

# DR. KENNETH KAUNDA

DISTRICT MUNICIPALITY



Dr Kenneth Kaunda District Municipality Consolidated AFS  
Annual Financial Statements  
for the year ended 30 June 2023

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Legal form of entity</b>	District Municipality
<b>Mayoral committee</b>	
Executive Mayor	Num, Nikiwe Julia
Speaker	Nxozana, Xolile Christopher
Chief Whip	Lesie, Serame Jeffrey
Chairperson Sec 79 Committee	Lekgari, Thabiso Nelson
	Rantekane Lesego
	Mtshawula, Portia Yanga
Chairperson MPAC	Mangesi, Matome Isaiah
Member of Mayoral Committee: Community Services	Makgate, Mamosoeu Wendy
Member of Mayoral Committee: Local Economic Development and Tourism	Mampe, Tibane Raymond
Member of Mayoral Committee: Special Programs Portfolio	Matsapola, Dinah Mpho
Member of Mayoral Committee: Corporate Services	Molapisi, Lettie Gabanthate
Member of Mayoral Committee: Budget and Treasury Office	Thabanchu, Rosy Osebelwang
Member of Mayoral Committee: Technical Services	Mphafudi, Zanele Ezekiel
Part-time Councillors	Bester, Christiaan Johannes
	Faku, Banele Sydwell
	Hattingh, Christian
	Jonas, Seunkie Lucas
	Kegontse, Kedibone Rosina
	Landsberg, Johannes Christiaan
	Latha, Khatazile Rhoda
	Meya, Isaac Thomson
	Mokhele, Innocent Mosuwa
	Mokone, Matumelo Pauline
	Mosholi, Metlholo Robert
	Mosweu, Madikgapa Elisa
	Motaung, Hellen Mapule
	Mothoiwa, Lawrence Siamisang
	Rampai, Puleyana Esau
	Rossouw, Matthys Wilhelm Christiaan
	Scott, Lee-ann
	Sesana, Songanyi Patrick
	Tloome, Mafinki Stephen
	Hadson, Heinricha
	Xaba, Johanna Shono
	Nonky, Mary Setshoaro
	Lourens Johannes Jakobus
	Seabeng, Thabo Samuel
	Ntuli, Meisie Ntwelekazi
	Van tonder, Matthys Jacobus
Directly Elected Councillors	Jordaan, Hendrik Frans Cornelious
	Mosiane, Segotso Barei Elizabeth
	Mostert, Willem Andries
	Ngqeniso, Thiwe Susanah
	Setshoaro, Nonky Mary
	Oosthuizen-Van Tonder, Mariska Elizabeth
	Shuping, Lentikile Koos

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## General Information

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	Strydom, Hendrina Margaretha Van Zyl, Karina Lizette
<b>Accounting Officer</b>	Mokgatlhe J Ratlhogo
<b>Chief Finance Officer (CFO)</b>	Lucky Steenkamp
<b>Registered office</b>	Civic Centre Patmore Road Orkney 2620
<b>Auditors</b>	Auditor General of South Africa

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

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

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### Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South 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

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

The 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 accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the economic entity's external auditors.

The annual financial statements set out on page 7 which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2023 and were signed on its behalf by:

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**Accounting Officer**  
**Mokgatlhe J Ratlhogo(Municipal Manager)**

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Report

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

### 1. Review of activities

#### Main business and operations

The municipality is engaged in providing the following municipal services as per the Intergrated Development Plan and operates principally in South Africa:

1. Basic service delivery and Infrastructure development.
2. Municipal Institutional development transformation
3. District Economic Development
4. Financial viability and management
5. Good governance and public participation
6. Spatial rationale

### 2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 79,964,623 and that the municipality's total assets exceed its liabilities by R 79,964,623.

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.

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year, that may need to be adjusted for or disclosed in the annual financial statements

### 4. Accounting policies

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

### 5. Interest on controlled entities

Dr Kenneth Kaunda District Municipality has a 100% shareholding in Dr Kenneth Kaunda District Municipality Economic Agency.

### 6. Auditors

Auditor General of South Africa will continue in office for the next financial period.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2023 and were signed on its behalf by:

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**Accounting Officer**  
**Mokgatlhe J Ratlhogo (Municipal Manager)**

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022 Restated*	2023	2022 Restated*
<b>Assets</b>					
<b>Current Assets</b>					
Receivables from exchange transactions	10	4,212,308	3,934,279	4,212,308	3,626,614
VAT receivable	11	1,824,845	1,263,017	4,668,971	4,107,143
Non current assets held for sale	9	58,495	67,897	-	-
Cash and cash equivalents	12	96,784,755	103,430,120	96,782,373	103,437,429
		<b>102,880,403</b>	<b>108,695,313</b>	<b>105,663,652</b>	<b>111,171,186</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	3	27,290,140	19,982,332	27,290,140	19,982,332
Intangible assets	4	7,248,691	2,881,247	7,248,691	2,881,247
Investments in controlled entities	5	-	-	120	120
		<b>34,538,831</b>	<b>22,863,579</b>	<b>34,538,951</b>	<b>22,863,699</b>
<b>Total Assets</b>		<b>137,419,234</b>	<b>131,558,892</b>	<b>140,202,603</b>	<b>134,034,885</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Payables from exchange transactions	6	39,420,661	24,726,857	39,109,055	24,273,426
Taxes and transfers payable (non-exchange)	7	498,925	1,185,747	498,925	1,185,747
Employee benefit obligation(PEMA)	8	421,000	433,000	421,000	433,000
Unspent conditional grants and receipts	14	3,000	65,626	3,000	65,626
Long service award liability	15	620,000	512,000	620,000	512,000
		<b>40,963,586</b>	<b>26,923,230</b>	<b>40,651,980</b>	<b>26,469,799</b>
<b>Non-Current Liabilities</b>					
Employee benefit obligation(PEMA)	8	15,410,000	15,864,000	15,410,000	15,864,000
Long service award liability	15	4,176,000	3,842,000	4,176,000	3,842,000
		<b>19,586,000</b>	<b>19,706,000</b>	<b>19,586,000</b>	<b>19,706,000</b>
<b>Total Liabilities</b>		<b>60,549,586</b>	<b>46,629,230</b>	<b>60,237,980</b>	<b>46,175,799</b>
<b>Net Assets</b>		<b>76,869,648</b>	<b>84,929,662</b>	<b>79,964,623</b>	<b>87,859,086</b>
Accumulated surplus	13	76,869,648	84,929,662	79,964,623	87,859,086
<b>Total Net Assets</b>		<b>76,869,648</b>	<b>84,929,662</b>	<b>79,964,623</b>	<b>87,859,086</b>

\* See Note 32

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022 Restated*	2023	2022 Restated*
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Sale of tender documents		241,304	67,100	241,304	67,100
Commissions received		14,027	17,914	14,027	17,914
Unclaimed retention		308,059	-	308,059	-
Licensing and permits		561,103	431,620	561,103	431,620
Interest received - investment		8,187,105	4,991,303	8,187,105	4,991,303
Dividends or similar distributions received		839	-	839	-
<b>Total revenue from exchange transactions</b>		<b>9,312,437</b>	<b>5,507,937</b>	<b>9,312,437</b>	<b>5,507,937</b>
<b>Revenue from non-exchange transactions</b>					
<b>Transfer revenue</b>					
Government grants & subsidies	18	214,289,584	206,418,146	214,264,286	206,374,334
Other income from non-exchange transactions		-	29,057	-	-
<b>Total revenue from non-exchange transactions</b>		<b>214,289,584</b>	<b>206,447,203</b>	<b>214,264,286</b>	<b>206,374,334</b>
<b>Total revenue</b>	16	<b>223,602,021</b>	<b>211,955,140</b>	<b>223,576,723</b>	<b>211,882,271</b>
<b>Expenditure</b>					
Employee related costs	19	(123,824,562)	(115,564,922)	(122,011,938)	(113,543,827)
Remuneration of councillors	20	(11,599,693)	(9,969,227)	(11,599,693)	(9,969,227)
Depreciation and amortisation	21	(3,323,157)	(3,642,894)	(3,323,157)	(3,642,819)
Finance costs	22	(581)	(2,293)	-	-
Impairment of property, plant and equipment	24	(9,403)	(2,313,674)	-	(2,290,294)
Contracted services	26	(45,214,128)	(34,775,534)	(45,214,128)	(34,775,534)
Transfers and Subsidies	17	(4,195,989)	(4,110,016)	(9,888,096)	(7,512,348)
General Expenses	25	(44,689,312)	(31,685,207)	(40,936,629)	(30,377,190)
<b>Total expenditure</b>		<b>(232,856,825)</b>	<b>(202,063,767)</b>	<b>(232,973,641)</b>	<b>(202,111,239)</b>
<b>Operating (deficit) surplus</b>	29	<b>(9,254,804)</b>	<b>9,891,373</b>	<b>(9,396,918)</b>	<b>9,771,032</b>
(Loss) gain on disposal of assets and liabilities		(1,017,078)	1,519,984	(1,017,078)	1,519,984
Actuarial gains/losses	8	2,780,000	248,000	2,780,000	248,000
(Loss) gain on non-current assets held for sale or disposal groups		(260,473)	53,412	(260,473)	53,412
		<b>1,502,449</b>	<b>1,821,396</b>	<b>1,502,449</b>	<b>1,821,396</b>
<b>(Deficit) surplus for the year</b>		<b>(7,752,355)</b>	<b>11,712,769</b>	<b>(7,894,469)</b>	<b>11,592,428</b>

\* See Note 32



# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
<b>Economic entity</b>		
Opening balance as previously reported	73,419,147	73,419,147
Adjustments		
Prior year adjustments 32	(202,254)	(202,254)
<b>Balance at 01 July 2021 as restated*</b>	<b>73,216,893</b>	<b>73,216,893</b>
Changes in net assets		
Surplus for the year	11,712,769	11,712,769
Total changes	11,712,769	11,712,769
Opening balance as previously reported	83,972,829	83,972,829
Adjustments		
Prior year adjustments 32	649,174	649,174
<b>Restated* Balance at 01 July 2022 as restated*</b>	<b>84,622,003</b>	<b>84,622,003</b>
Changes in net assets		
Surplus for the year	(7,752,355)	(7,752,355)
Total changes	(7,752,355)	(7,752,355)
<b>Balance at 30 June 2023</b>	<b>76,869,648</b>	<b>76,869,648</b>
Note(s)		
<b>Controlling entity</b>		
<b>Balance at 01 July 2021</b>	<b>76,266,658</b>	<b>76,266,658</b>
Changes in net assets		
Surplus for the year	11,592,428	11,592,428
Total changes	11,592,428	11,592,428
Opening balance as previously reported	87,625,820	87,625,820
Adjustments		
Prior year adjustments 32	233,272	233,272
<b>Restated* Balance at 01 July 2022 as restated*</b>	<b>87,859,092</b>	<b>87,859,092</b>
Changes in net assets		
Surplus for the year	(7,894,469)	(7,894,469)
Total changes	(7,894,469)	(7,894,469)
<b>Balance at 30 June 2023</b>	<b>79,964,623</b>	<b>79,964,623</b>
Note(s)		

\* See Note 32

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022 Restated*	2023	2022 Restated*
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Grants		216,780,665	206,418,146	214,201,660	206,374,334
Interest income		7,935,276	4,762,708	7,935,276	4,762,708
Dividends or similar distributions received		-	-	839	-
Cash receipts from charges for goods and services		809,659	1,625,333	809,659	1,075,333
Other income		-	29,057	-	-
		225,525,600	212,835,244	222,947,434	212,212,375
<b>Payments</b>					
Employee costs		(121,916,260)	(113,886,563)	(119,961,791)	(111,754,679)
Suppliers		(72,894,029)	(68,805,895)	(72,894,029)	(66,862,842)
Finance costs		(581)	(2,293)	-	-
Other payments		(9,353,999)	(4,110,016)	(9,888,096)	(7,512,348)
Other cash item		(11,599,693)	(9,969,227)	(11,599,693)	(9,969,227)
		(215,764,562)	(196,773,994)	(214,343,609)	(196,099,096)
<b>Net cash flows from operating activities</b>	27	<b>9,761,038</b>	<b>16,061,250</b>	<b>8,603,825</b>	<b>16,113,279</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	3	(11,702,966)	(8,979,829)	(10,554,605)	(8,979,829)
Proceeds from sale of property, plant and equipment	3	569,636	104,530	569,636	104,530
Purchase of other intangible assets	4	(5,273,912)	(2,785,493)	(5,273,912)	(2,785,493)
<b>Net cash flows from investing activities</b>		<b>(16,406,403)</b>	<b>(11,660,792)</b>	<b>(15,258,881)</b>	<b>(11,660,792)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(6,645,365)</b>	<b>4,400,458</b>	<b>(6,655,056)</b>	<b>4,452,487</b>
Cash and cash equivalents at the beginning of the year		103,430,120	99,029,665	103,437,429	98,984,943
<b>Cash and cash equivalents at the end of the year</b>	12	<b>96,784,755</b>	<b>103,430,123</b>	<b>96,782,373</b>	<b>103,437,430</b>

The accounting policies on pages 12 to 33 and the notes on pages 34 to 78 form an integral part of the annual financial statements.

