



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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## General Information

---

<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. SD NTHANGENI (EXECUTIVE MAYOR) CLR. TL MADIBA (SPEAKER) CLR. DM MOEKETSANE (CHIEF WHIP)
Mayoral Committee Councillors	CLR. TM MASHOMO (MPAC Chairperson) CLR. RI MSOKI (MMC Budget and Treasury) CLR. AE SELEBOGO ( MMC Technical Support Services) CLR. FM MANGOATHE (MMC Rural Dev. and Agriculture) CLR. KKC RAMOKGADI (MMC Community Development) CLR. M KARANI (MMC Local Economic Development) CLR. LB MALOPE (MMC Sports, Arts and Culture) CLR. WM SONO (MMC Special Project) CLR. TP THOBOKE (MMC Health and Environment) CLR. VN MAKHAULA (MMC IDP, PMS Monitoring and Evaluation) CLR. SD NTHANGENI (MMC Corporate Support Services)

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## General Information

---

### Councilors

CLR. VK PHUSOANE  
CLR. KP MOTHENG  
CLR. TF POTGIETER  
CLR. BP GOUS  
CLR. LN TAU  
CLR. AN MOTSI  
CLR. TE HLONGWANE  
CLR. GL MAGADANE  
CLR. DR AP PITSOE  
CLR. DM RAKGATLHA  
CLR. ODM PITSO  
CLR. OS MOLUSI  
CLR. RL MOTSEPE  
CLR. MG MALEBOGO  
CLR. CO MOEMA  
CLR. VK PHUSOANE  
CLR. TP MAREMO  
CLR. LJR DIREMELO  
CLR. RP MOLATLHEG  
CLR. L MOATE  
CLR. TM MGUNI  
CLR. RR MOHULATS  
CLR. PA TAU  
CLR. M COETZEE  
CLR. VN MYOLI  
CLR. EST PULE  
CLR. MEE MOSETE  
CLR. SM MOTSHE  
CLR. MP MORAPEDI  
CLR. LETLAP  
CLR. IS MACONE  
CLR. AP ROOTMAN  
CLR. E LANGENI  
CLR. J QOBEKA  
CLR. PHALOLE  
CLR. TE MATJENE  
CLR. POL LEBETHE  
CLR. TK MOTAUNG  
CLR. OM MAMABOLO  
CLR. LF MODISE  
CLR. IB BHEBE  
CLR. PS LETLHABI  
CLR. RM KUTUMELA  
CLR. SA KUTUMELA  
CLR. NS MABUNDA  
CLR. TJ MAKHUBEL  
CLR. E VAN DER S  
CLR. RN MORAILE  
CLR. TJ MOHLABAN  
CLR. RC LEKALAKA  
CLR. RM LUKHELE  
CLR. GI APHIRI  
CLR. SB MARAKAL  
CLR. RE MASHIMO  
CLR. NSG SEKAO  
CLR. NF MOKWENA  
CLR. LP SEDIO  
CLR. LG MHLAMBI  
CLR. EDF LOUREN  
CLR. N DELEKI  
CLR. MA MONAHENG  
CLR. NA LETLAP  
CLR. CLLR JC POTGIE  
CLR. CK CHAKA

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## General Information

---

	CLR. T KWELE CLR. MT MOLEFE
<b>Accounting Officer</b>	Dr A.J. MOTHUPI (Acting Municipal Manager) (August 2023 to date) Mr L.L. FOURIE (July 2023)
<b>Acting Chief Finance Officer (ACFO)</b>	Mr A. JANSEN MS. A. TOLO (September to February 2024) MS. D. MOTLOUNG (July to August 2023)
<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

Annual Financial Statements for the year ended 30 June 2024

## Index

---

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

	Page
Accounting Officer's Responsibilities and Approval	5
Social and Ethics Committee Report	6 - 5
Audit Committee Report	6
Accounting Officer's Report	7 - 8
Statement of Financial Position	9
Statement of Financial Performance	10
Statement of Changes in Net Assets	11
Cash Flow Statement	12
Statement of Comparison of Budget and Actual Amounts	13 - 14
Accounting Policies	15 - 36
Notes to the Annual Financial Statements	37 - 82

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

Appendixes:

Appendix B: Analysis of Property, Plant and Equipment	83
---	----

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 2024

## **Accounting Officer's Responsibilities and Approval**

---

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

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

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

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

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

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

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

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

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

The annual financial statements set out on pages 7 to 82, which have been prepared on the going concern basis, were approved by the Accounting Officer on the 31 August 2024 and were signed by:

---

**Dr AJ Mothupi (Accounting Officer)**  
**Acting Municipal Manager**

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Audit Committee Report

---

We are pleased to present our report for the year ended 30 June 2024.

### 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 13 number of meetings were held.

Name of member	Number of meetings attended
Ignatius Mogotsi (Chairperson)	13
Jane Masite	12
Phumudzo Rambuda	13
Tichaona Zororo	10
Stanley Ngobeni	11

### 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.

---

**Chairperson of the Audit Committee**

**Date:** \_\_\_\_\_

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

---

The accounting officer submits his report for the year ended 30 June 2024.

### 1. Review of activities

#### Main business and operations

Net surplus of the municipality was R 101 734 647 (2023: surplus R 95 940 746).

### 2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 334 505 828 and that the municipality's total assets exceeded its liabilities by R 343 924 677.

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 municipality 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 2024

## Accounting Officer's Report

---

### 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 5 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:

<b>Date</b>	<b>Venue</b>
17 July 2023	Virtual
24 August 2023	Virtual
30 August 2023	Virtual
16 October 2023	Virtual
23 October 2023	Virtual
28 November 2023	Virtual
18 January 2024	Virtual
22 February 2024	Virtual
25 March 2024	Virtual
17 April 2024	Virtual
23 April 2024	Virtual
17 May 2024	Virtual
28 June 2024	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 8 months.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	2	210 000	210 000
Property, plant and equipment	3	74 209 755	62 367 360
Intangible assets	4	1 943 945	2 338 548
		<b>76 363 700</b>	<b>64 915 908</b>
<b>Current Assets</b>			
Receivables from exchange transactions	5	985 385	842 348
VAT receivable	6	7 440 543	6 527 353
Cash and cash equivalents	7	355 077 932	258 421 154
Receivables from non-exchange transactions	8	7 765 546	264 870
		<b>371 269 406</b>	<b>266 055 725</b>
<b>Total Assets</b>		<b>447 633 106</b>	<b>330 971 633</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Finance lease obligation	9	2 119 606	-
Employee benefit obligation	10	33 772 000	31 141 000
		<b>35 891 606</b>	<b>31 141 000</b>
<b>Current Liabilities</b>			
Finance lease obligation	9	1 198 133	-
Operating lease liability		-	58 537
Employee benefit obligation	10	2 815 000	1 955 000
Payables from exchange transactions	11	63 803 690	55 627 060
		<b>67 816 823</b>	<b>57 640 597</b>
<b>Total Liabilities</b>		<b>103 708 429</b>	<b>88 781 597</b>
<b>Net Assets</b>		<b>343 924 677</b>	<b>242 190 036</b>
Reserves			
Revaluation reserve	12	9 418 849	9 418 849
Accumulated surplus/deficit		334 505 828	232 771 187
<b>Total Net Assets</b>		<b>343 924 677</b>	<b>242 190 036</b>

\* See Note 35

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rental of facilities	14	114 783	114 783
Licences and permits	15	680 994	634 668
Other income	16	517 302	185 475
<b>Total revenue from exchange transactions</b>		<b>1 313 079</b>	<b>934 926</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Interest received		31 826 088	20 766 633
<b>Transfer revenue</b>			
Fines, Penalties and Forfeits	17	2 919 176	1 400 000
Government grants & subsidies	18	402 759 290	390 553 168
Insurance proceeds	19	574 160	-
<b>Total revenue from non-exchange transactions</b>		<b>438 078 714</b>	<b>412 719 801</b>
<b>Total revenue</b>	13	<b>439 391 793</b>	<b>413 654 727</b>
<b>Expenditure</b>			
Employee related costs	20	(218 642 803)	(204 646 752)
Remuneration of councillors	21	(21 227 536)	(19 793 234)
Depreciation and amortisation	22	(8 803 397)	(5 880 082)
Impairment		(786 347)	(6 349 248)
Finance costs	23	(923 284)	-
Lease rentals on operating lease	24	(12 766 119)	(15 525 660)
Consumables	25	(3 653 248)	(1 523 931)
Contracted services	26	(37 262 368)	(44 254 936)
Operational costs	27	(34 385 332)	(28 192 263)
<b>Total expenditure</b>		<b>(338 450 434)</b>	<b>(326 166 106)</b>
Loss on disposal of assets and liabilities		(770 494)	(1 434)
Gain or (loss) on foreign exchange		81 782	(241 441)
Fair value adjustments		-	(165 000)
Actuarial gains/losses	10	1 482 000	8 860 000
		<b>793 288</b>	<b>8 452 125</b>
<b>Surplus for the year</b>		<b>101 734 647</b>	<b>95 940 746</b>

\* See Note 35

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	9 418 849	136 789 343	146 208 192
Adjustments			
Correction of errors	-	41 092	41 092
<b>Balance at 01 July 2022 as restated*</b>	<b>9 418 849</b>	<b>136 830 435</b>	<b>146 249 284</b>
Changes in net assets			
Surplus for the year as previously reported	-	96 019 398	96 019 398
Total changes	-	96 019 398	96 019 398
Opening balance as previously reported	9 418 849	232 849 833	242 268 682
Adjustments			
Correction of errors	-	(78 652)	(78 652)
<b>Restated* Balance at 01 July 2023 as restated*</b>	<b>9 418 849</b>	<b>232 771 181</b>	<b>242 190 030</b>
Changes in net assets			
Surplus for the year	-	101 734 647	101 734 647
Total changes	-	101 734 647	101 734 647
<b>Balance at 30 June 2024</b>	<b>9 418 849</b>	<b>334 505 828</b>	<b>343 924 677</b>
Note(s)	12		

\* See Note 35

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		2 749 621	2 601 470
Grants		402 759 290	390 351 578
Interest income		31 765 818	20 501 763
		<u>437 274 729</u>	<u>413 454 811</u>
<b>Payments</b>			
Cash paid to suppliers and employees		(320 916 118)	(302 436 376)
Finance costs		(689 487)	-
		<u>(321 605 605)</u>	<u>(302 436 376)</u>
<b>Net cash flows from operating activities</b>	29	<b><u>115 669 124</u></b>	<b><u>111 018 435</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(15 994 923)	(30 700 786)
Purchase of other intangible assets	4	(2 332 772)	(2 621 166)
<b>Net cash flows from investing activities</b>		<b><u>(18 327 695)</u></b>	<b><u>(33 321 952)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(684 651)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>96 656 778</b>	<b>77 696 483</b>
Cash and cash equivalents at the beginning of the year		258 421 154	180 724 671
<b>Cash and cash equivalents at the end of the year</b>	7	<b><u>355 077 932</u></b>	<b><u>258 421 154</u></b>

The accounting policies on pages 15 to 36 and the notes on pages 37 to 82 form an integral part of the annual financial statements.

