchange, Fair value adjustment and

There was no budget provided for the loss on disposal of assets, and fair value adjustment.

##### 42.14 Actuarial Gain

There was no budget provided for.