\* See Note 32

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Economic entity</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Sale of tender documents	90,000	150,870	<b>240,870</b>	241,304	<b>434</b>	41
Sale of assets	50,000	(50,000)	-	-	-	
Commissions received	-	14,027	<b>14,027</b>	14,027	-	
Unclaimed retentions	-	-	-	308,059	<b>308,059</b>	41
Licensing and permits	500,000	61,357	<b>561,357</b>	561,103	<b>(254)</b>	41
Interest received - investment	5,700,000	2,487,105	<b>8,187,105</b>	8,187,105	-	
Dividends or similar distributions received	-	-	-	839	<b>839</b>	41
<b>Total revenue from exchange transactions</b>	<b>6,340,000</b>	<b>2,663,359</b>	<b>9,003,359</b>	<b>9,312,437</b>	<b>309,078</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	212,725,000	1,476,660	<b>214,201,660</b>	214,289,584	<b>87,924</b>	41
<b>Total revenue</b>	<b>219,065,000</b>	<b>4,140,019</b>	<b>223,205,019</b>	<b>223,602,021</b>	<b>397,002</b>	
<b>Expenditure</b>						
Personnel	(123,029,581)	(307,105)	<b>(123,336,686)</b>	(123,824,562)	<b>(487,876)</b>	41
Remuneration of councillors	(13,574,855)	1,800,000	<b>(11,774,855)</b>	(11,599,693)	<b>175,162</b>	
Depreciation and amortisation	(7,016,506)	1,500,000	<b>(5,516,506)</b>	(3,323,157)	<b>2,193,349</b>	43
Finance costs	(581)	581	-	(581)	<b>(581)</b>	41
Debt Impairment	-	-	-	(9,403)	<b>(9,403)</b>	41
Contracted Services	(35,493,000)	(10,538,486)	<b>(46,031,486)</b>	(45,214,128)	<b>817,358</b>	41
Transfers and Subsidies	(1,200,000)	(8,770,000)	<b>(9,970,000)</b>	(4,195,989)	<b>5,774,011</b>	41
General Expenses	(39,879,256)	(2,550,584)	<b>(42,429,840)</b>	(44,689,312)	<b>(2,259,472)</b>	41
<b>Total expenditure</b>	<b>(220,193,779)</b>	<b>(18,865,594)</b>	<b>(239,059,373)</b>	<b>(232,856,825)</b>	<b>6,202,548</b>	
<b>Operating deficit</b>	<b>(1,128,779)</b>	<b>(14,725,575)</b>	<b>(15,854,354)</b>	<b>(9,254,804)</b>	<b>6,599,550</b>	
Gain/(Loss) on leave and provision	-	-	-	(1,017,078)	<b>(1,017,078)</b>	41
Actuarial gains/losses	-	-	-	2,780,000	<b>2,780,000</b>	41
Gain/(Loss) on disposal of assets	-	-	-	(260,473)	<b>(260,473)</b>	41
	-	-	-	<b>1,502,449</b>	<b>1,502,449</b>	
<b>Deficit before taxation</b>	<b>(1,128,779)</b>	<b>(14,725,575)</b>	<b>(15,854,354)</b>	<b>(7,752,355)</b>	<b>8,101,999</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(1,128,779)</b>	<b>(14,725,575)</b>	<b>(15,854,354)</b>	<b>(7,752,355)</b>	<b>8,101,999</b>	

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Controlling entity</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Sale of tender documents	90,000	150,870	<b>240,870</b>	241,304	<b>434</b>	41
Sale of assets	50,000	(50,000)	-	-	-	41
Commissions received	-	14,027	<b>14,027</b>	14,027	-	41
Unclaimed retentions	-	-	-	308,059	<b>308,059</b>	41
Licensing permits	500,000	61,537	<b>561,537</b>	561,103	<b>(434)</b>	41
Interest received - investment	5,700,000	2,487,105	<b>8,187,105</b>	8,187,105	-	41
Dividends or similar distributions received	-	-	-	839	<b>839</b>	41
<b>Total revenue from exchange transactions</b>	<b>6,340,000</b>	<b>2,663,539</b>	<b>9,003,539</b>	<b>9,312,437</b>	<b>308,898</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	212,725,000	1,476,660	<b>214,201,660</b>	214,264,286	<b>62,626</b>	41
<b>Total revenue</b>	<b>219,065,000</b>	<b>4,140,199</b>	<b>223,205,199</b>	<b>223,576,723</b>	<b>371,524</b>	
<b>Expenditure</b>						
Personnel	(122,015,734)	(307,105)	<b>(122,322,839)</b>	(122,011,938)	<b>310,901</b>	41
Remuneration of councillors	(13,574,855)	1,800,000	<b>(11,774,855)</b>	(11,599,693)	<b>175,162</b>	41
Depreciation and amortisation	(7,016,506)	1,500,000	<b>(5,516,506)</b>	(3,323,157)	<b>2,193,349</b>	41
Contracted Services	(35,493,000)	(10,538,486)	<b>(46,031,486)</b>	(45,214,128)	<b>817,358</b>	41
Transfers and Subsidies	(1,200,000)	(8,770,000)	<b>(9,970,000)</b>	(9,888,096)	<b>81,904</b>	41
General Expenses	(38,532,950)	(2,550,584)	<b>(41,083,534)</b>	(40,936,629)	<b>146,905</b>	41
<b>Total expenditure</b>	<b>(217,833,045)</b>	<b>(18,866,175)</b>	<b>(236,699,220)</b>	<b>(232,973,641)</b>	<b>3,725,579</b>	
<b>Operating deficit</b>	<b>1,231,955</b>	<b>(14,725,976)</b>	<b>(13,494,021)</b>	<b>(9,396,918)</b>	<b>4,097,103</b>	
Gain/(Loss) on leave and bonus provision	-	-	-	(1,017,078)	<b>(1,017,078)</b>	41
Actuarial gains/losses	-	-	-	2,780,000	<b>2,780,000</b>	41
Gain/(Loss) on disposal of assets	-	-	-	(260,473)	<b>(260,473)</b>	41
	-	-	-	<b>1,502,449</b>	<b>1,502,449</b>	
<b>Deficit before taxation</b>	<b>1,231,955</b>	<b>(14,725,976)</b>	<b>(13,494,021)</b>	<b>(7,894,469)</b>	<b>5,599,552</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>1,231,955</b>	<b>(14,725,976)</b>	<b>(13,494,021)</b>	<b>(7,894,469)</b>	<b>5,599,552</b>	

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022	2023	2022

### 1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

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

In preparing the 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 economic entity 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.

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### 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 economic entity 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 economic entity 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 economic entity for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated R - lower or R - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

#### Impairment testing

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

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

#### Provisions

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

#### Useful lives of waste and water network and other assets

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

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

#### Effective interest rate

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

#### 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.

### 1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Item	Depreciation method	Average useful life
Machinery and equipment	Straight-line	2-12 years
Furniture and office equipment	Straight-line	3-10 years
Transport Assets	Straight-line	.

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# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

*Motor vehicle	Straight-line	4 years
*Computer equipment	Straight-line	3-5 years
Infrastructure assets	Straight-line	.
*Wifi equipment	Straight-line	3 years
*Telecommunication	Straight-line	5 years
*Access control	Straight-line	3 years
Community assets	Straight-line	.
*Land	Straight-line	No depreciation
*Car parks	Straight-line	30 years
*Car ports	Straight-line	10 years
*Fencing	Straight-line	10 years
*Mobile offices	Straight-line	10 years
*Mobile storage units	Straight-line	10 years
*Buildings	Straight-line	25 years

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

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

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

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

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

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

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

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

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

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

### 1.5 Intangible assets

An asset is identifiable if it either:

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

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.5 Intangible assets (continued)

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3-5 years

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

Intangible assets are derecognised:

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

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

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.6 Separate financial statements

Consolidated financial statements are the financial statements of the economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the entity as a controlling entity, and its controlled entities, are presented as those of a single economic entity.

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's surplus or deficit includes its share of the investee's surplus or deficit and the investor's net assets includes its share of changes in the investee's net assets that have not been recognised in the investee's surplus or deficit.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, that has the purpose of investing funds solely for returns from capital appreciation, investment revenue, and which measures and evaluates the performance of substantially all of its investments on a fair value basis.

Separate financial statements are those presented by the entity, in which the entity could elect to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with the GRAP Standard on Financial Instruments or using the equity method as described in the accounting policies on Investments in Associates and Joint Ventures.

In the entity's separate financial statements, investments in controlled entities, associates and joint ventures are carried at cost;

In the entity's separate financial statements, investments in controlled entities are carried at cost;

In the entity's separate financial statements, investments in associates are carried at cost;

In the entity's separate financial statements, investments in joint ventures are carried at cost.

Separate financial statements are prepared in accordance with all applicable accounting policies, except:

- Similar investments in controlled entities are accounted for at cost;
- Joint ventures are accounted for at cost;
- Associates are accounted for at cost.

The entity as a controlling entity, which is not itself an investment entity, measures its investment in a controlled investment entity in accordance with the above, in its separate financial statements.

When the entity as controlling entity ceases to be an investment entity, or becomes an investment entity, it accounts for the change from the date when the change in status occurred, as follows:

- When the entity ceases to be an investment entity, the entity accounts for an investment in a controlled entity in accordance with the above. The date of the change of status is the deemed acquisition date. The fair value of the controlled entity at the deemed acquisition date represents the transferred deemed consideration when accounting for the investment as above.
- When the entity becomes an investment entity, it accounts for an investment in a controlled entity at fair value. The difference between the previous carrying amount of the controlled entity and its fair value at the date of the change of status is recognised as a gain or loss in surplus or deficit. The cumulative amount of any gain or loss previously recognised directly in net assets in respect of those controlled entities is treated as if the investment entity had disposed of those controlled entities at the date of change in status.

When the entity elects to measure its investments in associates or joint ventures at fair value, it also accounts for those investments in the same way in its separate financial statements.

Where the entity as controlling entity is required to measure its investment in a controlled entity at fair value, it also accounts for that investment in the same way in its separate financial statements.

Dividends or similar distributions from a controlled entity, a joint venture or an associate are recognised in the separate financial statements of the entity when the entity's right to receive the dividend or similar distribution is established. The dividend or similar distribution is recognised in surplus or deficit unless the entity elects to use the equity method, in which case the dividend or similar distribution is recognised as a reduction from the carrying amount of the investment.

When a controlling entity reorganises the structure of its economic entity by establishing a new entity as its controlling entity in a manner that satisfies the following criteria:

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.6 Separate financial statements (continued)

- The new controlling entity obtains control of the original controlling entity either (a) by issuing equity instruments in exchange for existing equity instruments of the original controlling entity or (b) by some other mechanism which results in the new controlling entity having a controlling ownership interest in the original controlling entity;
- The assets and liabilities of the new economic entity and the original economic entity are the same immediately before and after the reorganisation; and
- The owners of the original controlling entity before the reorganisation have the same absolute and relative interests in the net assets of the original economic entity and the new economic entity immediately before and after the reorganisation;

and the new controlling entity accounts for its investment in the original controlling entity at cost in its separate financial statements, the new controlling entity measures cost at the carrying amount of its share of the net asset items shown in the separate financial statements of the original controlling entity at the date of the reorganisation

### 1.7 Financial instruments

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

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

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, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash;
- a residual interest of another entity; or

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.7 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

- equity instruments or similar forms of unutilised 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;

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### 1.7 Financial instruments (continued)

- 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

Other Financial assets  
Cash and cash equivalents  
Receivables from exchange transactions

#### 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

Other Financial liabilities  
Payables from exchange transactions  
Payables from non exchange transaction

#### Category

Financial liability measured at amortised cost  
Financial liability measured at amortised cost  
Financial liability measured at amortised cost

### 1.8 Leases

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

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

#### Finance leases - lessor

The economic entity 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 economic entity's net investment in the finance lease.

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### 1.8 Leases (continued)

#### 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 .

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.