\* See Note 35

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## 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	<b>114 783</b>	45.1
Licences and permits	-	-	-	680 994	<b>680 994</b>	45.2
Other income	-	-	-	517 302	<b>517 302</b>	45.3
	-	-	-	-	-	
<b>Total revenue from exchange transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 313 079</b>	<b>1 313 079</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Interest received	8 000 000	4 000 000	<b>12 000 000</b>	31 826 088	<b>19 826 088</b>	45.4
<b>Transfer revenue</b>						
Government grants & subsidies	402 434 000	1 000	<b>402 435 000</b>	402 759 290	<b>324 290</b>	Variance below 10%
Insurance proceeds	-	-	-	574 160	<b>574 160</b>	45.3
Fines, Penalties and forfeits	300 000	78 300 000	<b>78 600 000</b>	2 919 176	<b>(75 680 824)</b>	45.5
<b>Total revenue from non-exchange transactions</b>	<b>410 734 000</b>	<b>82 301 000</b>	<b>493 035 000</b>	<b>438 078 714</b>	<b>(54 956 286)</b>	
<b>Total revenue</b>	<b>410 734 000</b>	<b>82 301 000</b>	<b>493 035 000</b>	<b>439 391 793</b>	<b>(53 643 207)</b>	
<b>Expenditure</b>						
Personnel	(246 314 000)	-	<b>(246 314 000)</b>	(218 642 803)	<b>27 671 197</b>	45.6
Remuneration of councillors	(20 931 000)	(1 069 000)	<b>(22 000 000)</b>	(21 227 536)	<b>772 464</b>	Variance below 10%
Transfer payments - Other	-	-	-	-	-	
Depreciation and amortisation	(6 000 000)	(2 000 000)	<b>(8 000 000)</b>	(8 803 397)	<b>(803 397)</b>	45.7
Impairment loss/ Reversal of impairments	-	-	-	(786 347)	<b>(786 347)</b>	45.8
Finance costs	-	-	-	(923 284)	<b>(923 284)</b>	45.9
Lease rentals on operating lease	-	-	-	(12 766 119)	<b>(12 766 119)</b>	45.10
Consumables	-	-	-	(3 653 248)	<b>(3 653 248)</b>	45.11
Contracted Services	(48 562 000)	(63 898 000)	<b>(112 460 000)</b>	(37 262 368)	<b>75 197 632</b>	45.12
Operational costs	(46 512 000)	868 000	<b>(45 644 000)</b>	(34 385 332)	<b>11 258 668</b>	45.13
<b>Total expenditure</b>	<b>(368 319 000)</b>	<b>(66 099 000)</b>	<b>(434 418 000)</b>	<b>(338 450 434)</b>	<b>95 967 566</b>	
<b>Operating surplus</b>	<b>42 415 000</b>	<b>16 202 000</b>	<b>58 617 000</b>	<b>100 941 359</b>	<b>42 324 359</b>	
Loss on disposal of assets and liabilities	-	-	-	(770 494)	<b>(770 494)</b>	45.14
Gain on foreign exchange	-	-	-	81 782	<b>81 782</b>	45.14
Actuarial gains/losses	-	-	-	1 482 000	<b>1 482 000</b>	45.14
	-	-	-	<b>793 288</b>	<b>793 288</b>	
<b>Surplus before taxation</b>	<b>42 415 000</b>	<b>16 202 000</b>	<b>58 617 000</b>	<b>101 734 647</b>	<b>43 117 647</b>	

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## 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>42 415 000</b>	<b>16 202 000</b>	<b>58 617 000</b>	<b>101 734 647</b>	<b>43 117 647</b>	

**Accounting Policies**

---



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 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 municipality will continue to operate as a going concern for at least the next 12 months.

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

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

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 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 key assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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

#### 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 10.

#### 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.

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.5 Investment property (continued)

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.

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

#### 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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

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

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

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

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

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

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

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

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

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

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

Property, plant and equipment that 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.

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

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

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

---

Item	Depreciation method	Average useful life
------	---------------------	---------------------

---

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

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

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 ).

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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.7 Intangible assets (continued)

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.

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

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

---

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

---

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 entity and a financial liability or a residual interest of another entity.

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.8 Financial instruments (continued)

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

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

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.8 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

### Classification

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

#### Class

Receivables from exchange transactions  
Receivables from non exchange transactions  
Cash and cash equivalents

#### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
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

Trade and other payables

#### Category

Financial liability measured at amortised cost



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.8 Financial instruments (continued)

Finance lease liabilities

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.

### 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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.10 Statutory receivables (continued)

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:

### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

### 1.12 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 entity in exchange for service rendered by employees.

## Accounting Policies

---

### 1.13 Employee benefits (continued)

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

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

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

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

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

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

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

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

### Post-employment benefits

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

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

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

### Post-employment benefits: Defined contribution plans

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

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

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity 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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.13 Employee benefits (continued)

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity 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 entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

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

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

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

The 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 entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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

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

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.13 Employee benefits (continued)

- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is not presented as the net of the amount recognised for a reimbursement.

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

### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

Post-employment benefit obligations are measured on a basis that reflects:

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.13 Employee benefits (continued)

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.

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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.14 Provisions and contingencies (continued)

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.

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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.16 Revenue from exchange transactions (continued)

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.

### 1.17 Revenue from non-exchange transactions

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

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

Control of an asset arises 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.



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

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

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

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

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

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

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

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

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

#### Recognition

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

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

#### Measurement

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

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

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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 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, 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, Guidelines etc (as applicable).

### 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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.23 Irregular expenditure (continued)

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.

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

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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.26 Budget information (continued)

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 2023/07/01 to 2024/06/30.

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

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

### 1.27 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.

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.

# **Bojanala Platinum District Municipality**

Annual Financial Statements for the year ended 30 June 2024

## **Accounting Policies**

---

### **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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	30 June 2024	30 June 2023
-----------------	-----------------	-----------------

## 2. New standards and interpretations

### 2.1 Standards and interpretations effective and adopted in the current

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	The impact of the is not material.
• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the is not material.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the is not material.
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	The impact of the is not material.
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	The impact of the is not material.

### 2.2 Standards and Interpretations early adopted

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

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

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

### 2.4 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
---------------------------	---	------------------

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 2. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	210 000	-	210 000	210 000	-	210 000

#### Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	210 000	210 000

#### Reconciliation of investment property - 2023

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

#### Pledged as security

There was no investment property 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 Friday, 26 July 2024. 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)
-----------------------	---	-----------

#### 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 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	12 284 400	-	12 284 400	12 284 400	-	12 284 400
Buildings	5 527 437	(915 741)	4 611 696	5 527 437	(463 085)	5 064 352
Plant and machinery	6 088 619	(2 669 779)	3 418 840	6 678 651	(2 973 171)	3 705 480
Motor vehicles	58 385 573	(19 703 176)	38 682 397	44 326 069	(17 476 736)	26 849 333
Office equipment	9 722 660	(8 315 683)	1 406 977	10 521 615	(9 201 988)	1 319 627
Computer equipment	7 285 815	(4 786 465)	2 499 350	20 958 278	(17 338 483)	3 619 795
Infrastructure	182 227	(14 063)	168 164	182 230	(6 215)	176 015
Community	19 173 141	(10 997 954)	8 175 187	19 173 141	(9 824 783)	9 348 358
Leased assets	3 480 339	(517 595)	2 962 744	-	-	-
<b>Total</b>	<b>122 130 211</b>	<b>(47 920 456)</b>	<b>74 209 755</b>	<b>119 651 821</b>	<b>(57 284 461)</b>	<b>62 367 360</b>



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Change in estimate	Depreciation	Impairment loss	Total
Land	12 284 400	-	-	-	-	-	12 284 400
Buildings	5 064 352	-	-	-	(452 656)	-	4 611 696
Plant and machinery	3 705 480	489 897	-	6 219	(782 756)	-	3 418 840
Motor vehicles	26 849 333	14 646 625	(540 797)	305 910	(2 578 674)	-	38 682 397
Office equipment	1 319 627	712 320	(35 074)	122 037	(711 933)	-	1 406 977
Computer equipment	3 619 795	146 080	(194 623)	9 164	(1 081 066)	-	2 499 350
Infrastructure	176 015	-	-	-	(7 851)	-	168 164
Community	9 348 358	-	-	-	(386 824)	(786 347)	8 175 187
Leased assets	-	3 480 339	-	-	(517 595)	-	2 962 744
	<b>62 367 360</b>	<b>19 475 261</b>	<b>(770 494)</b>	<b>443 330</b>	<b>(6 519 355)</b>	<b>(786 347)</b>	<b>74 209 755</b>

#### 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	100 917	3 869 937	-	(265 374)	-	3 705 480
Motor vehicles	4 068 795	24 858 711	-	(2 078 173)	-	26 849 333
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>30 700 786</b>	<b>(1 434)</b>	<b>(5 133 514)</b>	<b>(6 349 248)</b>	<b>62 367 360</b>

Assets with a carrying amount of R661 567 as at 30 June 2024 are still under investigation to confirm their existence.