### 1.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

### 1.10 Impairment of cash-generating assets

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

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

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

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### 1.10 Leases (continued)

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

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

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

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

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

Useful life is either:

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

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

[Specify judgements made]

#### Identification

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

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

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

#### Value in use

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

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

#### Basis for estimates of future cash flows

In measuring value in use the economic entity:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.



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### 1.10 Leases (continued)

#### Discount rate

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

#### Cash-generating units

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

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

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

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

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

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

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

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

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

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

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### 1.10 Leases (continued)

#### Reversal of impairment loss

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

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

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

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

### 1.11 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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## Accounting Policies

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

Useful life is either:

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

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

#### Reversal of an impairment loss

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

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

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

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

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

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.12 Employee benefits

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

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

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

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

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

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

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

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

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

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### 1.12 Employee benefits (continued)

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the 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 benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### 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.

### 1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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### 1.13 Provisions and contingencies (continued)

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 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 economic entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

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

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

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### 1.13 Provisions and contingencies (continued)

- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

### 1.14 Revenue from exchange transactions

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

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

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

#### Measurement

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

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

### Interest, royalties and dividends

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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.15 Revenue from non-exchange transactions

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

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### 1.15 Employee benefits (continued)

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.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an 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.

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### 1.15 Employee benefits (continued)

#### Measurement

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

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

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.

### 1.16 Comparative figures

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

### 1.17 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003).

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense

### 1.18 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

### 1.19 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 recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes

Irregular expenditure receivables are measured at the amount that is expected to be recovered and are derecognised when settled or written-off as irrecoverable

### 1.20 Segment information

A segment is an activity of an entity:



# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.20 Segment information (continued)

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

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

### Measurement

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

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

### 1.21 Budget information

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

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

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

The approved budget covers the fiscal period from 01/07/2022 to 30/06/2023.

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

### 1.22 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 economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions.

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.22 Related parties (continued)

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

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

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

### 1.23 Events after reporting date

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

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

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

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

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 2. New standards and interpretations

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

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2009	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2009	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2009	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

Economic entity

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Plant and machinery	6,339,844	(5,535,474)	804,370	6,340,953	(5,307,235)	1,033,718
Furniture and fixtures	5,578,076	(5,263,056)	315,020	5,525,874	(5,169,020)	356,854
Motor vehicles	9,946,483	(4,507,871)	5,438,612	10,748,857	(4,290,780)	6,458,077
IT equipment	10,538,032	(7,002,721)	3,535,311	8,608,965	(5,599,948)	3,009,017
Infrastructure	32,092,664	(21,111,592)	10,981,072	21,653,375	(21,107,708)	545,667
Community	8,559,597	(2,343,842)	6,215,755	8,559,597	(3,712,824)	4,846,773
Other property, plant and equipment	-	-	-	3,732,226	-	3,732,226
<b>Total</b>	<b>73,054,696</b>	<b>(45,764,556)</b>	<b>27,290,140</b>	<b>65,169,847</b>	<b>(45,187,515)</b>	<b>19,982,332</b>

Controlling entity

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Plant and machinery	6,339,844	(5,535,474)	804,370	6,340,953	(5,307,235)	1,033,718
Furniture and fixtures	5,578,076	(5,263,056)	315,020	5,525,874	(5,169,020)	356,854
Motor vehicles	9,946,483	(4,507,871)	5,438,612	10,748,857	(4,290,780)	6,458,077
IT equipment	10,538,032	(7,002,721)	3,535,311	8,608,965	(5,599,948)	3,009,017
Infrastructure	32,092,664	(21,111,592)	10,981,072	21,653,375	(21,107,708)	545,667
Community	8,559,597	(2,343,842)	6,215,755	8,559,597	(3,712,824)	4,846,773
Other property, plant and equipment	-	-	-	3,732,226	-	3,732,226
<b>Total</b>	<b>73,054,696</b>	<b>(45,764,556)</b>	<b>27,290,140</b>	<b>65,169,847</b>	<b>(45,187,515)</b>	<b>19,982,332</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - Economic entity - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Machinery & Equipment	1,033,718	-	-	-	(229,348)	804,370
Furniture & Office Equipment	356,854	85,826	(252)	-	(127,408)	315,020
Transport Assets	6,458,077	-	(775,629)	-	(243,836)	5,438,612
Computer Equipment	3,009,017	2,022,055	(54,228)	-	(1,441,533)	3,535,311
Infrastructure Assets	545,667	10,439,289	-	-	(3,884)	10,981,072
Community Assets	4,846,773	1,739,662	-	-	(370,680)	6,215,755
Work in progress	3,732,226	-	-	(3,732,226)	-	-
	<b>19,982,332</b>	<b>14,286,832</b>	<b>(830,109)</b>	<b>(3,732,226)</b>	<b>(2,416,689)</b>	<b>27,290,140</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - Economic entity - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Machinery & Equipment	1,334,071	326,138	(3,676)	-	(491,659)	(131,156)	1,033,718
Furniture & Office Equipment	831,349	162,355	(3,150)	-	(268,698)	(365,002)	356,854
Transport Assets	4,772,176	2,242,634	-	-	(251,138)	(305,595)	6,458,077
Computer Equipment	1,712,479	2,516,476	(38,254)	-	(1,013,349)	(168,335)	3,009,017
Infrastructure	2,828,614	-	(6,038)	-	(956,703)	(1,320,206)	545,667
Community	4,096,247	1,052,972	-	-	(302,446)	-	4,846,773
Other property, plant and equipment	1,052,970	3,732,226	-	(1,052,970)	-	-	3,732,226
	<b>16,627,906</b>	<b>10,032,801</b>	<b>(51,118)</b>	<b>(1,052,970)</b>	<b>(3,283,993)</b>	<b>(2,290,294)</b>	<b>19,982,332</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - Controlling entity - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Machinery & Equipment	1,033,718	-	-	-	(229,348)	804,370
Furniture & Office Equipment	356,854	85,826	(252)	-	(127,408)	315,020
Transport Assets	6,458,077	-	(775,629)	-	(243,836)	5,438,612
Computer Equipment	3,009,017	2,022,055	(54,228)	-	(1,441,533)	3,535,311
Infrastructure Assets	545,667	10,439,289	-	-	(3,884)	10,981,072
Community Asset	4,846,773	1,739,662	-	-	(370,680)	6,215,755
Work in progress	3,732,226	-	-	(3,732,226)	-	-
	<b>19,982,332</b>	<b>14,286,832</b>	<b>(830,109)</b>	<b>(3,732,226)</b>	<b>(2,416,689)</b>	<b>27,290,140</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - Economic entity - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Machinery & Equipment	1,334,071	326,138	(3,676)	-	(491,659)	(131,156)	1,033,718
Furniture & Office Equipment	831,349	162,355	(3,150)	-	(268,698)	(365,002)	356,854
Transport Assets	4,772,176	2,242,634	-	-	(251,138)	(305,595)	6,458,077
Computer Equipment	1,712,479	2,516,476	(38,254)	-	(1,013,349)	(168,335)	3,009,017
Infrastructure Assets	2,828,614	-	(6,038)	-	(956,703)	(1,320,206)	545,667
Community Assets	4,096,247	1,052,972	-	-	(302,446)	-	4,846,773
Work in progress	1,052,970	3,732,226	-	(1,052,970)	-	-	3,732,226
	<b>16,627,906</b>	<b>10,032,801</b>	<b>(51,118)</b>	<b>(1,052,970)</b>	<b>(3,283,993)</b>	<b>(2,290,294)</b>	<b>19,982,332</b>

#### Assets under investigation

Assets with a Net Book Value of R759 197.63 could not be physically verified by management as at 30 June 2023 (2022: R330 377.22).

These assets will be investigated by management in the 2023/2024 financial year to confirm their existence

#### Fully depreciated assets

Fully depreciated assets still in use are included in the Transport Assets, Computer equipment, Infrastructure Assets and the Furniture and office equipment balance. The majority are old assets purchased in 2008-2018 for which the useful lives have not been extended and management plans to dispose and replace these assets in the near future.

3 480 assets have been impaired in the prior year and is under investigation for write off. Net book value as a result of the residual value of these assets amounts to 2023: Nil (2022: R 4 343 392) . The useful life for the assets was evaluated and no adjustment on the useful life will be made for these assets.



# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

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

#### Reconciliation of Work-in-Progress Economic entity - 2023

	Included within Infrastructure	Total
Additions/capital expenditure	1,400,000	1,400,000

#### Reconciliation of Work-in-Progress Economic entity - 2022

	Included within Infrastructure	Included within Community	Total
Opening balance	-	1,052,970	1,052,970
Additions/capital expenditure	3,732,226	-	3,732,226
Transferred to completed items	-	(1,052,970)	(1,052,970)
	<b>3,732,226</b>	<b>-</b>	<b>3,732,226</b>

#### Reconciliation of Work-in-Progress Controlling entity - 2023

	Included within Infrastructure	Total
Additions/capital expenditure	1,400,000	1,400,000

#### Work in progress

The work in progress consists of work already carried out for the Ventersdorp building. To date cost capitalised under WIP are as follows:

Capitalised expenditure 2023: R1400 000 and

Sanitation Boskuil and Oersonskraal WIP 2023: R4 104 683.03 (2022: R3 732 226)

#### Reconciliation of Work-in-Progress Economic entity - 2022

	Included within Infrastructure	Included within Community	Total
Opening balance	-	1,052,970	1,052,970
Additions/capital expenditure	3,732,226	-	3,732,226
Transferred to completed items	-	(1,052,970)	(1,052,970)
	<b>3,732,226</b>	<b>-</b>	<b>3,732,226</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

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

#### Maintenance of property, plant and equipment

#### Maintenance of property, plant and equipment by Condition - Economic entity - 2023

	Preventative Maintenance		Corrective Maintenance	
	Condition Based	Total	Total	Total
Buildings	756,086	756,086	-	756,086
Other	1,623,112	1,623,112	-	1,623,112
Transport Assets	595,728	595,728	-	595,728
	<b>2,974,926</b>	<b>2,974,926</b>	<b>-</b>	<b>2,974,926</b>

#### Maintenance of property, plant and equipment by Condition - Economic entity - 2022

	Preventative Maintenance		Corrective Maintenance	
	Condition Based	Total	Total	Total
Buildings	413,288	413,288	-	413,288
Leasehold property	1,894,959	1,894,959	-	1,894,959
Transport Assets	1,125	1,125	-	1,125
	<b>2,309,372</b>	<b>2,309,372</b>	<b>-</b>	<b>2,309,372</b>

#### Maintenance of property, plant and equipment by condition - Controlling entity - 2023

	Preventative Maintenance		Corrective Maintenance	
	Condition Based	Total	Total	Total
Buildings	756,086	756,086	-	756,086

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

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

Other	1,623,112	1,623,112	-	1,623,112
Transport assets	595,728	595,728	-	595,728
	<b>2,974,926</b>	<b>2,974,926</b>	<b>-</b>	<b>2,974,926</b>

### Maintenance of property, plant and equipment by condition - Economic entity - 2022

	Preventative Maintenance		Corrective Maintenance	
	Condition Based	Total	Total	Total
Buildings	413,288	413,288	-	413,288
Other	1,894,959	1,894,959	-	1,894,959
Transport assets	1,125	1,125	-	1,125
	<b>2,309,372</b>	<b>2,309,372</b>	<b>-</b>	<b>2,309,372</b>

### Sec 63 MFMA

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.