Leased assets relates to photocopiers and printers leased for 3 years with transfer of ownership to the municipality at the end of the lease-term.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

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

#### Pledged as security

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

No other property, plant and equipment assets are pledged as security other than the above-mentioned leased assets.

#### Expenditure incurred to repair and maintain property, plant and equipment

##### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Buildings	142 812	-
Computer equipment	14 116	-
Motor vehicles	574 133	202 610
Office equipment	28 800	-
Plant and machinery	127 240	312 412
	<b>887 101</b>	<b>515 022</b>

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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5 524 545	(3 580 600)	1 943 945	5 526 136	(3 187 588)	2 338 548

#### Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	2 338 548	2 332 772	(2 727 375)	1 943 945

#### Reconciliation of intangible assets - 2023

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>5. Receivables from exchange transactions</b>		
Prepayments	65 085	54 048
Other debtors	920 300	788 300
	<b>985 385</b>	<b>842 348</b>
<b>Receivables aging</b>		
Current (0-30days)	65 085	54 048
121 - 365 days	920 300	788 300
	<b>985 385</b>	<b>842 348</b>
<b>Financial asset receivables included in receivables from exchange transactions above</b>	-	-
<b>Total receivables from exchange transactions</b>	<b>985 385</b>	<b>842 348</b>

### Details of receivables from exchange transactions

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 on the debt as the house is held as security by the municipality and the value of the house (valued at R3 200 000 as of 30 June 2024 by an independent valuer) exceeds the value debt as at 30 June 2024.

### 6. VAT receivable

VAT	7 440 543	6 527 353
-----	-----------	-----------

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	2 158 664	3 532 038
VAT input provision	5 281 879	2 995 315
	<b>7 440 543</b>	<b>6 527 353</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	355 077 932	258 421 154
---------------	-------------	-------------

The municipality holds short-term investment accounts with Absa Bank, Standard Bank and Nedbank. These accounts are used to invest and earn interest until maturity. As at 30 June 2024 the investment accounts had NIL balances (30 June 2023: NIL) - these accounts have been disclosed below.

#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA Call Account 11-3150-0277	354 943 875	258 311 499	180 605 740	354 943 875	258 311 499	180 605 740
ABSA Cheque Account 11-2000-0272	2 000	2 000	2 000	8 329	(11 348)	2 000
ABSA Petty Cash 93-6584-4663	2 480	2 316	2 157	2 480	2 316	2 157
Housing Account 40-9603-8617	123 248	118 686	114 773	123 248	118 686	114 773
Absa Bank : 2081155252	-	-	-	-	-	-
Absa Bank : 2081155294	-	-	-	-	-	-
Absa Bank : 2081235834	-	-	-	-	-	-
Absa Bank : 2081276971	-	-	-	-	-	-
Absa Bank : 2081299331	-	-	-	-	-	-
Absa Bank : 2081344370	-	-	-	-	-	-
Absa Bank : 2081344558	-	-	-	-	-	-
Absa Bank : 2081500310	-	-	-	-	-	-
Nedbank : 03/7881533110-11968706	-	-	-	-	-	-
Nedbank : 03/7881533110-11968708	-	-	-	-	-	-
Nedbank : 03/7881533110-12054616	-	-	-	-	-	-
Standard Bank : 038446537-026	-	-	-	-	-	-
<b>Total</b>	<b>355 071 603</b>	<b>258 434 501</b>	<b>180 724 670</b>	<b>355 077 932</b>	<b>258 421 153</b>	<b>180 724 670</b>

### 8. Receivables from non-exchange transactions

Insurance proceeds receivables	511 157	-
Funds held in trust accounts	5 526 649	-
Interest receivable	325 140	264 870
Fines issued receivables	2 627 600	1 225 000
Allowance for impairment	(1 225 000)	(1 225 000)
	<b>7 765 546</b>	<b>264 870</b>

#### Receivables aging - fines issued

0 - 30 days	1 402 600	-
Above 365 days	1 225 000	1 225 000
Allowance for impairment	(1 225 000)	(1 225 000)
	<b>1 402 600</b>	<b>-</b>

#### Receivables aging - Insurance proceeds, Interest receivable and Funds held in trust accounts

0 - 30 days	836 297	264 870
121 - 365 days	5 526 649	-
	<b>6 362 946</b>	<b>264 870</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 8. Receivables from non-exchange transactions (continued)

Total receivables from non-exchange transactions	7 765 546	264 870
--	-----------	---------

#### Statutory receivables general information

##### Transaction(s) arising from statute

Fines issued receivables relates to fines issued for contravention of the National Environmental Act, 1998 (Act No. 107 of 1998).

##### Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2024, R1 402 600 (2023: R-) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	1 402 600	-
------------------	-----------	---

##### Statutory receivables impaired

As of 30 June 2024, Statutory receivables of R1 225 000 (2023: R 1 225 000) were impaired and provided for.

The amount of the provision was R1 225 000 as of 30 June 2024 (2023: R1 225 000).

The ageing of these loans is as follows:

Over 6 months past due	1 225 000	1 225 000
------------------------	-----------	-----------

##### 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.

#### Funds held in trust accounts

The municipality paid an amount of R5 526 649 into a trust account on the 25th of August 2023 pursuant to a court order for claims against the municipality by Meme Ditshego Enterprise (Pty) LTD allegedly for goods or services delivered and rendered but not paid. The municipality has applied for the court ruling to be rescinded as the municipality argues that the mentioned goods or services were never received and/or the supplier overcharged for such services. the matter is still ongoing as of 30 June 2024 and the funds held in the trust account have been recorded as a receivable from non-exchange transactions and no impairment was considered.

#### Interest receivable

Interest receivable relates to interest accrued from the bank the last few days before year-end which will be received in July 2024.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>9. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	1 997 193	-
- in second to fifth year inclusive	2 557 449	-
	<hr/>	
	4 554 642	-
less: future finance charges	(1 236 903)	-
<b>Present value of minimum lease payments</b>	<hr/> <b>3 317 739</b>	<hr/> -
<b>Present value of minimum lease payments due</b>		
- within one year	1 198 133	-
- in second to fifth year inclusive	2 119 606	-
	<hr/>	
	<b>3 317 739</b>	<hr/> -
Non-current liabilities	2 119 606	-
Current liabilities	1 198 133	-
	<hr/>	
	<b>3 317 739</b>	<hr/> -

The average lease term was 3 years and the average effective borrowing rate was 28%.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 10. 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 2024 by ZAQ Consultants and Actuaries. The valuers were Elmarie Swanepoel who has a B.Comm (Actuarial Science) and Julian van der Spuy who has a B.Comm (Actuarial Sciences). 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 - 12.28% p.a, Consumer price inflation 6.80%, Net discount rate - 4.16%. 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 2024 by ZAQ Consultants and Actuaries. The valuers were Elmarie Swanepoel who has a B.Comm (Actuarial Science) and Julian van der Spuy who has a B.Comm (Actuarial Sciences). 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 - 12.28% p.a, Consumer price inflation - 6.80%, Net discount rate - 4.16%. 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	(33 772 000)	(31 141 000)
Present value of the defined benefit obligation-partly or wholly funded	(2 815 000)	(1 955 000)
	<b>(36 587 000)</b>	<b>(33 096 000)</b>

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	(22 210 000)	(19 422 000)
Present value of the defined benefit obligation-partly or wholly funded	(11 562 000)	(11 719 000)
	<b>(33 772 000)</b>	<b>(31 141 000)</b>

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	(817 000)	(926 000)
Present value of the defined benefit obligation-partly or wholly funded	(1 998 000)	(1 029 000)
	<b>(2 815 000)</b>	<b>(1 955 000)</b>



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 10. Employee benefit obligations (continued)

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

Current service cost	1 936 000	2 379 000
Past service cost	(1 279 000)	(1 303 000)
Interest cost	4 316 000	4 253 000
	<b>4 973 000</b>	<b>5 329 000</b>

#### Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(1 482 000)	(8 860 000)
---------------------------------------	-------------	-------------

#### Key assumptions used

Assumptions used at the reporting date:

The basis on which the discount rate has been determined is as follows: 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 postemployment liabilities should be used.