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Intangible assets

Economic entity

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	8,383,931	(6,060,451)	2,323,480	6,205,410	(5,153,983)	1,051,427
Intangible assets under development	4,925,211	-	4,925,211	1,829,820	-	1,829,820
<b>Total</b>	<b>13,309,142</b>	<b>(6,060,451)</b>	<b>7,248,691</b>	<b>8,035,230</b>	<b>(5,153,983)</b>	<b>2,881,247</b>

Controlling entity

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	8,383,931	(6,060,451)	2,323,480	6,205,410	(5,153,983)	1,051,427
Intangible assets under development	4,925,211	-	4,925,211	1,829,820	-	1,829,820
<b>Total</b>	<b>13,309,142</b>	<b>(6,060,451)</b>	<b>7,248,691</b>	<b>8,035,230</b>	<b>(5,153,983)</b>	<b>2,881,247</b>

### Reconciliation of intangible assets - Economic entity - 2023

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software, other	1,051,427	2,178,522	-	(906,469)	2,323,480
Intangible assets under development	1,829,820	4,925,211	(1,829,820)	-	4,925,211
	<b>2,881,247</b>	<b>7,103,733</b>	<b>(1,829,820)</b>	<b>(906,469)</b>	<b>7,248,691</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Intangible assets (continued)

#### Reconciliation of intangible assets - Economic entity - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	454,580	955,673	(358,826)	1,051,427
Intangible assets under development	-	1,829,820	-	1,829,820
	<b>454,580</b>	<b>2,785,493</b>	<b>(358,826)</b>	<b>2,881,247</b>

#### Reconciliation of intangible assets - Controlling entity - 2023

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software, other	1,051,427	2,178,522	-	(906,469)	2,323,480
Intangible assets under development	1,829,820	4,925,211	(1,829,820)	-	4,925,211
	<b>2,881,247</b>	<b>7,103,733</b>	<b>(1,829,820)</b>	<b>(906,469)</b>	<b>7,248,691</b>

#### Reconciliation of intangible assets - Economic entity - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	454,580	955,673	(358,826)	1,051,427
Intangible assets under development	-	1,829,820	-	1,829,820
	<b>454,580</b>	<b>2,785,493</b>	<b>(358,826)</b>	<b>2,881,247</b>

#### Intangible assets in the process of being constructed or developed

The work in progress consists of work already carried out for the Financial System. To date cost capitalized under WIP are as follows: Capitalized expenditure 2023: R4 925 211 (2022: R0) and the amount WIP capitalized expenditure for the 2022 financial year should be. R1 829 820.00

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Interests in other entities

#### Investments in controlled entities

Name	Jurisdiction	Determination of ownership interest	Economic Entity		Controlling Entity		Economic Entity		Controlling Entity	
			% ownership interest 2023	% ownership interest 2022	% ownership interest 2023	% ownership interest 2022	Carrying amount 2023	Carrying amount 2022	Carrying amount 2023	Carrying amount 2022
DR Kenneth Kaunda Economic Agency		Dr Kenneth Kaunda District Municipality	- %	- %	100.00 %	100.00 %	-	-	120	120
							-	-	120	120
							-	-	120	120

### 6. Payables from exchange transactions

Trade payables	18,861,700	4,519,012	18,855,354	4,512,686
Salary control account	60,983	61,866	-	-
Retention	25,900	502,006	25,900	502,006
Compensation Commissioner	3,906,873	3,954,884	3,906,873	3,954,884
Leave and Bonus Provision	16,564,341	15,688,225	16,320,064	15,302,986
Salary Clearing Account	864	864	864	864
	<b>39,420,661</b>	<b>24,726,857</b>	<b>39,109,055</b>	<b>24,273,426</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 6. Payables from exchange transactions (continued)

The ageing of Trade payables is summarised below:

**Trade payables:** The movement on trade payable are the Accruals recorded for the current year and they are as a result of invoices being submitted late for payment ( The listing is available to support the total amount disclosed)

**Retentions:** During the financial year the municipality released the retention withheld amounting to R168 047.13 to Botlhabatsatsi trading and projects 71 (Tender KKDM 01/20 Building renovations at DR KKDM Disaster center) further more The Council approved the write-off the Unclaimed/ long outstanding retentions amounting to R308 059.33 as per the Council resolution ITEM A.223/06/2023

**Compensation Commissioner:** The municipality is continuously engaging with the department of labour (COIDA) to be up to date with yearly payments-during the year an amount of R613 781.55 (payment invoice for 2012) was paid and a provision was made for the current year amounting to R565 769.87

**Leave and bonus provision:** a provision for leave and bonus for all employees was made amounting to R1 017 078

### 7. Taxes and transfers payable (non-exchange)

Payable deposit - Leepile	190,931	-	190,931	-
Other payables from non-exchange transactions	307,994	1,185,747	307,994	1,185,747
	<b>498,925</b>	<b>1,185,747</b>	<b>498,925</b>	<b>1,185,747</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 8. Employee benefit obligations

#### Defined benefit plan

##### Post retirement medical aid plan

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain 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), on retirement is entitled to remain a continued member of such medical aid fund, 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.

The most recent Actuarial valuations of plan assets and the present value of the unfunded undefined benefit obligation were carried out as at 30 June 2023 by Arch Actuarial consulting, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the projected unit credit method. No other post retirement benefits are provided by the Municipality.

The plan is a final salary pension / flat plan or a post employment medical benefit plan

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes

- Bonitas
- Sizwe Hosmed;
- LA Health;
- Key Health
- Samwumed;

The current service cost for the year ending 30 June 2023 is estimated at R879 000 it is estimated to be R745 000 for the ensuing year. The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

#### Eligible employees

Total number of eligible employees	146	149	146	149
Number of in-service members	135	137	135	137
Average age	44	43	44	43
Average past service		11	9 11	9
Average current value of post-employment subsidy p.m.	3048	2893	3048	2893
Number of in-service non-members	12	12	11	12
Average age	49	49	49	49
Average past service	9	9	10	9
Average current value of post-employment subsidy p.m.	3048	2732	3048	2732



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## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 8. Employee benefit obligations (continued)

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

#### Carrying value

Opening balance	(15,864,000)	(14,351,000)	(15,864,000)	(14,351,000)
Actuarial gains/ (losses)	2,817,000	333,000	2,817,000	333,000
Interest cost	(1,905,000)	(1,505,000)	(1,905,000)	(1,505,000)
Current service cost	(879,000)	(774,000)	(879,000)	(774,000)
	<b>(15,831,000)</b>	<b>(16,297,000)</b>	<b>(15,831,000)</b>	<b>(16,297,000)</b>
Non-current liabilities	(15,410,000)	(15,864,000)	(15,410,000)	(15,864,000)
Current liabilities	(421,000)	(433,000)	(421,000)	(433,000)
	<b>(15,831,000)</b>	<b>(16,297,000)</b>	<b>(15,831,000)</b>	<b>(16,297,000)</b>

This is an estimate of subsidies (benefit) paid in respect of continuation members based on the data at the previous valuation date. If the actual amount of subsidies paid is used instead of this estimate, then the Actuarial loss /(Gain) must change to exactly offset the impact, such that the closing Accrued Liability remains unchanged, for example if the actual amount of subsidies paid is R100 000.00 less than the estimate, then the Actuarial Loss/ (Gain) would have to reduce by R100 000.00 to leave the closing Accrued Liability as is.

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.54 %	11.84 %	12.54 %	11.84 %
Health care cost inflation rate	8.14 %	8.45 %	8.14 %	8.45 %
Net-of-health-care-cost-inflation discount rate	4.07 %	3.13 %	4.07 %	3.13 %

### 9. Non current assets held for sale

The disestablishment of the entity is in line with the Municipal Systems Act No 32 of 2000 section 86K

(1) A Municipality may pass a by-law disestablishing a service utility which it has established.

(2) If a service utility is disestablished

(a) all assets, liabilities and obligations of the service utility vest in the municipality; and

(b) staff of the service utility must be dealt with in accordance with the applicable labour legislation

#### Further approvals required

Pursuant to the Council's resolution referred to above, the Board members passed a special resolution to transfer of the entity's employees, assets, liabilities and obligations to the District Municipality on 02 December 2020.

The Winding down and disestablishment process was still in progress as at 30 June 2023.

### 10. Receivables from exchange transactions

Prepaid expenses	1,713,147	1,925,091	1,713,147	1,925,091
Salaries and bank clearing account	168,891	149,860	168,891	149,860
Accrual- Interest on call deposit	1,387,752	1,135,923	1,387,752	1,135,923
Other debtors	942,283	415,505	942,283	415,505
Staff advances	235	307,900	235	235
	<b>4,212,308</b>	<b>3,934,279</b>	<b>4,212,308</b>	<b>3,626,614</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 11. VAT receivable

VAT	1,824,845	1,263,017	4,668,971	4,107,143
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### 12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6,625	6,625	6,600	6,600
Bank balances	56,787,832	23,423,495	56,775,773	23,430,829
Short-term deposits	39,990,298	80,000,000	40,000,000	80,000,000
<b>Total</b>	<b>96,784,755</b>	<b>103,430,120</b>	<b>96,782,373</b>	<b>103,437,429</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Current account (Primary bankaccount ABSA Klerksdorp	58,820,904	22,482,372	62,997,887	55,737,506	22,482,372	62,997,887
Current Account	1,044,867	955,057	987,056	1,044,868	955,057	987,056
LocalGovernment support Grant Absa Account no:4056438304)						
Account no:038659190-301	-	-	20,000,000	-	-	20,000,000
Standard bank call account						
Account no:038659190-302	-	-	15,000,000	-	-	15,000,000
Standard bank call account						
Account no:038659190-304	-	10,000,000	-	-	10,000,000	-
Standard bank call account						
Account no:037881061820-74 Nedbank call account	-	50,000,000	-	-	50,000,000	-
Account no:2080421199 Absa Investment	-	20,000,000	-	-	20,000,000	-
Absa Bank-Fixed Deposit Investment-2080918596	40,000,000	-	-	40,000,000	-	-
<b>Total</b>	<b>99,865,771</b>	<b>103,437,429</b>	<b>98,984,943</b>	<b>96,782,374</b>	<b>103,437,429</b>	<b>98,984,943</b>

### 13. Accumulated surplus

#### Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2023

	Capital replacement reserve	Total
Opening balance	(1,461,597)	(1,461,597)
Transfer to capital replacement reserve	(187,324)	(187,324)
	<b>(1,648,921)</b>	<b>(1,648,921)</b>

#### Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2022

	Capital replacement reserve	Total
Opening balance	(1,461,597)	(1,461,597)

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## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 13. Accumulated surplus (continued)

#### Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity - 2023

	Capital replacement reserve	Total
Opening balance	1,588,167	1,588,167

#### Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2022

	Capital replacement reserve	Total
Opening balance	1,588,167	1,588,167

### 14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Fire support grant	2,835	65,626	2,835	65,626
Rural Roads Asset Management Grant	165	-	165	-
	<b>3,000</b>	<b>65,626</b>	<b>3,000</b>	<b>65,626</b>

### 15. Long service award liability

The Municipality offers employees Long Service Award (LSA) for every five years of service completed, from ten years of service to 45 years of service inclusive

In the month that each "Completed Service" milestone is reached, the employee is granted an LSA. Working days awarded are valued at 1/250th of annual earnings per day.

In estimating the unfunded liability for LSA of the Municipality a number of actuarial assumptions are required. The GRAP 25 Statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA arrangement – this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and Current-Service costs are recognised over time

Eligible employees were checked for completeness of date of birth, date of employment, gender, personnel sub-area and earnings. Enquiries were made regarding any gaps in the data that were found

In addition, the following data checks were performed:

- dates are valid;
- ages within reasonable ranges;
- periods of employment within reasonable ranges, and consistent with dates of birth;
- genders, dates of birth and employment are consistent with any available prior year's data;
- genders and dates of birth are consistent with any ID numbers provided;
- ages at the time of employment are reasonable;
- earnings within reasonable ranges;
- earnings changes are reasonable when compared to any available prior year's data

The following statistics were calculated and compared for reasonability with the corresponding statistics as at the previous valuation:

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 15. Long service award liability (continued)

- average age and earnings-weighted average age;
- average past service and earnings-weighted average past service; and
- average monthly earnings

Where information was not clear or not provided, the valuation was conducted on the premise that the information provided was correct or appropriate assumptions were made

#### Discount Rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve

Consequently, a discount rate of 11.32% per annum has been used. The corresponding liability-weighted index-linked yield is 4.97%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2023.

These yields were obtained by calculating the duration of the total liability and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process (because the yields depend on the duration, which in turn depends on the liability). The duration of the total liability was estimated to be 8.75 years.

#### Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation. The expected CPI inflation assumption of 5.57% was obtained from the differential between market yields on index-linked bonds (4.97%) consistent with the estimated terms of the liabilities and those of nominal bonds (11.32%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as  $((1+11.32\%-0.50\%)/(1+4.97\%))-1$ . Thus, a general earnings inflation rate of 6.57% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 4.45%.

It was assumed that the next general earnings increase will take place on 1 July 2024.