We used the nominal and real zero curves as at 30 June 2024 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:

	2024 R	2023 R	2022 R	2021 R	2020 R
Defined benefit obligation	24 208 000	20 348 000	23 858 000	17 791 000	17 837 000

### 11. Payables from exchange transactions

Trade payables	22 935 058	17 699 071
Provision for leave	35 947 524	33 122 733
Bonus accrual	4 764 863	4 649 011
Retentions	156 245	156 245
	<b>63 803 690</b>	<b>55 627 060</b>

### 12. Revaluation reserve

Opening balance	9 418 849	9 418 849
-----------------	-----------	-----------

### 13. Revenue

Rental of facilities	114 783	114 783
Licence and permits	680 994	634 668
Other income	517 302	185 475
Interest received	31 826 088	20 766 633
Government grants & subsidies	402 759 290	390 553 168
Insurance proceeds	574 160	-
Fines, Penalties and Forfeits	2 919 176	1 400 000
	<b>439 391 793</b>	<b>413 654 727</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 13. Revenue (continued)

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

Rental of facilities	114 783	114 783
Licence and permits	680 994	634 668
Other income	517 302	185 475
	<b>1 313 079</b>	<b>934 926</b>

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

Interest received	31 826 088	20 766 633
Government grants & subsidies	402 759 290	390 553 168
Insurance proceeds	574 160	-
Fines, Penalties and Forfeits	2 919 176	1 400 000
	<b>438 078 714</b>	<b>412 719 801</b>

### 14. Rental of facilities

#### Premises

Rental of facilities	114 783	114 783
----------------------	---------	---------

### 15. Licences and permits

Health certificates	478 030	404 364
Licences and permits	202 964	230 304
	<b>680 994</b>	<b>634 668</b>

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. Other income

Commissions received	17 279	-
Recoveries	115 761	-
Sale of tender documents	384 262	185 475
	<b>517 302</b>	<b>185 475</b>

### 17. Fines, Penalties and Forfeits

Fines, Penalties and Forfeits	2 919 176	1 400 000
-------------------------------	-----------	-----------

Fines relates to penalty issued by the municipality for contravention of the National Environmental Act, 1998 (Act No. 107 of 1998).

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>18. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	396 790 000	381 951 591
Financial Management Grant	1 850 000	1 850 000
EPWP	1 256 000	1 546 000
SETA Skills Development Grant	325 290	267 216
Fire Grant	-	2 409 361
Rural Asset Management Grant	2 538 000	2 529 000
	<b>402 759 290</b>	<b>390 553 168</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Unconditional grants received	396 790 000	381 750 000
<b>Expanded Public Works Programme</b>		
Current-year receipts	1 256 000	1 546 000
Conditions met - transferred to revenue	(1 256 000)	(1 546 000)
	-	-
<b>Financial Management Grant</b>		
Balance unspent at beginning of year	-	201 592
Current-year receipts	1 850 000	1 850 000
Conditions met - transferred to revenue	(1 850 000)	(1 850 000)
Refunded to National Treasury	-	(201 592)
	-	-
<b>Rural Asset Management Grant</b>		
Current-year receipts	2 538 000	2 529 000
Conditions met - transferred to revenue	(2 538 000)	(2 529 000)
	-	-
<b>Fire Grant</b>		
Current-year receipts	-	2 409 361
Conditions met - transferred to revenue	-	(2 409 361)
	-	-
<b>SETA Grant</b>		
Current-year receipts	325 290	267 216
Conditions met - transferred to revenue	(325 290)	(267 216)
	-	-
Conditions still to be met - remain liabilities (see note ).		
<b>19. Insurance proceeds</b>		
Insurance proceeds	574 160	-

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>20. Employee related costs</b>		
Basic	132 673 701	120 756 430
Leave Pay	2 976 537	5 196 275
Bonus	9 117 540	8 869 535
Contribution to pension and provident	21 893 528	21 704 730
Medical aid - company contributions	9 895 403	9 705 317
Contributions	37 260	36 493
UIF	594 952	622 920
Cellphone allowance	634 714	690 400
Skills Development Levy	1 650 882	1 611 296
Leave gratuity	2 681 000	1 819 000
Standby allowance	2 982 184	2 422 917
Overtime payments	9 306 175	8 389 520
Shift allowance	2 583 686	2 511 474
Acting allowances	4 141 821	1 893 448
Car allowance	12 475 306	13 336 764
Housing benefits and allowances	1 327 109	1 448 192
Post employment medical aid benefit	3 571 000	3 510 000
Non pensionable basic salary	100 005	122 040
	<b>218 642 803</b>	<b>204 646 751</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	1 299 209	710 101
Car Allowance	310 329	181 025
Cellphone Allowance	24 000	14 000
Housing Allowance	172 405	100 569
Contributions to UIF, Medical and Pension Funds	14 025	-
Acting Allowance - Dr. A.J. Mothupi	490 821	-
Acting Allowance - Mr. A. Khumalo	-	34 514
	<b>2 310 789</b>	<b>1 040 209</b>
<b>Remuneration of Chief Finance Officer</b>		
Acting Allowance - G.M. Mofokeng	-	16 058
Acting Allowance - A.S Tolo	55 985	1 644
Acting Allowance - K.C. Chauke	-	580 892
Acting Allowance - D.G Motloun	27 398	38 728
Acting Allowance - A.L Jansen	58 392	-
	<b>141 775</b>	<b>637 322</b>
<b>Remuneration of Director Corporate Services</b>		
Acting Allowance - Mr. A. Khumalo	-	5 136
Acting Allowance - M.P. Maape	58 392	36 051
Acting Allowance - B. Makganye	116 028	31 847
Acting Allowance - G. Mahlangu	-	90 331
	<b>174 420</b>	<b>163 365</b>
<b>Remuneration of Director Local Economic development</b>		
Annual Remuneration	1 462 303	1 377 361
Car Allowance	60 000	60 000
Cellphone Allowance	24 000	24 000
Contributions to UIF, Medical and Pension Funds	22 500	44 043
Leave payout	271 535	-

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 20. Employee related costs (continued)

**1 840 338      1 505 404**

#### Remuneration of Director : Community Development Services

Annual Remuneration	-	1 219 882
Contributions to UIF, Medical and Pension Funds	-	37 961
Leave payout	-	272 260
Acting Allowance - M.M Raditladi	164 959	-
	<b>164 959</b>	<b>1 530 103</b>

#### Remuneration of Director -Technical Services

Annual Remuneration	-	708 519
Car Allowance	-	285 000
Contributions to UIF, Medical and Pension Funds	-	243 411
Cellphone Allowance	-	15 000
Leave payout	-	301 263
Acting Allowance - M.K Monamodi	164 959	-
	<b>164 959</b>	<b>1 553 193</b>

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

Annual Remuneration	638 735	1 138 561
Car Allowance	150 000	300 000
Cellphone Allowance	11 400	22 800
Contributions to UIF, Medical and Pension Funds	21 403	48 931
Leave payout	289 381	-
Acting Allowance - K.J Masebe	102 186	-
	<b>1 213 105</b>	<b>1 510 292</b>

### 21. Remuneration of councillors

	<b>2024</b>	<b>2023</b>
Mayor	1 205 966	1 139 522
Single Whip	922 678	865 670
Speaker	973 893	919 775
Councillors	7 882 516	7 801 480
MPAC	891 457	840 670
MMC's	9 351 026	8 223 089
	<b>21 227 536</b>	<b>19 790 206</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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>22. Depreciation and amortisation</b>		
Property, plant and equipment	6 076 022	5 133 512
Intangible assets	2 727 375	746 570
	<b>8 803 397</b>	<b>5 880 082</b>
See Note 2 and 3 for details per asset.		
<b>23. Finance costs</b>		
Finance leases	689 487	-
Interest on late payments of supplier accounts	233 797	-
	<b>923 284</b>	<b>-</b>
<b>24. Lease rentals on operating lease</b>		
<b>Building and Machinery</b>		
Contractual amounts	12 766 119	15 525 660
<b>25. Consumables</b>		
Consumables	3 653 248	1 523 931
<b>26. Contracted services</b>		
<b>Outsourced Services</b>		
Security Services	7 305 229	6 884 994
<b>Consultants and Professional Services</b>		
Business and Advisory	9 169 340	8 615 230
Legal Cost	12 571 094	17 140 195
<b>Contractors</b>		
Maintenance of Buildings and Facilities	286 205	138 500
Transportation	1 162 160	2 088 567
Other Contractors	6 768 340	9 387 450
	<b>37 262 368</b>	<b>44 254 936</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>27. Operational cost</b>		
Auditors remuneration	4 556 606	4 505 524
Bank charges	221 610	43 861
Accommodation, flights and meals	5 852 272	3 348 149
Membership fees	2 611 776	2 232 011
Promotional Material	2 283 930	1 332 661
Insurance	2 180 953	-
Community development	1 033 111	87 509
Registration and training	3 443 214	1 510 158
Repairs and Maintenance	787 450	376 522
Fuel and oil	1 827 334	1 443 873
Water & Electricity	1 319 616	1 788 380
Software expenses	14 251	936 723
Staff welfare	136 707	6 826
Subscriptions fees	227 894	647 889
Travel - local	4 288 029	2 073 481
Uniforms	328 417	3 696 208
Operational costs - Other	3 272 162	4 162 488
	<b>34 385 332</b>	<b>28 192 263</b>
<b>28. Auditors' remuneration</b>		
Fees	4 556 606	4 505 524
<b>29. Cash generated from operations</b>		
Surplus	101 734 647	95 940 746
<b>Adjustments for:</b>		
Depreciation and amortisation	8 803 397	5 880 082
Loss on disposal of assets and liabilities	770 494	1 434
Gain on foreign exchange	(81 782)	241 441
Fair value adjustments	-	165 000
Impairment	786 347	6 349 248
Movements in operating lease liability	(58 537)	(174 487)
Movements in employee benefit obligations	3 491 000	(3 531 000)
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(143 037)	266 543
Other receivables from non-exchange transactions	(7 500 676)	(264 870)
Payables from exchange transactions	8 258 409	11 598 352
Movement in VAT	(391 138)	(5 252 463)
Unspent conditional grants and receipts	-	(201 591)
	<b>115 669 124</b>	<b>111 018 435</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 30. Contingencies

Case Number	NAME OF THE CASE AND PARTIES INVOLVED	STATUS OF THE MATTER	NAME OF THE ATTORNEY REPRESENTING THE MUNICIPALITY AND DESCRIPTION OF MATTER	2024	2023
1454/21	Mosala Justinus Mokoena	Claim in the amount of R5 600 000.00 (Five Million Six Hundred Thousand) for injuries sustained by the Plaintiff and the sequelae (results of the injury) thereof pursuant to the motor vehicle accident caused by the pothole on the R556 road. Estimated costs to be incurred are R200 000. Wrongful and negligent breach of the legal duty. The probability of outflow of economic benefits relating to this case is remote in the current year as the plaintiff has passed on and the case has no merits.	Rangwako Attorneys Inc.	-	200 000
11735/2020	Stephen M.Madiro/Local Municipality Madibeng//BPDM	Claim for various damages suffered pursuant to the spillage of sewer at the property known as the remaining extent of Portion 217 (a portion of portion 173) of the Farm Roodekopjes 427 JQ, Brits in the amount of R16 842 500-00.	Setshedi Makgale & Matlhapeng Attorneys	16 842 500	16 842 500



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 30. Contingencies (continued)

956/2020	S.Mubane/Local Municipality Madibeng//BPDM	Claim for injuries sustained pursuant to falling into an unmarked construction hole near intersection between the M20 and Lucas Mangope road, Hebron in the amount of R850 000-00. The probability of outflow of economic benefits relating to this case is remote in the current year as the plaintiffs have abandoned the matter.	Setshedi Makgale & Matlhapeng Attorneys	-	500 000
1170/2022	BPDM// Meme Ditshego Enterprise (PTY) LTD	The claim of R8 000 000.00 is based on goods and services delivered and rendered to the municipality. Pursuant to a court ruling, the municipality paid R5 526 649.00 into a trust account of the applicant's Attorneys Morebodi-Paul Inc on the 25th of August 2023 to be held in the trust account. The municipality's Attorneys applied for the above mentioned court's ruling to be rescinded. The municipality is claiming that the supplier did not deliver the goods or services in question and/or alleges the supplier of overcharging for such services rendered. Matter was postponed to 17 October 2024 for the hearing of argument in respect of both the aforesaid applications.	Setshedi Makgale & Matlhapeng Attorneys	8 000 000	8 000 000

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 30. Contingencies (continued)

NWD022403	Lebogang Makgale // BPDM	Unfair dismissal - The dismissal arbitration was set for the 14th and 15th August 2024. On the 12 August 2024, the Employee representative (IMATU) requested a postponement to a future date due to unforeseen circumstances. We await new dates from the commissioner of the arbitration as per the IMATU representative and request.	Tlou Attorneys & Associates - Labour Matter	-	-
	BPDM//P. Sithole & 4 others	Unfair Labour Practice relating to the unfair suspension hearing on the 6th of August 2024 - The employees are challenging their suspension which has lapsed over 3 months. Employees raised preliminary points and arguments were presented. The Presiding officer reserved the judgment. The matter is to proceed on 29 and 30 August 2024 for a hearing. Due to the ongoing investigation and disciplinary hearing, and as per the rules of the Bargaining Council, the five (5) employees are placed on a further suspension pending the conclusion of the disciplinary hearing.	Tlou Attorneys & Associates - Labour Matter	-	-

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 30. Contingencies (continued)

NWD022416	Ngwasheng Masukwane // BPDM	Unfair Labour Practice relating to the issuing of written warning - The matter was scheduled for hearing on 24 July 2024. Legal representation on behalf of the Employer was challenged during the hearing and the matter postponed for employer to submit an application for legal representation. The application for legal representation was submitted on the 24th of July 2024 and the employee submitted his answering affidavit on the 31st of August 2024. The ruling on the application is yet to be delivered by the Chairperson. Matter is scheduled for hearing on the 1st to 3rd October 2024.	Tlou Attorneys & Assocites - Labour Matter	-	-
	Mr G.T Lenake	Mr Lenake instituted a tow-part court application to interdict the Municipality from appointing candidates in the positions Director: Health and Environmental Services and Director: Community services - The Interim interdict was granted on 5 April 2024 and the rule nisi date is 7 February 2025. The employee referred the matter to the CCMA and the Conciliation Commissioner issued a certificate of non-resolution for the employee to refer the matter to the Labour Court in view of the discrimination claim. To date no such referral has been made.	Tlou Attorneys & Assocites and De Swardt Myambo Hlahla Attorneys - Labour Matter	-	-

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 30. Contingencies (continued)

				24 852 500	25 542 500
Contingent assets					
Case Number	NAME OF THE CASE AND PARTIES INVOLVED	STATUS OF THE MATTER	NAME OF THE ATTORNEY REPRESENTING THE MUNICIPALITY AND DESCRIPTION OF MATTER	2024	2023
	BPDM // Letlhogonolo Fourie	Disciplinary hearing on the allegations of Financial Misconduct, claim with a financial exposure of R4 500 000.00. Disciplinary enquiry launched against municipal official on 7 December 2023. The enquiry has been concluded and all parties have filled their closing submissions. Parties are to submit aggravating and mitigating circumstances by August 2024.	De Swardt Myambo Hlahla Attorneys and Mthombeni M&R Inc	4 500 000	-
288/7/2022	Bojanala Platinum District Municipality case against MTN	Claims for allegations of financial loss due to fraud and money laundering by 2 former employees of the municipality. A loss in the region of R4 400 000 was suffered by the municipality relating to MTN payments between 2017 and 2020 which were being paid into fraudulent accounts. The case is ongoing and the implicated who are currently on bail are to re-appear in court.	SAPS - Investigated by the HAWKS and the NPA	4 400 000	2 574 714

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 30. Contingencies (continued)

	BPDM //Mashego Projects	The municipality has issued summons against the Defendant on 29 September 2023 in the amount of R589 500.00 pursuant to the council resolution for the recovery of the funds that were overcharged the municipality as per the findings of the forensic report conducted by Nexia SAB&T.	Majang Inc. Attorneys	589 000	589 000
	BPDM //Johanna Mosete	Disciplinary hearing on the allegations of Financial Misconduct - The Employee indicated that she would like to enter into a settlement with the Employer. As such, the matter was adjourned with the employee undertaking that they would draft and submit a settlement proposal to the employer representatives. To date no such proposal has been received. Still waiting for the proposed settlement to be accepted by the Employer.	Tlou Attorneys & Associates - Labour Matter	-	-
	BPDM//Abeyeng Tolo	Disciplinary hearing on the allegations of conflict of interest and/or none disclosure of interest - the case is being finalised.	Tlou Attorneys & Associates - Labour Matter	-	-
3041/23	BPDM//Ramokatane Joseph Mogale	The municipality has instituted a legal claim in the amount of R1 087 743.21 against the defendant for defaults on payments to the municipality, claim for the purchase price of mayoral house + rates + agreed monthly rental income until full settlement. Currently awaiting external confirmations to finalise the matter and the defendant Attorneys has requested a round-table to discuss settlement. A receivable of R920 300 has been recorded on the annual financial statements as of 30 June 2024 regarding this matter.	Senne Attorneys	-	-
				<u>9 489 500</u>	<u>3 164 214</u>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 31. Financial instruments disclosure

#### Categories of financial instruments

##### 2024

#### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	920 300	920 300
Receivables from non-exchange transactions	7 765 546	7 765 546
Cash and cash equivalents	355 077 932	355 077 932
	<b>363 763 778</b>	<b>363 763 778</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	22 935 058	22 935 058
Finance lease liability	3 317 739	3 317 739
	<b>26 252 797</b>	<b>26 252 797</b>

##### 2023

#### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	788 300	788 300
Cash and cash equivalents	258 421 154	258 421 154
Receivables from non-exchange transactions	264 870	264 870
	<b>259 474 324</b>	<b>259 474 324</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	17 699 071	17 699 071

### 32. Commitments

The municipality does not have any capital commitments as at 30 June 2024.

#### 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, which expired during the current year.

### 33. Related parties

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

---

### 33. Related parties (continued)

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 33. Related parties (continued)

#### Remuneration of councillors

#### 2024

Name	Basic salary	Travel	Cell phone	Sitting	Pension	Medical	Total
KKC RAMOKGADI	595 083	171 048	43 200	-	89 263	17 280	915 874
M NONDZABA	808 427	233 076	43 200	-	121 263	-	1 205 966
FM MANGOATHE	595 083	171 048	43 200	-	89 263	17 280	915 874
VK PHUSOANE	78 096	14 255	3 400	-	6 744	1 440	103 935
KP MOTHENG	276 531	51 600	43 200	-	41 482	-	412 813
TF POTGIETER	276 531	51 600	43 200	-	41 482	-	412 813
M KARANI	649 282	126 000	43 200	-	97 392	-	915 874
SD NTHANGENI	649 282	126 000	43 200	-	97 392	-	915 874
TM MASHOMO	669 216	160 650	43 200	-	-	17 280	890 346
BP GOUS	276 531	51 600	43 200	-	41 482	-	412 813
WM SONO	595 083	171 048	43 200	-	89 263	17 280	915 874
LN TAU	276 531	51 600	43 200	-	41 482	-	412 813
AN MOTSI	276 533	51 600	43 200	-	41 480	-	412 813
AE SELEBOGO	595 083	171 048	43 200	-	89 263	17 280	915 874
TE HLONGWANE	276 533	51 600	43 200	-	41 480	-	412 813
TL MADIBA	699 734	126 000	43 200	-	104 958	-	973 892
GL MAGADANE	339 613	30 000	43 200	-	-	-	412 813
RI MSOKI	591 801	174 816	43 200	-	88 777	17 280	915 874
DM MOEKETSANE	638 386	126 000	43 200	-	95 763	-	903 349
DR AP PITSOE	261 507	51 600	43 200	-	39 226	17 280	412 813
DM RAKGATLHA	276 533	51 600	43 200	-	41 480	-	412 813
LB MALOPE	589 346	179 940	43 200	-	88 404	12 960	913 850
ODM PITSO	318 013	51 600	43 200	-	-	-	412 813
OS MOLUSI	318 013	51 600	43 200	-	-	-	412 813
VN MAKHAULA	874 261	161 740	43 200	-	13 402	1 013	1 093 616
RL MOTSEPE	307 767	51 600	43 200	-	-	-	402 567
MG MALEBOGO	303 925	51 600	43 200	-	-	-	398 725
CO MOEMA	303 755	51 600	43 200	-	-	-	398 555
TP THOBOKE	656 639	115 500	39 800	-	-	-	811 939
VK PHUSOANE	228 402	47 300	39 800	-	34 262	15 840	365 604