The Municipality does not pay any pro-rata LSA

#### Reconciliation of Long Service Award

Opening Balance	4,354,000	3,887,000	4,354,000	3,887,000
Current service cost	460,000	413,000	460,000	413,000
Utilised during the year	(512,000)	(377,000)	(512,000)	(377,000)
Interest	457,000	346,000	457,000	346,000
Actuarial gains/(losses)	37,000	85,000	37,000	85,000
	<b>4,796,000</b>	<b>4,354,000</b>	<b>4,796,000</b>	<b>4,354,000</b>

#### Long Service Award

Current Portion of liability (due in the next 12 months)	620,000	512,000	620,000	512,000
Non current portion of a liability	4,176,000	3,842,000	4,176,000	3,842,000
	<b>4,796,000</b>	<b>4,354,000</b>	<b>4,796,000</b>	<b>4,354,000</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

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## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
<b>16. Revenue</b>				
Sale of tender documents	241,304	67,100	241,304	67,100
Commissions received	14,027	17,914	14,027	17,914
Unclaimed Retention	308,059	-	308,059	-
Licensing and permits	561,103	431,620	561,103	431,620
Interest received - investment	8,187,105	4,991,303	8,187,105	4,991,303
Dividends or similar distributions received	839	-	839	-
Government grants & subsidies	214,289,584	206,418,146	214,264,286	206,374,334
Other transfer revenue	-	29,057	-	-
	<b>223,602,021</b>	<b>211,955,140</b>	<b>223,576,723</b>	<b>211,882,271</b>

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

Sale of tender documents	241,304	67,100	241,304	67,100
Commissions received	14,027	17,914	14,027	17,914
unclaimed Retention	308,059	-	308,059	-
Licensing and permits	561,103	431,620	561,103	431,620
Interest received - investment	8,187,105	4,991,303	8,187,105	4,991,303
Dividends or similar distributions received	839	-	839	-
	<b>9,312,437</b>	<b>5,507,937</b>	<b>9,312,437</b>	<b>5,507,937</b>

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

#### Taxation revenue

#### Transfer revenue

Government grants & subsidies	214,289,584	206,418,146	214,264,286	206,374,334
Other transfer revenue	-	29,057	-	-
	<b>214,289,584</b>	<b>206,447,203</b>	<b>214,264,286</b>	<b>206,374,334</b>

## 17. Transfer and subsidies

### Other subsidies

Local Economic development Support	3,695,989	1,844,072	3,695,989	1,844,072
Busaries Non Employees	100,000	169,453	100,000	169,453
Dr Kenneth Kaunda Economic Development Agency	-	43,812	5,692,107	3,446,144
Merit Bursaries Community & SMME support Arts and Culture	400,000	2,052,679	400,000	2,052,679
	<b>4,195,989</b>	<b>4,110,016</b>	<b>9,888,096</b>	<b>7,512,348</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
<b>18. Government grants &amp; subsidies</b>				
<b>Operating grants</b>				
Equitable share	30,480,000	28,052,000	30,480,000	28,052,000
LG Seta Mandatory grant	1,476,660	608,334	1,476,660	608,334
Expanded Public Works Program	2,379,000	2,122,000	2,379,000	2,122,000
Fire support grant	62,791	-	62,791	-
Finance Management Grant	1,000,000	1,000,000	1,000,000	1,000,000
RSC Replacement Grant	176,234,000	172,078,000	176,234,000	172,078,000
Grant agency	25,298	43,812	-	-
Rural Road Assets Management System Grant	2,631,835	2,514,000	2,631,835	2,514,000
	<b>214,289,584</b>	<b>206,418,146</b>	<b>214,264,286</b>	<b>206,374,334</b>

### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	7,550,286	6,244,344	7,550,286	6,244,344
Unconditional grants received	206,714,000	200,173,802	206,714,000	200,130,000
	<b>214,264,286</b>	<b>206,418,146</b>	<b>214,264,286</b>	<b>206,374,344</b>

### Fire Support Grant

Balance unspent at beginning of year	65,626	65,626	65,626	65,626
Conditions met - transferred to revenue	(62,791)	-	(62,791)	-
	<b>2,835</b>	<b>65,626</b>	<b>2,835</b>	<b>65,626</b>

### LG Seta Mandatory Grant

Current-year receipts	1,476,660	608,334	1,476,660	608,334
Conditions met - transferred to revenue	(1,476,660)	(608,334)	(1,476,660)	(608,334)
	-	-	-	-

### Expanded Public Works Program

Current-year receipts	2,379,000	2,122,000	2,379,000	2,122,000
Conditions met - transferred to revenue	(2,379,000)	(2,122,000)	(2,379,000)	(2,122,000)
	-	-	-	-

### Finance Management Grant

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

### RSC Replacement Grant

Current-year receipts	176,234,000	172,078,000	176,234,000	172,078,000
Conditions met - transferred to revenue	(176,234,000)	(172,078,000)	(176,234,000)	(172,078,000)

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	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
<b>18. Government grants &amp; subsidies (continued)</b>				
	-	-	-	-
<b>Rural Road Asset Management Grant</b>				
Current-year receipts	2,632,000	2,514,000	2,632,000	2,514,000
Conditions met - transferred to revenue	(2,631,835)	(2,514,000)	(2,631,835)	(2,514,000)
	<b>165</b>	<b>-</b>	<b>165</b>	<b>-</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

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## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
<b>19. Employee related costs</b>				
Basic	77,444,729	71,040,222	75,499,492	69,036,240
Medical aid - company contributions	5,637,139	5,251,414	5,637,139	5,251,414
UIF	327,954	331,304	319,605	321,726
SDL	19,148	18,530	19,148	18,530
Leave pay provision charge	3,116,444	4,649,142	3,257,406	4,641,607
Cellphone allowance	1,293,678	1,403,612	1,293,678	1,403,612
Defined contribution plans	3,175,453	2,702,277	3,175,453	2,702,277
Overtime payments	236,514	152,576	236,514	152,576
Long-service awards	1,043,761	489,347	1,043,761	489,347
13th Cheques	5,445,241	5,230,256	5,445,241	5,230,256
Acting allowances	965,875	671,757	965,875	671,757
Car allowance	10,271,296	9,237,114	10,271,296	9,237,114
Housing benefits and allowances	551,194	557,249	551,194	557,249
Cash gratuity allowance	182,011	-	182,011	-
Stanby allowance	1,340,300	1,237,679	1,340,300	1,237,679
Gourp life insurance - Council contribution	694,637	642,403	694,637	642,403
Pension fund - Council contribution	11,613,388	10,734,350	11,613,388	10,734,350
Danger allowance	465,800	1,215,690	465,800	1,215,690
	<b>123,824,562</b>	<b>115,564,922</b>	<b>122,011,938</b>	<b>113,543,827</b>

### Remuneration of Municipal Manager - MJ Ratlhogo

Annual Remuneration	1,016,263	-	1,016,263	-
Car Allowance	165,000	-	165,000	-
Other allowances - cellphone	28,452	-	28,452	-
Ad-hoc subsistence and travel	2,253	-	2,253	-
Cash gratuity allowances	19,291	-	19,291	-
	<b>1,231,259</b>	<b>-</b>	<b>1,231,259</b>	<b>-</b>

### Remuneration of Chief Finance Officer - LP Steenkamp

Annual Remuneration	813,494	785,196	813,494	785,196
Car Allowance	171,600	171,600	171,600	171,600
Bonuse	67,787	65,433	67,787	65,433
Other allowances - cellphone	24,000	24,000	24,000	24,000
Ad-hoc subsistence and travel	6,323	-	6,323	-
Leave sold	33,014	33,014	33,014	33,014
Cash gratuity allowances	40,680	-	40,680	-
	<b>1,156,898</b>	<b>1,079,243</b>	<b>1,156,898</b>	<b>1,079,243</b>

### Remuneration of Director: Corporate Services - SC Abrams

Annual Remuneration	641,643	613,336	641,643	613,336
Other allowance - Cellphone	24,262	26,000	24,262	26,000
Cash gratuity allowances	40,680	-	40,680	-
Leave sold	65,443	33,007	65,443	33,007
Car allowance/ Travelling allowance	357,779	357,779	357,779	357,779
Acting allowance	3,614	46,767	3,614	46,767
Bonus	53,470	51,111	53,470	51,111
Covid-19	-	5,400	-	5,400
	<b>1,186,891</b>	<b>1,133,400</b>	<b>1,186,891</b>	<b>1,133,400</b>

### Remuneration of Chief Audit Executive - SG Mtemekwana



# Dr Kenneth Kaunda District Municipality Consolidated AFS

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## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
<b>19. Employee related costs (continued)</b>				
Annual Remuneration	608,224	581,391	608,224	581,391
Other allowance - Cellphone	24,000	24,000	24,000	24,000
Ad-hoc subsistence and travel	4,981	6,148	4,981	6,148
Car allowance/ Travel allowance	313,056	313,057	313,056	313,057
Leave sold	28,622	28,622	28,622	28,622
Covid-19	-	5,400	-	5,400
Cash gratuity allowances	40,680	-	40,680	-
	<b>1,019,563</b>	<b>958,618</b>	<b>1,019,563</b>	<b>958,618</b>

### Remuneration of Director: District Economic Development - RM Rampedi

Annual Remuneration	755,019	705,648	755,019	705,648
Other allowances - Cellphone	24,000	25,000	24,000	25,000
Acting allowance	-	14,743	-	14,743
Car allowance/ Travelling allowance	120,000	120,000	120,000	120,000
Bonus	62,406	58,804	62,406	58,804
Covid-19	-	5,400	-	5,400
Leave sold	28,313	-	28,313	-
Cash gratuity allowances	40,680	-	40,680	-
	<b>1,030,418</b>	<b>929,595</b>	<b>1,030,418</b>	<b>929,595</b>

### Remuneration of Director: Community Services - MA Metswamere

Annual Remuneration	882,147	900,258	882,147	900,258
Car allowance/ Travelling allowance	180,000	180,000	180,000	180,000
Leave sold	32,711	-	32,711	-
Other allowance - Cellphone allowance	24,000	27,048	24,000	27,048
Bonus	75,022	75,022	75,022	75,022
Acting allowance	4,912	90,615	4,912	90,615
Covid-19	-	5,400	-	5,400
	<b>1,198,792</b>	<b>1,278,343</b>	<b>1,198,792</b>	<b>1,278,343</b>

### Remuneration of former Municipal Manager - Sm Lesupi

Annual Remuneration	93,827	1,037,757	93,827	1,037,757
Leave sold	-	240,514	-	240,514
Other allowances - Cellphone	-	27,500	-	27,500
	<b>93,827</b>	<b>1,305,771</b>	<b>93,827</b>	<b>1,305,771</b>

### Acting Director: Corporate Services - MB Molefe (11/05/2023 - 30/06/2023)

Acting allowance	12,129	-	12,129	-
Other allowance - Cellphone allowance	1,327	-	1,327	-
	<b>13,456</b>	<b>-</b>	<b>13,456</b>	<b>-</b>

### Acting Director: Community Services - CP Mofokeng (11/05/2023 - 30/06/2023)

Acting allowance	11,638	-	11,638	-
Other allowance - Cellphone allowance	1,430	-	1,430	-
	<b>13,068</b>	<b>-</b>	<b>13,068</b>	<b>-</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
<b>20. Remuneration of councillors</b>				
Executive Major	983,968	912,428	983,968	912,428
Mayoral Committee Members	3,819,263	3,452,985	3,819,263	3,452,985
Speaker	794,691	743,106	794,691	743,106
Councillors	5,251,342	4,187,440	5,251,342	4,187,440
Single Whip	750,429	673,268	750,429	673,268
	<b>11,599,693</b>	<b>9,969,227</b>	<b>11,599,693</b>	<b>9,969,227</b>

### Additional information

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

### 21. Depreciation and amortisation

Property, plant and equipment	2,416,689	3,284,068	2,416,689	3,283,993
Intangible assets	906,468	358,826	906,468	358,826
	<b>3,323,157</b>	<b>3,642,894</b>	<b>3,323,157</b>	<b>3,642,819</b>

### 22. Finance costs

Trade and other payables	581	2,293	-	-
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### 23. Auditors' remuneration

Fees	4,681,260	3,599,862	4,299,657	3,599,862
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### 24. Debt impairment