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 33. Related parties (continued)

TP MAREMO	16 568	-	-	-	-	-	16 568
LJR DIREMELO	19 329	-	-	-	-	-	19 329
RP MOLATLHEG	12 808	-	-	-	-	-	12 808
L MOATE	15 369	-	-	-	-	-	15 369
TM MGUNI	14 088	-	-	-	-	-	14 088
RR MOHULATS	1 739	-	-	-	-	-	1 739
PA TAU	1 897	-	-	-	-	-	1 897
M COETZEE	-	-	-	16 340	-	-	16 340
VN MYOLI	-	-	-	17 563	-	-	17 563
EST PULE	1 180	-	-	7 034	-	-	8 214
MEE MOSETE	-	-	-	10 486	-	-	10 486
SM MOTSHGWE	-	-	-	27 962	-	-	27 962
MP MORAPEDI	-	-	-	9 350	-	-	9 350
MS LETLAPE	-	-	-	1 136	-	-	1 136
IS MACONE	-	-	-	10 486	-	-	10 486
AP ROOTMAN	-	-	-	22 238	-	-	22 238
E LANGENI	-	-	-	12 802	-	-	12 802
J QOBEKA	-	-	-	2 359	-	-	2 359
PHALOLE	-	-	-	5 854	-	-	5 854
TE MATJENE	-	-	-	13 981	-	-	13 981
POL LEBETHE	-	-	-	2 359	-	-	2 359
TK MOTAUNG	53 713	-	-	-	-	-	53 713
OM MAMABOLO	65 284	-	-	-	-	-	65 284
LF MODISE	65 284	-	-	-	-	-	65 284
IB BHEBE	53 710	-	-	-	-	-	53 710
PS LETLHABI	65 284	-	-	-	-	-	65 284
RM KUTUMELA	65 284	-	-	-	-	-	65 284
SA KUTUMELA	65 284	-	-	-	-	-	65 284
NS MABUNDA	53 713	-	-	-	-	-	53 713
TJ MAKHUBEL	53 713	-	-	-	-	-	53 713
E VAN DER S	53 713	-	-	-	-	-	53 713
RN MORAILE	53 713	-	-	-	-	-	53 713
TJ MOHLABANE	53 713	-	-	-	-	-	53 713
RC LEKALAKA	53 713	-	-	-	-	-	53 713
RM LUKHELE	53 713	-	-	-	-	-	53 713
GI APHIRI	27 805	-	-	-	-	-	27 805
SB MARAKALALA	53 713	-	-	-	-	-	53 713

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 33. Related parties (continued)

RE MASHIMO	53 713	-	-	-	-	-	53 713
NSG SEKAO	53 713	-	-	-	-	-	53 713
NF MOKWENA	53 713	-	-	-	-	-	53 713
LP SEDIO	53 713	-	-	-	-	-	53 713
LG MHLAMBI	53 713	-	-	-	-	-	53 713
EDF LOURENS	53 713	-	-	-	-	-	53 713
N DELEKI	53 713	-	-	-	-	-	53 713
MA MONAHENG	65 284	-	-	-	-	-	65 284
NA LETLAPE	53 713	-	-	-	-	-	53 713
CLLR JC POTGIETER	53 713	-	-	-	-	-	53 713
CK CHAKA	53 713	-	-	-	-	-	53 713
T KWELE	53 711	-	-	-	-	-	53 711
MT MOLEFE	22 726	-	-	-	-	-	22 726
	-	-	-	-	-	-	-
	<b>15 254 701</b>	<b>2 976 269</b>	<b>1 249 400</b>	<b>159 950</b>	<b>1 435 003</b>	<b>152 213</b>	<b>21 227 536</b>

Refer to note 21 "Remuneration of councillors"

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 34. 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 period is as follows.

Effect of change in current periods

Depreciation on property plant and equipment	Effect of the change in estimate - 2024	Effect of the change in estimate - 2023
Motor vehicles	305 910	443 121
Computer equipment	9 164	51 269
Office equipment	122 037	40 638
Plant and machinery	6 219	253 273
Buildings	-	(102)
	<b>443 330</b>	<b>788 199</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 35. Prior-year adjustments

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

#### 1. Contracted services

Invoices for contracted services with an amount of R556 558 were not accrued for in the prior year AFS hence contracted services was understated by the above amount. VAT receivable was correspondingly understated by R68 450 and payables from exchange transactions were understated by R625 008.

#### 2. Lease rentals on operating lease

Invoices for rental and parking fees for the main building for June 2023 with an amount of R85 686 were not accrued for in the prior year AFS hence lease rentals on operating lease and payables from exchange transactions were understated by R85 686.

An invoice WAN was not apportioned to accrue for expenditure for the month of June 2023 with an amount of R123 664 in the prior year AFS hence lease rentals on operating lease was understated by R123 664 whilst VAT receivables was understated by R18 550 and payables from exchange transactions were understated by R142 214.

#### 3. Depreciation

The useful lives for fire trucks purchased in the 2022/23 financial year used in the calculation of prior year's depreciation was incorrect, the correct useful lives as per the policy should have been 20 years instead of the 7 years used prior year. Depreciation expense was therefore overstated with an amount of R174 900 and Property, plant and equipment was understated by the same amount.

#### 4. Operational costs - Bank charges

Operating costs - Bank charges were overstated in the prior year as it included a Forex loss amount of R241 441 which was also disclosed separately on the AFS, the profit for the year was therefore understated by the same amount. Accumulated surplus closing was therefore also not correct by the same amount.

#### 5. Property, Plant and Equipment - reclassification

A motor vehicle with a carrying amount of R651 512 as of 30 June 2023 was incorrectly classified under Plant and machinery in the prior year. The vehicle has been correctly reclassified to motor vehicles from plant and machinery.

#### 6. Payables from exchange transactions - retentions

The retentions balance disclosed in the prior year was overstated by R41 096 as it included an amount which could not be vouched to the retentions register. Payables from exchange transactions was overstated and accumulated surplus was understated by the same amount.

#### 7. Interest received

Interest received was understated in the prior year by R264 870 as it didn't include Interest accrued on bank accounts as per bank account confirmations. Receivables from non-exchange transactions were understated by the same amount.

#### 8. Cash and cash equivalents

The amount disclosed as Cash and cash equivalents on the prior year AFS was overstated as it didn't agree to the TB amounts by R13 347.

#### 9. Irregular expenditure

The prior year Irregular expenditure register was incomplete as it didn't include all expenditure items incurred which were non-compliant with the municipality's procurement regulations. The amount therefore previously disclosed as Irregular expenditure - current year on the 2022/23 AFS of R36 207 215 was understated by R12 921 701.

#### 10. Fruitless and wasteful expenditure

The prior year fruitless and wasteful expenditure register was incomplete as it didn't include all expenditure items incurred in vain and which could have been avoided. The amount therefore previously disclosed as fruitless and wasteful expenditure - current year on the 2022/23 AFS of R147 714 was understated by R33 924.

### Statement of financial position

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023		
<b>35. Prior-year adjustments (continued)</b>				
<b>2023</b>				
	Note	As previously reported	Correction of error	Restated
Payables from exchange transactions		(54 834 642)	(792 419)	(55 627 061)
VAT receivable		6 440 354	87 000	6 527 354
Property, plant and equipment		62 192 460	174 900	62 367 360
Cash and cash equivalents		258 434 501	(13 347)	258 421 154
Receivables from non-exchange transactions		-	264 870	264 870
Accumulated surplus		(233 050 183)	278 996	(232 771 187)
		<b>39 182 490</b>	<b>-</b>	<b>39 182 490</b>

### Statement of financial performance

**2023**

	Note	As previously reported	Correction of error	Restated
Interest received		(20 501 763)	(264 870)	(20 766 633)
Contracted services		43 698 378	556 558	44 254 936
Lease rentals on operating lease		15 316 310	209 350	15 525 660
Depreciation and amortisation		6 054 981	(174 900)	5 880 081
Operation costs		28 439 750	(247 486)	28 192 264
<b>Surplus for the year</b>		<b>73 007 656</b>	<b>78 652</b>	<b>73 086 308</b>

### 36. 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.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 36. Risk management (continued)

#### 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.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	22 935 058	-	-	-
Finance lease obligation	1 198 133	2 119 606	-	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	17 699 071	-	-	-

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 36. Risk management (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.

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

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

Financial instrument	2024	2023
Receivables from exchange transactions	920 300	788 300
Receivables from non-exchange transactions	7 765 546	264 870
Cash and bank	355 077 932	258 421 154

Details of the credit quality of financial assets in terms of, whether they are due yet or not and if they have been impaired or not has been disclosed on the respective notes to the annual financial statements for each financial asset above.

The municipality doesn't have any financial assets with renegotiated terms.

#### Market risk

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 36. Risk management (continued)

#### 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.

#### Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality's business that changes in market prices will have a material impact on the trading results of the municipality. There has been no change, since the previous financial year, to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

### 37. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 334 505 828 and that the municipality's total asset exceed its liabilities by R 343 924 677.

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.

### 38. Events after the reporting date

A municipal vehicle was involved in an accident before year end and an insurance claim was lodged. The insurance company confirmed after year end that it will settle the claimed insurance amount. The insurance proceeds confirmation after reporting date provide evidence of conditions that existed at 30 June 2024, hence the annual financial statements have been adjusted to record the insurance proceeds.

No other events after the reporting date were noted.

### 39. Unauthorised expenditure

Opening balance as previously reported	394 691 079	305 747 582
<b>Opening balance as restated</b>	<b>394 691 079</b>	<b>305 747 582</b>
Add: Expenditure identified - current	-	88 943 497
Less: Written-off by council	(441 408)	-
<b>Closing balance</b>	<b>394 249 671</b>	<b>394 691 079</b>

No unauthorised expenditure has been identified in the current financial year.



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>39. Unauthorised expenditure (continued)</b>		
<b>Unauthorised expenditure: Budget overspending – per municipal department:</b>		
Community services	-	69 096 516
Corporate services	-	19 846 981
	<b>-</b>	<b>88 943 497</b>
<b>40. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	7 423 266	7 275 553
Correction of prior period error	33 924	-
<b>Opening balance as restated</b>	<b>7 457 190</b>	<b>7 275 553</b>
Add: Expenditure identified - current	276 787	147 713
<b>Closing balance</b>	<b>7 733 977</b>	<b>7 423 266</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

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

Expenditure identified in the current year include those listed below:

	Details of fruitless and wasteful expenditure	
Interest	233 797	131 858
Penalties	33 690	15 856
Accommodation expenditure in vain	9 300	-
	<b>276 787</b>	<b>147 714</b>

### 41. Irregular expenditure

Opening balance as previously reported	643 429 142	607 221 927
Prior period adjustment	12 921 701	-
<b>Opening balance as restated</b>	<b>656 350 843</b>	<b>607 221 927</b>
Add: Irregular Expenditure - current	60 984 828	36 207 215
Add: Irregular Expenditure - prior period	-	-
<b>Closing balance</b>	<b>717 335 671</b>	<b>643 429 142</b>

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

	Details of irregular expenditure	
Appointed by Regulation 32 but no demonstrable benefits/discount	-	7 525 092
Contract has expired. The contract is currently continuing on month to month basis in contravention of MFMA Section 116 (3)	22 127 431	20 991 748
SCM regulations not followed	38 857 397	7 690 375
	<b>60 984 828</b>	<b>36 207 215</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>42. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government ( SALGA)</b>		
Current year subscription / fee	2 491 604	2 566 813
Amount paid - current year	(2 491 604)	(2 566 813)
	-	-
<b>Audit fees</b>		
Current year subscription / fee	4 556 606	4 505 524
Amount paid - current year	(4 556 606)	(4 505 524)
	-	-
<b>PAYE and UIF</b>		
Current year subscription / fee	42 344 309	39 338 457
Amount paid - current year	(38 572 949)	(39 338 457)
	<b>3 771 360</b>	-
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	50 986 250	50 775 382
Amount paid - current year	(46 770 210)	(50 775 382)
	<b>4 216 040</b>	-
<b>VAT</b>		
VAT receivable	7 440 543	6 527 353

VAT output payables and VAT input receivables are shown in note 6.

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

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 42. 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

Emergency - MSCM 36(1)(a)(i)	27 012	-
It was impractical or impossible to follow the official procurement process as per MCMR 36(1)(v)	13 719	-
It was impractical or impossible to follow the official procurement process as per MCMR 36(1)(v), due to the sensitivity of the matter	-	-
SCM policy 9.2.28 Professional services below R200 000	129 600	-
Single provider - MSCM 36(1)(a)(ii)	184 454	-
Single provider/Accredited professional bodies - MSCM 36(1)(a)(ii)	470 316	-
	-	-
	-	-
	<b>825 101</b>	<b>-</b>

### 43. 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 **R825 101 (2023: R8 701 496)**.

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 44. 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	Goods and/or services
COMMUNITY AND SOCIAL SERVICES	Community and Social Services, Public Safety;
HEALTH SERVICES	Health Services;
BUDGET AND TREASURY	Finance and administrative services

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 44. Segment information (continued)

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

2024

	COMMUNITY AND SOCIAL SERVICES	HEALTH SERVICES	FINANCE	Unallocated	Total
<b>Revenue</b>					
Government grants & subsidies	-	-	402 759 290	-	402 759 290
License and permits	202 964	478 030	-	-	680 994
Interest received	-	-	31 826 088	-	31 826 088
Other income	-	-	517 301	-	517 301
Rental of facilities	-	-	114 783	-	114 783
Fines, penalties & forfeits	-	2 919 176	-	-	2 919 176
Gain on foreign exchange	-	-	81 782	-	81 782
Insurance proceeds	-	-	574 160	-	574 160
<b>Total segment revenue</b>	<b>202 964</b>	<b>3 397 206</b>	<b>435 873 404</b>	<b>-</b>	<b>439 473 574</b>
<b>Entity's revenue</b>					<b>439 473 574</b>
<b>Expenditure</b>					
Employee related costs	102 549 122	33 454 507	16 799 641	65 839 533	218 642 803
Remuneration of councillors	-	-	-	21 227 536	21 227 536
Depreciation and amortisation	-	-	7 833 146	970 251	8 803 397
Lease rentals on operating lease	-	-	-	12 766 119	12 766 119
Impairment loss	-	-	-	786 347	786 347
Consumables	119 959	45 734	234 166	3 253 389	3 653 248
Contracted services	-	326 160	11 581 309	25 354 899	37 262 368
Finance costs	-	-	923 284	-	923 284
Operational costs	1 693 496	718 446	9 310 560	22 662 830	34 385 332
Loss on disposal of assets	-	-	770 494	-	770 494
Actuarial gains	-	-	(1 482 000)	-	(1 482 000)
<b>Total segment expenditure</b>	<b>104 362 577</b>	<b>34 544 847</b>	<b>45 970 600</b>	<b>152 860 904</b>	<b>337 738 928</b>
<b>Total segmental surplus/(deficit)</b>	<b>(104 159 613)</b>	<b>(31 147 641)</b>	<b>389 902 804</b>	<b>(152 860 904)</b>	<b>101 734 646</b>

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

	COMMUNITY AND SOCIAL SERVICES	HEALTH SERVICES	FINANCE	Unallocated	Total
<b>44. Segment information (continued)</b>					
<b>Assets</b>					
Receivable from exchange transactions	-	-	985 385	-	985 385
Vat receivable	-	-	7 440 543	-	7 440 543
Receivables from non-exchange transactions	-	-	7 765 546	-	7 765 546
Cash and cash equivalent	-	-	355 077 932	-	355 077 932
Property, plant & equipment	3 940 234	505 890	4 314 994	65 448 637	74 209 755
Intangible assets	-	-	1 943 945	-	1 943 945
Investment property	-	-	210 000	-	210 000
<b>Total segment assets</b>	<b>3 940 234</b>	<b>505 890</b>	<b>377 738 345</b>	<b>65 448 637</b>	<b>447 633 106</b>
<b>Total assets as per Statement of financial Position</b>					<b>447 633 106</b>
<b>Liabilities</b>					
Finance lease liability	-	-	(3 317 739)	-	(3 317 739)
Payables from exchange transactions	(83 144)	-	(63 720 546)	-	(63 803 690)
Employee benefit obligation	-	-	(36 587 000)	-	(36 587 000)
<b>Total segment liabilities</b>	<b>(83 144)</b>	<b>-</b>	<b>(103 625 285)</b>	<b>-</b>	<b>(103 708 429)</b>
<b>Total liabilities as per Statement of financial Position</b>					<b>(103 708 429)</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 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 44. 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	-	-	20 766 633	-	20 766 633
<b>Total segment revenue</b>	<b>31 116 665</b>	<b>120 699 364</b>	<b>60 006 891</b>	<b>201 831 807</b>	<b>413 654 727</b>
<b>Entity's revenue</b>					<b>413 654 727</b>
<b>Expenditure</b>					
Consumables	214 050	148 750	198 209	962 921	1 523 930
Depreciation	3 179 944	452 656	1 589 072	658 410	5 880 082
Employee related cost	86 750 317	35 603 757	16 055 315	66 237 365	204 646 754
Lease rentals on operating lease	-	-	-	15 525 660	15 525 660
Remuneration of councillors	-	-	-	19 793 233	19 793 233
Contracted services	740 249	602 498	11 005 568	31 906 621	44 254 936
Operational cost	5 077 959	752 255	5 829 186	16 532 863	28 192 263
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
Actuarial gains/losses	-	-	(8 860 000)	-	(8 860 000)
<b>Total segment expenditure</b>	<b>95 962 519</b>	<b>37 559 916</b>	<b>26 225 225</b>	<b>157 966 321</b>	<b>317 713 981</b>
<b>Total segmental surplus/(deficit)</b>	<b>(64 845 854)</b>	<b>83 139 448</b>	<b>33 781 666</b>	<b>43 865 486</b>	<b>95 940 746</b>



# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

	COMMUNITY AND SOCIAL SERVICES	HEALTH AND ENVIRONMEN TAL SERVICE S	FINANCE	Unallocated	Total
<b>44. Segment information (continued)</b>					
<b>Assets</b>					
Cash and cash equivalents	-	-	258 421 154	-	258 421 154
Intangible Assets	-	-	2 338 548	-	2 338 548
Property plant and equipment	3 312 287	480 674	10 517 430	48 056 968	62 367 359
Receivables from non-exchange transactions	-	-	264 870	-	264 870
Investment Property	-	-	210 000	-	210 000
Receivables from exchange transactions	-	-	842 348	-	842 348
VAT Receivables	-	-	6 527 353	-	6 527 353
<b>Total segment assets</b>	<b>3 312 287</b>	<b>480 674</b>	<b>279 121 703</b>	<b>48 056 968</b>	<b>330 971 632</b>
<b>Total assets as per Statement of financial Position</b>					<b>330 971 632</b>
<b>Liabilities</b>					
Employee benefit obligation	-	-	(33 096 000)	-	(33 096 000)
Payables from exchange transactions	(1 546 205)	-	(51 551 855)	(2 529 000)	(55 627 060)
Operating lease liability	-	-	(58 537)	-	(58 537)
<b>Total segment liabilities</b>	<b>(1 546 205)</b>	<b>-</b>	<b>(84 706 392)</b>	<b>(2 529 000)</b>	<b>(88 781 597)</b>
<b>Total liabilities as per Statement of financial Position</b>					<b>(88 781 597)</b>

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

### Information about geographical areas

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 44. Segment information (continued)

The Bojanala Platinum District Municipality covers an area of approximately 18,300km<sup>2</sup> and comprises 17% of the total size of the North West Province.