Impairment of property, plant and equipment	9,403	2,313,674	-	2,290,294
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# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
<b>25. General expenses</b>				
Assessment rates & municipal charges	1,494,759	1,392,935	1,494,759	1,392,935
Auditors remuneration	4,681,260	3,599,862	4,299,657	3,599,862
Bank charges	216,390	105,303	216,390	105,303
Entertainment	12,476	40,802	12,476	40,802
Fines and penalties	217,738	-	217,738	-
Hire charges	7,306,867	829,438	7,306,867	829,438
Insurance	1,442,612	1,426,109	1,442,612	1,426,109
Conferences and seminars	605,850	1,100,394	605,850	1,100,394
Skills development levy	923,899	905,379	923,899	903,549
IT expenses	874,308	800,103	874,308	800,103
Compensation commissioner	565,770	555,495	565,770	555,495
Motor vehicle expenses	89,143	114,332	89,143	114,332
Operational fees	14,895	105,429	-	-
Printing and stationery	122,606	27,200	122,606	27,200
Protective clothing	1,192,389	399,872	1,192,389	399,872
License fees	370,406	379,545	370,406	379,545
Service fees	3,356,185	1,200,758	-	-
Subscriptions and membership fees	1,434,543	1,297,219	1,434,543	1,297,219
Telephone and fax	1,094,250	1,021,686	1,094,250	1,021,686
Transport and freight	2,053,192	1,511,582	2,053,192	1,511,582
Training	2,628,000	1,743,667	2,628,000	1,743,667
Travel - local	75,658	60,276	75,658	60,276
Office rental	3,667,300	3,480,226	3,667,300	3,480,226
Business expenses: councillors and directors	115,767	88,292	115,767	88,292
Events and campaigns	4,872,360	4,292,956	4,872,360	4,292,956
Consumables	5,260,689	5,206,347	5,260,689	5,206,347
	<b>44,689,312</b>	<b>31,685,207</b>	<b>40,936,629</b>	<b>30,377,190</b>
<b>26. Contracted services</b>				
<b>Presented previously</b>				
Outsourced Services	13,809,592	12,657,279	13,809,592	12,657,279
Consultants and Professional Services	19,991,377	12,958,544	19,991,377	12,958,544
Contractors	11,413,159	9,159,711	11,413,159	9,159,711
<b>27. Cash generated from operations</b>				
(Deficit) surplus	(7,752,355)	11,712,769	(7,894,469)	11,592,428
<b>Adjustments for:</b>				
Depreciation and amortisation	3,323,157	3,642,894	3,323,157	3,642,819
Gain/ Loss on disposal of assets	260,473	(53,412)	260,473	(53,412)
Impairment of property, plant and equipment	9,403	2,313,674	-	2,290,294
Movements in employee cost	(24,000)	2,091,000	(24,000)	2,091,000
<b>Changes in working capital:</b>				
Receivables from exchange transactions	-	222,320	(1,147,521)	290,857
Other receivables from non-exchange transactions	-	550,000	-	-
Payables from exchange transactions	13,944,360	(4,422,807)	14,086,185	(3,740,707)
VAT	-	4,812	-	-
	<b>9,761,038</b>	<b>16,061,250</b>	<b>8,603,825</b>	<b>16,113,279</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 28. Operating lease

#### Matlosana City Council:

Nature of the lease

The lease agreement is between City of Matlosana Local Municipality and Dr Kenneth Kaunda District Municipality to lease property situated in Orkney to Occupy as Municipal offices.

Term of lease

The Municipality will occupy the property in terms of the lease agreement as from 1 February 2002 for an indefinite period. Either party may cancel this lease agreement on 3 (three) months written notice

Amount of the lease:

The lease amount for the current financial year is R59 998.00 (No liability calculated as lease can be cancelled within three months)

#### JB Marks Local Municipality:

Nature of the lease

The lease agreement is between JB Marks Local Municipality and Dr Kenneth Kaunda District Municipality to lease Municipal Offices at the corner of Wolmarans street and Walter Sisulu Avenue, Potchefstroom better known as the old Corporate services Offices

Term of the lease

The agreement commenced on 15 April 2019 and will of full force and effect for an initial period of 5 (five) years, provided that the lease shall have an opinion to renew this agreement on successful negotiations with the lessor further subject thereto that if the lessor requires the use of the building a three months' notice of cancellation of the lease will apply.

Amount of the lease:

Lessee shall pay the lessor rental to the amount of R1 200.00 (One thousand two hundred rand) per annum

#### Colombia Falls properties 80 (PTY) LTD:

Nature of the lease:

The lease agreement is between Colombia Falls Properties 80 (PTY) LTD and Dr Kenneth Kaunda District Municipality to lease property

Term of the lease:

The lease shall be for a period of 3 (three) years commencing from 1 July 2017

Amount of the lease

The lease amount for the current financial year is R145 200.00

#### Hestifusion (Pty) LTD T/A Nashua North West:

Nature of the lease:

The lease agreement is between Hestifusion (PTY) LTD and Dr Kenneth Kaunda District Municipality to lease printers.

Terms of the lease

The lease agreement shall be for a period of 36 months commencing from 1 February 2023

Amount of the lease

The lease rental amount is R94 737.51 vat exclusive with an annual increase of 0.0%

#### Minimum lease payments due

Within one year	1,610,538	-	1,610,538	-
In second to fifth year inclusive	1,800,013	-	1,800,013	-
	<b>3,410,551</b>	<b>-</b>	<b>3,410,551</b>	<b>-</b>

### 29. Operating (deficit) surplus

Operating (deficit) surplus for the year is stated after accounting for the following:

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
<b>29. Operating (deficit) surplus (continued)</b>				
Gain on leave/ Bonus provision	(1,017,078)	1,519,984	(1,017,078)	1,519,984
Gain (loss) on disposal of assets	260,473	(53,412)	260,473	(53,412)
Amortisation on intangible assets	906,468	358,826	906,468	358,826
Depreciation on property, plant and equipment	2,416,689	3,284,068	2,416,689	3,283,993
Employee costs	135,424,255	125,534,149	133,611,631	123,513,054

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022

### 30. Contingencies

The municipality is currently engaged in litigation which could result in damages / costs being awarded against Council if claimants are successful in their actions. The following are the estimates

#### Contingent liabilities

Dr KKDM // Melvin Rampedi//batting development Products against Dr KKDM.The matter is pending- Rampedi against Dr KKDM, Nature of dispute- Unfairlabour practice.Status of case-Arbitration was scheduled for 23 January 2015.The matter is pending.Case no NWD 0 1410-Leepile attorneys-matter has beenfinalised	-	2,412,097	-	2,412,097
Nalko Civil Engineering and Projects CC // Dr KKDM & Another // The Plaintiffhas issued sommons on 1 June 2018 forn N orth West.The Municipality has agood defense in that the Paintiff did not render services which they claim to haverendered case no.74/18-matter has been finalised	-	5,864,403	-	5,864,403
MW Asset Rentals // Dr KKDM// Dr KKDM Cancelled the master RentalAgreement with Bokopane Information Systems CC t/a Toshiba Office Systemsand Technology. The Agreement was entered during the month of October 2 00and it was forthe rental of photocopy machines,printers and faxes.The right of theMaster Rental Agreement were then ceded by Toshiba to Merchant West AssetRentals (MW Rentals). The Auditor General report for the year ended 30 June2010,indicated that procurement procedures were not properly followed in theappointment of Toshiba. On 27 February 2012 the agreement between Dr KKDMand MW Rentals was the Cancelled due tothe fact that the agreement was notvalid as proper procurement procedures were not followed.MW Asset Rentals vsDr KKDM,The applicant will be heard on 02 October 2020.This is an ongoinglitigation	1,518,461	200,000	1,518,461	200,000
Zelinzima Abram Beya // Dr KKDM//Zelinzima Abram Beya v DR KKDM, a labourdispute currently before labour court (held in Braamfontein) under casenumber: JR211/2018 (review application brought by Beya) and JR1629/2018 (counterreviewapplication brought by the Municipality)	950,000	950,000	950,000	950,000
Dr KKDM // Morathi Mataka Attorneys Case no: 172.2019/ / Summons forProfessional services rendered-Waks silent attorneys	292,340	292,340	292,340	292,340
Dr KKDM // M.B Molefe Case no: JS 366/21 & JS532/21-both cases had beenpreviously(2122) been reported separately, during the current year the cases hadbeen consolidated on agreement by both parties in the labour court-ongoingmatter	270,000	270,000	270,000	270,000
270 000 270 000Dr KKDM // M.B Molefe Case no: JS 452/21 unfair dismissal- The matter hadbeen withdrawn by applicant- current financial year	-	170,000	-	170,000
- 170 000Big Break Legacy-case no. SRC59/18- Lizel venter attorneys_Matter has beenfinalised	-	200,000	-	200,000
Africa Sekunalo Trading // Dr KKDM-Modiboa Attorneys- Case no.NW/KLD/RC63/21-ongoing matter	241,000	141,485	241,000	141,485

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
<b>30. Contingencies (continued)</b>				
MB Molefe Disciplinary (as Prosecutor)-Motshabi & Associates Inc (as Prosecutor)-Ongoing matter	300,000	300,000	300,000	300,000
MB Molefe Disciplinary Modiboa attorneys (as a chair person)-Ongoing matter	200,000	-	200,000	-
Dr KKDM// RAMPEDI DISCIPLINARY-Waks Silent Attorneys-ongoing matter	700,000	700,000	700,000	700,000
Metswamere & Another // Dr KKDM-Toka	200,000	-	200,000	-
Machabaphala Inc-New matter	125,000	-	125,000	-
Mhlanga // Dr KKDM-Imraan Kaka Attorneys-New matter	239,012	-	239,012	-
TM Ramped i //Dr KKDM Case no JR1621/17. The applicant (Dr KKDM) to pay the first responded (Mr Ramped i) four months salaries. (New Matter)	200,000	-	200,000	-
Flimieda Kwikspar // Dr KKDM-Lizel Venter Attorneys-New matter				
	<b>5,235,813</b>	<b>11,500,325</b>	<b>5,235,813</b>	<b>11,500,325</b>

It is not practical to disclose the informations as required by Grap 19.101 and 106.

### Contingent assets

TM Ramped i //Dr KKDM Case no UM39/2022-Waks silent attorneys-new matter	237,757	-	237,757	-
TM Ramped i //Dr KKDM Case no JR1621/17. This is a draft bill and management is awaiting taxation from the Court. (the estimate is unknown)	-	-	-	-
	<b>237,757</b>	<b>-</b>	<b>237,757</b>	<b>-</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 31. Related parties

Relationships

Accounting Officer

Controlled entities

Members of council

Members of key management

Refer to accounting officers' report note

Dr Kenneth Kaunda District Economic Agency

Refer to General Information Page on the Financial Statements

MJ Ratlhogo - Municipal Manager

L Steenkamp - Chief Financial Officer

SC Abrams - Director Corporate Services

RM Rampedi - Director LED and Planning

SG Mtemekwana - Chief Audit Executive

MA Metswamere- Director Community services

Please refer to note 19 for detailed related party transactions

### Key management information

Class	Description	Number
Executive Mayor	Executive Authority	1
Member of Mayoral Council	Executive Authority	6
Single Whip	Executive Authority	1
Chairperson sec 79 Committees	Executive Authority	3
Chairperson of MPAC	Executive Authority	1
Councillors (Part-time )	Executive Authority	25
Councillors (Full time) Directly elected	Executive Authority	9
Speaker	Executive Authority	1



# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 31. Related parties (continued)

#### Remuneration of management

#### Management class: Councillors

#### 2023

Name	Allowance	Travel allowance	Cellphone allowance	Medical aid	Sitting allowance	Travel	Pension	Total
NJ NUM	937,223	-	38,482	-	-	-	-	975,705
XC NXOZANA	566,614	183,694	38,482	-	-	-	-	788,790
SJ LESIE	446,397	174,303	38,481	-	-	-	85,258	744,439
DM MATSAPOLA	453,861	171,851	38,482	-	-	-	77,333	741,527
LG MOLAPISI	453,855	171,851	38,484	-	-	-	77,333	741,523
TR MAMPE	306,859	99,366	19,379	-	132	-	-	425,736
ZS MPHAFUDI	452,977	171,851	60,538	49,518	-	-	-	734,884
OR THABANCHU	268,534	86,947	19,378	-	66	-	-	374,925
G GWILI	-	-	-	-	364	-	-	364
MI MARTINS	7,271	(1,282)	-	-	-	-	-	5,989
MM MOJAH	7,271	(1,282)	-	-	-	-	-	5,989
HH MBELE	7,271	(1,282)	-	-	-	-	-	5,989
MW MAKGATE	531,188	171,851	44,318	-	-	-	-	747,357
M ZEPHE	7,271	(1,282)	-	-	-	-	-	5,989
NM KOLOTI	7,271	-	(1,282)	-	-	-	-	5,989
MOSIANE SEGOTSO	201,971	72,485	39,557	26,007	-	-	3,384	343,404
DP MASIU	7,638	-	(1,282)	-	-	-	-	6,356
ME OOSTHUIZ	224,335	72,485	38,482	-	-	-	-	335,302
HM STRYDOM	224,335	72,485	38,482	-	-	-	-	335,302
HFC JORDAAN	224,335	72,485	38,482	-	463	-	-	335,765
L RENTENKANE	260,485	86,828	22,750	-	6,806	2,042	-	378,911
T LEKGARI	398,666	159,084	38,482	-	-	1,538	78,585	676,355
LK SHUPING	176,600	72,485	38,482	8,593	2,273	2,289	39,142	339,864
KL VAN ZYL	227,957	72,485	37,200	-	-	-	-	337,642
TS NGQENISO	110,533	42,136	21,482	-	-	-	22,753	196,904
WA MOSTERT	256,351	-	37,200	-	-	-	43,491	337,042
NM SETSHOARO	91,048	30,350	17,000	-	-	-	-	138,398