The district includes the local municipalities namely; Rustenburg (Marikana, Mooi-nooi, Phatsima and Tlhabane) Madibeng (Brits and Hartebeespoort), Moses Kotane (Mogwase and Madikwe) Kgetleng River (Derby Koster and Swaruggens) and Moretele.

The municipalities, apart from Rustenburg, are all rural. The necessary information per geographical area is not available and the cost to develop it will be too excessive.

Rustenburg is the head office of the District Municipality from where all operations are controlled from, all geographical information are indicated under Rustenburg.

The table below indicates the relevant geographical information after eliminating inter segmental transfers:

#### 2024

	External revenues from exchange transactions	External revenues from non-exchange transactions	Total expenditure	Non-current assets*
Rustenburg	1 313 079	438 078 714	(337 657 146)	76 363 700

#### 2023

	External revenues from exchange transactions	External revenues from non-exchange transactions	Total expenditure	Non-current assets*
Rustenburg	934 926	412 719 801	(317 713 981)	64 915 908

# Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 45. Budget differences

#### Material differences between budget and actual amounts

##### **45.1 Rental of facilities**

There was no budget raised for rental of facilities revenue.

##### **45.2 Licences and permits**

There was no budget raised for licence and permits revenue.

##### **45.3 Other income and Insurance proceeds**

There was no budget raised for other income and insurance proceeds.

##### **45.4 Interest received**

The municipality has invested with Financial Institutions and received high favourable Interest rate percentages due to available cash flow, hence the actual is above budget.

##### **45.5 Fines, penalties and forfeits**

The municipality over budgeted for fines.

##### **45.6 Employee related costs**

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

##### **45.7 Depreciation and amortisation**

The reason for the variance is due to the significant additions to PPE - motor vehicles which were not taken into account when budgeting for depreciation and amortisation.

##### **45.8 Impairment loss**

The was no budget provided for impairment losses.

##### **45.9 Finance costs**

The was no budget provided for finance costs.

##### **45.10 Lease rentals on operating lease.**

There was no budget for lease rentals on operating leases due to misalignment of the budget relative to the operational plans of the entity.

##### **45.11 Consumables**

There was no budget raised for consumables.

##### **45.12 Contracted services**

The reason for the under expenditure is mainly due to cost containment initiatives and misalignment of the budget relative to the operational plans of the entity.

##### **45.13 Operational cost**

The reason for the under expenditure is mainly due to cost containment initiatives and misalignment of the budget relative to the operational plans of the entity.

##### **45.14 Loss on disposal of assets, gain on foreign exchange, fair value adjustment**

There was no budget provided for the loss on disposal of assets, gain on foreign exchange and fair value adjustments.

## Appendix B

June 2024

### Analysis of property, plant and equipment as at 30 June 2024

#### Cost

#### Accumulated depreciation

	Opening Balance Rand	Prior Year Error Rand	Transfers Rand	Additions Rand	Disposals Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Prior Year Error Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Vacant land and Seritudes	12 284 400	-	-	-	-	-	12 284 400	-	-	-	-	-	-	12 284 400
Operation facilities	5 527 437	-	-	-	-	-	5 527 437	(463 085)	-	-	(452 656)	-	(915 741)	4 611 696
	<b>17 811 837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 811 837</b>	<b>(463 085)</b>	<b>-</b>	<b>-</b>	<b>(452 656)</b>	<b>-</b>	<b>(915 741)</b>	<b>16 896 096</b>
<b>Infrastructure</b>														
Water Supply Network Reservoirs	21 000	-	-	-	-	-	21 000	(1 109)	-	-	(1 400)	-	(2 509)	18 491
Water Supply Network Boreholes	161 227	-	-	-	-	-	161 227	(5 106)	-	-	(6 448)	-	(11 554)	149 673
	<b>182 227</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182 227</b>	<b>(6 215)</b>	<b>-</b>	<b>-</b>	<b>(7 848)</b>	<b>-</b>	<b>(14 063)</b>	<b>168 164</b>
<b>Community Assets</b>														
Sports and recreation facilities	19 173 141	-	-	-	-	-	19 173 141	(9 824 783)	-	-	(386 824)	(786 347)	(10 997 954)	8 175 187
	<b>19 173 141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 173 141</b>	<b>(9 824 783)</b>	<b>-</b>	<b>-</b>	<b>(386 824)</b>	<b>(786 347)</b>	<b>(10 997 954)</b>	<b>8 175 187</b>

Appendix B

June 2024

Analysis of property, plant and equipment as at 30 June 2024

Cost

Accumulated depreciation

	Opening Balance Rand	Prior Year Error Rand	Transfers Rand	Additions Rand	Disposals Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Prior Year Error Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Other assets														
Computer equipment	20 955 145	-	-	146 080	(13 815 410)	-	7 285 815	(17 335 350)	-	13 620 787	(1 071 902)	-	(4 786 465)	2 499 350
Motor vehicles	43 670 195	655 876	-	14 646 625	(587 123)	-	58 385 573	(17 647 274)	170 536	46 326	(2 272 764)	-	(19 703 176)	38 682 397
Office equipment	10 524 748	-	-	712 320	(1 514 409)	-	9 722 659	(9 205 121)	-	1 479 334	(589 896)	-	(8 315 683)	1 406 976
Plant and machinery	7 334 526	(655 876)	-	489 896	(1 079 927)	-	6 088 619	(2 977 532)	4 364	1 079 927	(776 538)	-	(2 669 779)	3 418 840
Leased assets	-	-	-	3 480 339	-	-	3 480 339	-	-	-	(517 595)	-	(517 595)	2 962 744
	82 484 614	-	-	19 475 260	(16 996 869)	-	84 963 005	(47 165 277)	174 900	16 226 374	(5 228 695)	-	(35 992 698)	48 970 307

## Appendix B

June 2024

### Analysis of property, plant and equipment as at 30 June 2024

#### Cost

#### Accumulated depreciation

	Opening Balance Rand	Prior Year Error Rand	Transfers Rand	Additions Rand	Disposals Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Prior Year Error Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	17 811 837	-	-	-	-	-	17 811 837	(463 085)	-	-	(452 656)	-	(915 741)	16 896 096
Infrastructure	182 227	-	-	-	-	-	182 227	(6 215)	-	-	(7 848)	-	(14 063)	168 164
Community Assets	19 173 141	-	-	-	-	-	19 173 141	(9 824 783)	-	-	(386 824)	(786 347)	(10 997 954)	8 175 187
Other assets	82 484 614	-	-	19 475 260	(16 996 869)	-	84 963 005	(47 165 277)	174 900	16 226 374	(5 228 695)	-	(35 992 698)	48 970 307
	<b>119 651 819</b>	<b>-</b>	<b>-</b>	<b>19 475 260</b>	<b>(16 996 869)</b>	<b>-</b>	<b>122 130 210</b>	<b>(57 459 360)</b>	<b>174 900</b>	<b>16 226 374</b>	<b>(6 076 023)</b>	<b>(786 347)</b>	<b>(47 920 456)</b>	<b>74 209 754</b>
<b>Intangible assets</b>														
Computers - software	5 526 136	-	-	2 332 773	(2 334 364)	-	5 524 545	(3 185 997)	-	2 332 772	(2 727 375)	-	(3 580 600)	1 943 945
	<b>5 526 136</b>	<b>-</b>	<b>-</b>	<b>2 332 773</b>	<b>(2 334 364)</b>	<b>-</b>	<b>5 524 545</b>	<b>(3 185 997)</b>	<b>-</b>	<b>2 332 772</b>	<b>(2 727 375)</b>	<b>-</b>	<b>(3 580 600)</b>	<b>1 943 945</b>
<b>Investment properties</b>														
Investment property	210 000	-	-	-	-	-	210 000	-	-	-	-	-	-	210 000
	<b>210 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210 000</b>
<b>Total</b>														
Land and buildings	17 811 837	-	-	-	-	-	17 811 837	(463 085)	-	-	(452 656)	-	(915 741)	16 896 096
Infrastructure	182 227	-	-	-	-	-	182 227	(6 215)	-	-	(7 848)	-	(14 063)	168 164
Community Assets	19 173 141	-	-	-	-	-	19 173 141	(9 824 783)	-	-	(386 824)	(786 347)	(10 997 954)	8 175 187
Other assets	82 484 614	-	-	19 475 260	(16 996 869)	-	84 963 005	(47 165 277)	174 900	16 226 374	(5 228 695)	-	(35 992 698)	48 970 307
Intangible assets	5 526 136	-	-	2 332 773	(2 334 364)	-	5 524 545	(3 185 997)	-	2 332 772	(2 727 375)	-	(3 580 600)	1 943 945
Investment properties	210 000	-	-	-	-	-	210 000	-	-	-	-	-	-	210 000
	<b>125 387 955</b>	<b>-</b>	<b>-</b>	<b>21 808 033</b>	<b>(19 331 233)</b>	<b>-</b>	<b>127 864 755</b>	<b>(60 645 357)</b>	<b>174 900</b>	<b>18 559 146</b>	<b>(8 803 398)</b>	<b>(786 347)</b>	<b>(51 501 056)</b>	<b>76 363 699</b>