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 31. Related parties (continued)

MI MANGESI	251,764	81,843	19,568	-	99	801	-	354,075
PY MTSHAWULA	226,166	75,388	20,050	-	2,835	352	-	324,791
EM POSTMA	430	-	-	-	-	-	-	430
FJ BOTHA	1,740	-	-	-	-	-	-	1,740
FT MOSOTHWANE	1,740	-	-	-	-	-	-	1,740
LN DAYIYA	1,740	-	-	-	-	-	-	1,740
GA MOHOEMANG	2,771	-	-	-	-	-	-	2,771
BAS CAMPBEL	1,740	-	-	-	-	-	-	1,740
SV LETSHWITI	1,740	-	-	-	-	-	-	1,740
LS MOTLHOIWA	1,740	-	-	-	53,528	31,917	-	87,185
BS FAKU	-	-	-	-	12,797	769	-	13,566
C HATTINGH	-	-	-	-	42,231	15,989	-	58,220
CJ BESTER	-	-	-	-	34,343	2,990	-	37,333
HM MOTAUNG	-	-	-	-	23,157	8,110	-	31,267
IM MOKHELE	-	-	-	-	55,304	3,543	-	58,847
IT MEYA	-	-	-	-	32,479	13,304	-	45,783
SL JONAS	-	-	-	-	63,854	10,984	-	74,838
KR KEGONTSE	-	-	-	-	25,264	5,630	-	30,894
KR LATHA	-	-	-	-	31,276	8,347	-	39,623
JJ LOURENS	-	-	-	-	4,545	1,883	-	6,428
L SCOTT	-	-	-	-	52,668	2,687	-	55,355
SP SESANA	-	-	-	-	39,727	5,280	-	45,007
PE RAMPAL	-	-	-	-	27,602	11,207	-	38,809
ME MOSWEU	-	-	-	-	27,161	2,186	-	29,347
MP MOKONE	-	-	-	-	38,425	7,124	-	45,549
MR MOSHOLI	-	-	-	-	56,904	32,718	-	89,622
MS TLOOME	-	-	-	-	20,818	7,655	-	28,473
MWC ROSSOUW	-	-	-	-	2,868	657	-	3,525
N HADSON	-	-	-	-	11,363	3,410	-	14,773
AO PHUTYIYAGA	-	-	-	-	265	-	-	265
AS MOTLADIILE	-	-	-	-	331	-	-	331
B TSABEDZE	-	-	-	-	794	-	-	794
G MOSENOGI	-	-	-	-	728	-	-	728
HF SAUDI	-	-	-	-	430	-	-	430
JC LANDBERG	-	-	-	-	199	-	-	199
JJ LE GRANGE	-	-	-	-	430	-	-	430
JS XABA	-	-	-	-	496	-	-	496

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 31. Related parties (continued)

SL MONDLANE	-	-	-	-	563	-	-	563
SL MOREMI	-	-	-	-	265	-	-	265
TS SEABENG	-	-	-	-	66	-	-	66
PZ LESOMO	-	-	-	-	960	-	-	960
MJ VAN TONDER	-	-	-	-	331	-	-	331
MN NTULI	-	-	-	-	199	-	-	199
MN SEITISHO	-	-	-	-	364	-	-	364
LL CUSWA	-	-	-	-	794	-	-	794
LS MOKGALAGADI	-	-	-	-	827	-	-	827
	<b>7,349,688</b>	<b>2,137,125</b>	<b>740,677</b>	<b>84,118</b>	<b>677,394</b>	<b>183,412</b>	<b>427,279</b>	<b>11,599,693</b>

### 2022

Name	Allowance	Travelling allowance	Cellphone allowance	Medical aid	Sitting allowance	Travel	Total
MI MARTINS	140,481	59,675	15,809	38,543	-	-	254,508
M ZEPHE	143,100	59,675	15,809	35,924	-	-	254,508
KL VAN ZYL	212,152	70,718	44,400	-	-	-	327,270
NM KOLOTI	165,076	59,675	15,809	13,947	-	-	254,507
EM POSTMA	-	-	-	-	14,342	-	14,342
G GWILI	-	-	-	-	12,136	-	12,136
MM MOJAH	145,825	59,675	15,809	33,199	-	-	254,508
LN DAYIYA	64,931	25,180	15,809	10,608	-	-	116,528
SV LETSHWITI	64,931	25,180	15,809	10,608	-	-	116,528
BE MOSIANE	262,788	-	15,809	55,477	-	-	334,074
DP MASIU	155,757	63,653	14,800	36,211	-	-	270,421
HH MBELE	145,825	59,675	15,809	33,199	-	-	254,508
BAS CAMPBEL	75,539	25,180	15,809	-	-	-	116,528
LS MOTLHOIWA	64,931	25,180	15,809	10,608	-	-	116,528
ZS MPHAFUDI	441,891	160,188	44,400	46,766	-	-	693,245
FJ BOTHA	64,931	25,180	15,809	10,608	-	-	116,528
WA MOSTERT	240,439	-	44,400	42,431	-	-	327,270
CJ BESTER	-	-	-	-	46,336	-	46,336
AS MOTLADIIL	-	-	-	-	11,032	-	11,032
HF SAUDI	-	-	-	-	14,342	-	14,342

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 31. Related parties (continued)

B TSABEDZE	-	-	-	-	26,478	-	26,478
LS MOKGALAGA	-	-	-	-	27,581	13,485	41,066
SL MOREMI	-	-	-	-	8,826	-	8,826
G MOSENOGI	-	-	-	-	24,271	5,943	30,214
LL CUTSWA	-	-	-	-	26,484	-	26,484
SL MONDLANE	-	-	-	-	18,755	-	18,755
SP VALAPHATHW	103,485	34,495	7,905	-	-	-	145,885
PZ LESOMO	-	-	-	-	32,094	10,615	42,709
JJ LE GRANGE	-	-	-	-	14,342	-	14,342
GA MOHOEMANG	85,291	28,430	7,095	-	-	-	120,816
ME MOSWEU	-	-	-	-	34,200	400	34,600
AO PHUTHIYAGA	-	-	-	-	8,826	4,067	12,893
MN NTULI	-	-	-	-	6,619	1,598	8,217
C HATTINGH	-	-	-	-	44,129	4,590	48,719
HFC JORDAAN	136,613	45,538	28,591	-	15,545	1,052	227,339
MJ VAN TONDE	-	-	-	-	11,032	-	11,032
JS XABA	-	-	-	-	16,548	1,371	17,919
TS SEABENG	-	-	-	-	2,207	-	2,207
MN SEITISHO	-	-	-	-	12,235	2,545	14,780
NJ NUM	549,763	2,679	28,591	-	-	-	581,033
XC NXOZANA	333,070	111,024	28,591	-	-	-	472,685
OM MOGALE	77,950	25,983	16,314	-	-	-	120,247
LG MOLAPISI	288,969	100,513	28,591	12,570	-	-	430,643
TS NGQENISO	120,702	45,538	28,591	15,911	-	-	210,742
ME OOSTHUIZ	136,613	45,538	28,591	-	-	-	210,742
T LEKGARI	136,613	45,538	28,591	-	-	-	210,742
DM MATSAPOLA	276,399	100,513	28,591	25,140	-	-	430,643
MW MAKGATE	301,539	100,513	28,591	-	-	-	430,643
HM STRYDOM	136,613	45,538	28,591	-	-	-	210,742
LK SHUPING	120,702	45,538	28,591	15,911	-	1,011	211,753
BE MOSIANE-S	18,802	5,893	3,876	-	-	-	28,571
IM MOKHELE	-	-	-	-	25,374	660	26,034
PY MTSHWAWULA	-	-	-	-	16,549	668	17,217
L SCOTT	-	-	-	-	13,239	587	13,826
MI MANGESI	111,215	37,072	10,307	-	3,310	1,595	163,499
BS FAKU	-	-	-	-	9,929	240	10,169
KR LATHA	-	-	-	-	19,858	2,155	22,013

# Dr Kenneth Kaunda District Municipality Consolidated AFS

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## Notes to the Annual Financial Statements

Figures in Rand

### 31. Related parties (continued)

OR THABANCHU	144,304	48,100	13,093	-	2,207	142	207,846
SL JONAS	-	-	-	-	45,233	2,739	47,972
MP MOKONE	-	-	-	-	30,888	4,129	35,017
KR KEGONTSE	-	-	-	-	8,826	2,628	11,454
MWC ROSSOUW	-	-	-	-	19,858	10,668	30,526
L RENTEKANE	-	-	-	-	35,303	5,201	40,504
MS TLOOME	-	-	-	-	12,136	-	12,136
IT MEYA	-	-	-	-	22,065	7,673	29,738
TR MAMPE	164,925	54,975	12,598	-	4,413	1,087	237,998
JC LANDBERG	-	-	-	-	6,619	1,548	8,167
HM MOTAUNG	-	-	-	-	14,342	4,404	18,746
MR MOSHOLI	-	-	-	-	40,820	13,326	54,146
PE RAMPAI	-	-	-	-	11,032	3,297	14,329
LS MOTLHOIWA	-	-	-	-	41,923	15,279	57,202
FT MOSOTHWAN	75,539	25,180	15,809	-	-	-	116,528
SJ LESEI	312,762	104,254	28,591	-	-	-	445,607
SP SESANA	-	-	-	-	36,407	4,032	40,439
	<b>6,020,466</b>	<b>1,771,686</b>	<b>751,988</b>	<b>447,661</b>	<b>848,691</b>	<b>128,735</b>	<b>9,969,227</b>

A total number of 26 concillors as per the above table are memebbers who's term ended last year and received back pay as per the upper limits

### Additional information

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

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 32. Prior-year adjustments

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

#### Statement of financial position

##### Economic entity - 2022

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		3,393,342	233,273	3,626,615
Payables from exchange transactions		24,833,365	(106,508)	24,726,857
VAT Receivable		2,288,960	(1,025,943)	1,263,017
Accumulated surplus		85,609,282	1,131,051	86,740,333
		<b>116,124,949</b>	<b>231,873</b>	<b>116,356,822</b>

#### Statement of financial performance

##### Economic entity - 2022

	Note	As previously reported	Correction of error	Restated
Employee related costs		(113,777,100)	(233,273)	(114,010,373)
Operational fees		1,308,910	1,400	1,310,310
<b>Deficit for the year</b>		<b>(112,468,190)</b>	<b>(231,873)</b>	<b>(112,700,063)</b>

### 33. Risk management

#### Financial risk management

##### Liquidity risk

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

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

##### Credit risk

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

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

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

Financial instrument	Economic entity - 2023	Economic entity - 2022	Controlling entity - 2023	Controlling entity - 2022
Receivables from exchange transactions	4,519,973	3,626,614	4,212,308	3,626,614
Cash and cash equivalents	96,784,755	103,437,429	96,782,373	103,437,429

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## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 34. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 79,964,623 and that the municipality's total assets exceed its liabilities by R 79,964,623.

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.

### 35. Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date:

- nature of the event.
- estimation of its financial effect or a statement that such an estimation cannot be made.

### 36. Unauthorised expenditure

Opening balance as previously reported	70,748,925	70,748,925	70,748,925	70,748,925
Add: Unauthorised expenditure - prior period	1,440,576	-	1,440,576	-
<b>Closing balance</b>	<b>72,189,501</b>	<b>70,748,925</b>	<b>72,189,501</b>	<b>70,748,925</b>

Inadequate budget provision attributed to expenditure over the past financial years. The overspending thereon was recorded as per vote in each department and not as per department. The municipality had never incurred any unauthorised expenditure since period beginning 2021/22 financial year to date.

### 37. Fruitless and wasteful expenditure

Opening balance as previously reported	11,753,240	11,658,472	11,107,221	11,028,209
Add: Fruitless and wasteful expenditure identified - current	793,662	94,768	793,081	79,012
Add: Fruitless and wasteful expenditure identified - prior period	233,273	-	233,273	-
<b>Closing balance</b>	<b>12,780,175</b>	<b>11,753,240</b>	<b>12,133,575</b>	<b>11,107,221</b>

Fruitless and Wasteful expenditure was tabled in council and the report was referred to Municipal Public Accounts Committee. List of Investigations by MPAC were not concluded and the amount involved add up to R11 752 707.00, which consists of the opening balance amounting to R 11 107 221.00, the R217 738 for interest on penalties from SARS, the R374 938 duplicate payments and R52 809 interest on penalties from Telkom. It must be noted that the R10 Million for the advance payment made during 2016/17 financial year, the matter has been finalised at the court of law and the NPA has lost the case, it was not clear at the time of finalising the Annual financial statements as to whether the management will pursue the matter or will council recommend write-off

It should be noted that among the duplicate payments made the amount of R298 037.37 had been recovered as it was paid back on the 25/07/2023 and on the 04/08/2023 an amount of R2 229.00 was paid back.

### Disciplinary steps taken/criminal proceedings.

The Accounting Officer has started with the investigations to establish instances which led to non-compliance to the Supply Chain Management Regulations. Other matters relating to the irregular expenditure were referred to the Disciplinary Board for further investigations. The disciplinary Board is also working to finalising the investigations and once the Board and the Accounting Officer has finalised the investigation a report will be tabled in the next Council Meeting.

### 38. Irregular expenditure

Opening balance as previously reported	264,901,927	230,989,538	259,672,152	225,826,455
Add: Irregular expenditure - current	42,897,077	33,912,389	42,440,117	33,845,697
<b>Closing balance</b>	<b>307,799,004</b>	<b>264,901,927</b>	<b>302,112,269</b>	<b>259,672,152</b>

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

		Economic entity		Controlling entity	
Figures in Rand		2023	2022	2023	2022
<b>38. Irregular expenditure (continued)</b>					
<b>Incidents/cases identified/reported in the current year include those listed below:</b>					
	<b>Disciplinary steps taken/criminal proceedings</b>				
Supply chain Regulation 29(4) (i,ii&iii). Adjudication Committees were not properly constituted in accordance with the regulation for the appointment of service providers through the competitive bidding processes.	None	-	14,723,499	-	14,723,499
Non compliance with section 57 of the municipal systems act	None	9,467,378	-	9,467,378	-
Non compliance with SCM regulation 17&18, at least three written quotations not obtained	None	1,537,682	2,253,738	1,537,682	2,253,738
Non compliance sec 116 contract management	None	12,928,971	6,155,593	12,928,971	6,155,593
None compliance with SCM regulation 44	None	3,142,370	2,931,343	3,142,370	2,931,343
Other non compliance matters	None	200,000	191,630	200,000	191,630
Procurement made on expired contract	None	15,163,716	7,589,894	15,163,716	7,589,894
		-	66,692	-	-
		<b>42,440,117</b>	<b>33,912,389</b>	<b>42,440,117</b>	<b>33,845,697</b>

The guidance requires irregular expenditure to be disclosed inclusive of VAT, however the municipality in the current year disclosed the irregular expenditure exclusive of VAT. In the future the municipality will transition to disclose irregular expenditure inclusive of VAT.

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

### Contributions to organised local government

Opening balance	(136,382)	(136,382)	(136,382)	(136,382)
Current year subscription / fee	1,516,733	-	1,516,733	-
Amount paid - current year	(1,380,351)	-	(1,380,351)	-
	<b>-</b>	<b>(136,382)</b>	<b>-</b>	<b>(136,382)</b>



# Dr Kenneth Kaunda District Municipality Consolidated AFS

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## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

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

#### Audit fees

Opening balance	127,400	1,395,378	127,400	761,389
Current year subscription / fee	4,197,463	3,857,680	4,172,257	3,857,680
Amount paid - current year	(4,324,863)	(4,491,669)	(4,299,657)	(4,491,669)
Amount paid - previous years	-	(633,989)	-	-
	<b>-</b>	<b>127,400</b>	<b>-</b>	<b>127,400</b>

#### PAYE and UIF

Opening balance	470,112	189,304	235,056	-
Current year subscription / fee	24,398,830	24,072,395	24,182,679	23,616,364
Amount paid - current year	(24,615,451)	(23,791,587)	(24,417,735)	(23,381,308)
	<b>253,491</b>	<b>470,112</b>	<b>-</b>	<b>235,056</b>

#### Pension and Medical Aid Deductions

Current year subscription / fee	17,510,313	15,969,712	17,510,313	15,969,712
Amount paid - current year	(17,510,313)	(15,969,712)	(17,510,313)	(15,969,712)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### VAT

VAT receivable	88,296,134	74,354,775	91,140,260	77,198,901
VAT payable	(86,471,289)	(73,091,758)	(86,471,289)	(73,091,758)
	<b>1,824,845</b>	<b>1,263,017</b>	<b>4,668,971</b>	<b>4,107,143</b>

VAT output payables and VAT input receivables are shown in note 11.

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

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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

#### Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/conceded by the Accounting Officer and noted by Council. Deviations from Supply chain management processes were identified during the year and have been approved by the Accounting officer and reported to Council.

#### Incident

Kreston North West KKDM	-	2,037,915	-	2,037,915
Durcharme Consulting KKDM	33,206	33,206	33,206	33,206
Hasler Business Systems KKDM-(Annual Fees: Franking Machine) and purchase of ink	12,695	12,043	12,695	12,043
Adapt IT (renewal of caseware license/Caseware KKDM D6/22	187,605	162,428	187,605	162,428
	-	763,613	-	763,613
Smart Drawn The Disaster Risk Management Centre (DRMC) repair the damage roof,damaged ceilings, broken windows, leaking roofs cause by windstorm in MaquassiHills on 11 May 2023 at the Fire station	268,146	-	268,146	-
Mtshepana Trading KKDM	352,500	33,000	352,500	33,000
K M Detroy Business Enterprise	-	160,000	-	160,000
PAYDAY	-	31,990	-	31,990
RAL2 Consulting	-	82,750	-	82,750
SAMSUNG (NW TELECOMS)	-	75,055	-	75,055
SASFIN / D G Capital	3,378	3,156	3,378	3,156
South African Post Office	-	4,840	-	4,840
WAKS & Silent	-	770,143	-	770,143
Kgoisa Trading	-	178,500	-	178,500
Rescue Tech Emergency Medical Service	15,000	-	15,000	-
EK Construction and All General Trading- Hiring of a water tanker for a period of 1month-Maquassi hills	289,800	-	289,800	-
Sodara Trading Enterprise CC (supply,deliver and install Jojo tanks and supply ofwater for 1 month for community- maquassi hills)	856,500	-	856,500	-
M. R. Ngidi t/a Mlungisi R Ngidi's Transport and Entertainment	150,000	-	150,000	-
Metsing Fish Hire and Trading (Hiring of 25x portaloos mobile toilets for a period of 1month)	150,000	-	150,000	-
Gorileng Trading Enterprise -Emergency procurement of 100 blankets and 100mattresses – hailstorm in M/Hills and Matlosana	87,500	-	87,500	-
Witness Enterprise (Pty) Ltd	99,500	-	99,500	-
BCX	7,325	-	7,325	-
SABC	10,070	-	10,070	-
Pono Security Services Projects (Provision of security services for the evacuated (102family members) Orkney Vaal Flood victims)	70,840	-	70,840	-
Envirocare Laboratory T/A Chisik (water sampling) and use of laboratory by municipality	12,212	-	12,212	-
Pasko Trading (Pty) Ltd	178,500	-	178,500	-
Bome Enterprises (Pty) Ltd	83,200	-	83,200	-
Bongani Entertainment Trading Enterprise	92,600	-	92,600	-
WRD Service Centre (hire of VIP Toilets for orkney vaal evacuated community	119,500	-	119,500	-
KM and SH Trading (Pty) ( Ltd-grass cutting)	29,789	-	29,789	-
Ilezweni Construction and Maintenance (Pty) Ltd	76,869	-	76,869	-
Nombulelo Trading Enterprise (Pty) Ltd	96,500	-	96,500	-
Thata Consulting	99,500	-	99,500	-

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## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
<b>39. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>				
Witness Enterprise (Pty) Ltd	61,096	-	61,096	-
Protea Panelbeaters	36,556	-	36,556	-
Cargo Motors Klerksdorp (Repairs and maintenance of fire vehicle)	72,789	-	72,789	-
	<b>3,553,176</b>	<b>4,348,639</b>	<b>3,553,176</b>	<b>4,348,639</b>
<b>Awards to close family members of persons in service of the state - SCM Regulation 45</b>				
About Profit (MOTHER: Monyahane Ernestinah Ntaopane works for JB Marks LocalMunicipality)	175,920	-	175,920	-
Kethukuthula Holdings (WIFE:Nthabiseng Sarah Mcine (Dwayi) works for City ofMatlosana)	2,015,701	-	2,015,701	-
	<b>2,191,621</b>	<b>-</b>	<b>2,191,621</b>	<b>-</b>

The above awards were made during the year, to Suppliers who have close family members in service of state.Both Suppliers completed the declaration of Interest (MBD 4 FORM)

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 40. Segment information

#### General information

#### Identification of segments

The economic entity 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.

The controlling entity provides three major services around the District being: Fire Support Services, Disaster Management Services and Environmental health services which are all aggregated under one segment called Community services.

#### 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**  
Segment 1

**Goods and/or services**  
Community Services

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 40. Budget differences (continued)

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

#### Controlling entity - 2023

	Community services	Unallocated services	Total
<b>Revenue</b>			
Revenue from non-exchange transactions	62,791	214,201,494	214,264,285
Revenue from exchange transactions	561,102	8,751,337	9,312,439
<b>Total segment revenue</b>	<b>623,893</b>	<b>222,952,831</b>	<b>223,576,724</b>
<b>Entity's revenue</b>			<b>223,576,724</b>
<b>Expenditure</b>			
Salaries and wages	47,585,321	74,426,618	122,011,939
Operational expenses	7,746,894	99,891,652	107,638,546
Depreciation and Amortisation	784,267	2,538,890	3,323,157
<b>Total segment expenditure</b>	<b>56,116,482</b>	<b>176,857,160</b>	<b>232,973,642</b>
<b>Total segmental surplus/(deficit)</b>			<b>(9,396,918)</b>
Total segmental deficit			(9,396,918)
Gain/ (Loss) on leave provision			(1,017,078)
Actuarial gains/ (losses)			2,780,000
Gain/ (Loss) on disposal of assets			(260,473)
<b>Entity's surplus (deficit) for the period</b>			<b>(7,894,469)</b>

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

# Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 40. Budget differences (continued)

#### Economic entity - 2022

	Community services	Unallocated services	Total
<b>Revenue</b>			
Revenue from non-exchange transactions	52,731,672	153,643,662	206,375,334
Revenue from exchange transactions	431,620	5,075,317	5,506,937
<b>Total segment revenue</b>	<b>53,163,292</b>	<b>158,718,979</b>	<b>211,882,271</b>
Gain/ (Loss) on leave provision			1,519,984
Actuarial gains/ (losses)			248,000
Gain/ (loss) on disposal of assets			53,412
<b>Total revenue reconciling items</b>			<b>1,821,396</b>
<b>Entity's revenue</b>			<b>213,703,667</b>
<b>Total segmental surplus/(deficit)</b>			<b>211,882,271</b>
Total revenue reconciling items			1,821,396

#### Information about geographical areas

The municipality's operations are in Orkney, which includes service provided in Potchefstroom, Ventersdorp, Klerksdorp and Maquassi hills (Wolmaransstad).

# Dr Kenneth Kaunda District Municipality Consolidated AFS

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## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

### 41. Budget differences

#### Material differences between budget and actual amounts

The Municipality considers all variances above 10% of the final budget amount to be material and provide reasons thereon. All the current year budget and actual variances are below 2%

#### Revenue

**Retentions:** The municipal council approved as per council ITEM A.222/06/2023 the write off of unclaimed retentions (older than 5 years)

**Government grants and subsidies:** The Municipality had an unspent grant which relates to Rural road assets management grant

#### **Expenditure:**

**Depreciation and amortisation:** The conditions assessment on assets was budgeted, for assets with a zero balance Fully depreciated assets still in use are included in the Transport Assets, Computer equipment, Infrastructure Assets and the Furniture and office equipment balance. The majority are old assets purchased in 2008-2018 for which the useful lives have not been extended and management plans to dispose and replace these assets in the near future. The useful life for the assets was evaluated and no adjustment on the useful life will be made for these assets.

**Contracted services:** Legal cost were over adjusted

**Provision for Leave and bonus:** Provision for leave and bonus was made at year end for all employees

**Actuarial gain:** As per the actuarial report the gain was accounted for current year