VOLUME II: ANNUAL FINANCIAL STATEMENTS

DR. KENNETH KAUNDA

DISTRICT MUNICIPALITY

Dr Kenneth Kaunda District Municipality Consolidated AFS
Annual Financial Statements
for the year ended 30 June 2024

General Information

Legal form of entity	District Municipality
Mayoral committee	
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
	Motlhoiwa, Lawrence Siamisang
	Rampai, Pulenyana 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

General Information

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

Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2024

Index

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

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

Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the 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 2025 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 2024 and were signed on its behalf by:

Accounting Officer
Mokgatlhe J Ratlhogo(Municipal Manager)

Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

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

1. Review of activities

Main business and operations

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 Infrastructre development.

2.Municipal Institutional developement transformationt

3.District Economic Development

4.Financial viabilty and management

5.Good governance and public participation

6.Spatial rationale

2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 60 825 898 and that the municipality's total assets exceed its liabilities by R 60 825 898.

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 Municpality 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 2024 and were signed on its behalf by:

Accounting Officer
Mokgatlhe J Ratlhogo(Municipal Manager)

Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Assets					
Current Assets					
Receivables from exchange transactions	10	2 782 350	4 212 307	2 782 350	4 212 307
VAT receivable	11	1 005 409	1 824 845	3 849 535	4 668 971
Non current assets held for sale	9	58 495	58 495	-	-
Cash and cash equivalents	12	38 578 425	96 784 755	38 576 043	96 782 373
		42 424 679	**102 880 402**	**45 207 928**	**105 663 651**
Non-Current Assets					
Property, plant and equipment	3	51 243 222	27 261 871	51 243 222	27 261 871
Intangible assets	4	8 045 108	7 248 691	8 045 108	7 248 691
Investments in controlled entities	5	-	-	120	120
		59 288 330	**34 510 562**	**59 288 450**	**34 510 682**
Total Assets		**101 713 009**	**137 390 964**	**104 496 378**	**140 174 333**
Liabilities					
Current Liabilities					
Payables from exchange transactions	6	20 238 926	38 156 322	19 927 321	37 844 716
Taxes and transfers payable (non-exchange)	7	347 159	307 994	347 159	307 994
Post employment medical aid subsidy liability	8	685 000	421 000	685 000	421 000
Unspent conditional grants and receipts	14	3 000	3 000	3 000	3 000
Long service award liability	15	1 291 000	620 000	1 291 000	620 000
		22 565 085	**39 508 316**	**22 253 480**	**39 196 710**
Non-Current Liabilities					
Post employment medical aid subsidy liability	8	17 106 000	15 410 000	17 106 000	15 410 000
Long service award liability	15	4 311 000	4 176 000	4 311 000	4 176 000
		21 417 000	**19 586 000**	**21 417 000**	**19 586 000**
Total Liabilities		**43 982 085**	**59 094 316**	**43 670 480**	**58 782 710**
Net Assets		**57 730 924**	**78 296 648**	**60 825 898**	**81 391 623**
Accumulated surplus	13	57 730 924	78 296 648	60 825 898	81 391 623
Total Net Assets		**57 730 924**	**78 296 648**	**60 825 898**	**81 391 623**

Dr Kenneth Kaunda District Municipality Consolidated AFS
Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Revenue					
Revenue from exchange transactions					
Sale of tender documents		20 957	241 304	20 957	241 304
Fees earned		103 810	190 931	103 810	190 931
Commissions received		135 744	14 027	135 744	14 027
Unclaimed retention		-	308 059	-	308 059
Licensing and permits		659 960	561 103	659 960	561 103
Interest received - investment		9 178 792	8 187 105	9 178 792	8 187 105
Dividends or similar distributions received		-	839	-	839
Total revenue from exchange transactions		**10 099 263**	**9 503 368**	**10 099 263**	**9 503 368**
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	18	222 301 163	214 289 584	222 258 561	214 264 286
Total revenue	16	**232 400 426**	**223 792 952**	**232 357 824**	**223 767 654**
Expenditure					
Employee related costs	19	(131 833 990)	(123 824 562)	(130 310 549)	(122 011 938)
Remuneration of councillors	20	(12 159 180)	(11 599 693)	(12 159 180)	(11 599 693)
Depreciation and amortisation	21	(3 542 341)	(3 353 425)	(3 542 341)	(3 353 425)
Finance costs	22	-	(581)	-	-
Impairment of property, pland and equipment	24	-	(9 403)	-	-
Contracted services	26	(43 487 032)	(45 214 128)	(43 487 032)	(45 214 128)
Transfers and Subsidies	17	(4 191 610)	(4 195 989)	(4 191 610)	(9 888 096)
General Expenses	25	(54 418 143)	(44 689 312)	(55 898 983)	(40 936 629)
Total expenditure		**(249 632 296)**	**(232 887 093)**	**(249 589 695)**	**(233 003 909)**
Operating deficit	29	**(17 231 870)**	**(9 094 141)**	**(17 231 871)**	**(9 236 255)**
(Loss) gain on disposal of assets and liabilities		(3 239 213)	247 261	(3 239 213)	247 261
Actuarial gains/losses	8	(125 000)	2 780 000	(125 000)	2 780 000
Gain (loss) on non-current assets held for sale or disposal groups		30 361	(258 475)	30 361	(258 475)
		(3 333 852)	**2 768 786**	**(3 333 852)**	**2 768 786**
Deficit for the year		**(20 565 722)**	**(6 325 355)**	**(20 565 723)**	**(6 467 469)**

Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Economic entity		
Opening balance as previously reported	83 972 829	83 972 829
Adjustments		
Prior year adjustments 32	649 174	649 174
Balance at 01 July 2022 as restated*	**84 622 003**	**84 622 003**
Changes in net assets		
Surplus for the year	(6 325 355)	(6 325 355)
Total changes	(6 325 355)	(6 325 355)
Restated* Balance at 01 July 2023	**78 296 646**	**78 296 646**
Changes in net assets		
Surplus for the year	(20 565 722)	(20 565 722)
Total changes	(20 565 722)	(20 565 722)
Balance at 30 June 2024	**57 730 924**	**57 730 924**
Controlling entity		
Opening balance as previously reported	87 625 820	87 625 820
Adjustments		
Prior year adjustments 32	233 272	233 272
Balance at 01 July 2022 as restated*	**87 859 092**	**87 859 092**
Changes in net assets		
Surplus for the year	(6 467 469)	(6 467 469)
Total changes	(6 467 469)	(6 467 469)
Opening balance as previously reported	79 964 619	79 964 619
Adjustments		
Prior year adjustments 32	1 427 002	1 427 002
Restated* Balance at 01 July 2023 as restated*	**81 391 621**	**81 391 621**
Changes in net assets		
Surplus for the year	(20 565 723)	(20 565 723)
Total changes	(20 565 723)	(20 565 723)
Balance at 30 June 2024	**60 825 898**	**60 825 898**

Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Cash flows from operating activities					
Receipts					
Government grants and subsidies		218 707 398	216 780 665	222 258 561	214 201 660
Interest income		1 197 867	7 935 276	1 197 867	7 935 276
Dividends received		-	-	-	839
Cash receipts from charges of goods and services		10 347 914	809 659	10 347 914	809 659
		230 253 179	225 525 600	233 804 342	222 947 434
Payments					
Employee costs		(126 121 030)	(121 916 260)	(127 644 471)	(119 961 791)
Suppliers		(121 206 502)	(72 894 029)	(123 234 225)	(72 894 029)
Finance costs		-	(581)	-	-
Transfer payments		(683 047)	(9 353 999)	(683 047)	(9 888 096)
Remuneration of Councillors		(12 159 180)	(11 599 693)	(12 159 180)	(11 599 693)
		(260 169 759)	(215 764 562)	(263 720 923)	(214 343 609)
Net cash flows from operating activities	27	**(29 916 580)**	**9 761 038**	**(29 916 581)**	**8 603 825**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(26 678 879)	(11 702 966)	(26 678 879)	(10 554 605)
Proceeds from sale of property, plant and equipment	3	-	569 636	-	569 636
Purchase of other intangible assets	4	(1 610 870)	(5 273 912)	(1 610 870)	(5 273 912)
Net cash flows from investing activities		**(28 289 749)**	**(16 406 403)**	**(28 289 749)**	**(15 258 881)**
Net increase/(decrease) in cash and cash equivalents		**(58 206 329)**	**(6 645 365)**	**(58 206 330)**	**(6 655 056)**
Cash and cash equivalents at the beginning of the year		96 784 755	103 430 120	96 782 373	103 437 429
Cash and cash equivalents at the end of the year	12	**38 578 426**	**96 784 755**	**38 576 043**	**96 782 373**

The accounting policies on pages 11 to 32 and the notes on pages 33 to 79 form an integral part of the annual financial statements.

Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of tender documents	175 000	(154 000)	**21 000**	20 957	**(43)**	
Sale of assets	150 000	(150 000)	**-**	-	**-**	
Fees earned	-	-	**-**	103 810	**103 810**	
Commissions received	-	138 431	**138 431**	135 744	**(2 687)**	
License and permits	597 430	62 570	**660 000**	659 960	**(40)**	
Interest received - investment	7 400 000	2 000 000	**9 400 000**	9 178 792	**(221 208)**	Note 40
Total revenue from exchange transactions	**8 322 430**	**1 897 001**	**10 219 431**	**10 099 263**	**(120 168)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	222 375 000	171 000	**222 546 000**	223 126 656	**580 656**	Note 40
Total revenue	**230 697 430**	**2 068 001**	**232 765 431**	**233 225 919**	**460 488**	
Expenditure						
Employee related costs	(125 695 623)	(4 655 106)	**(130 350 729)**	(131 833 990)	**(1 483 261)**	
Remuneration of councillors	(12 432 266)	227 950	**(12 204 316)**	(12 159 180)	**45 136**	
Depreciation and amortisation	(6 987 589)	-	**(6 987 589)**	(3 542 341)	**3 445 248**	
Contracted Services	(36 700 956)	(9 110 994)	**(45 811 950)**	(43 487 032)	**2 324 918**	
Transfers and Subsidies	(6 830 000)	3 140 000	**(3 690 000)**	(4 191 610)	**(501 610)**	
General Expenses	(41 870 566)	(16 530 008)	**(58 400 574)**	(55 898 983)	**2 501 591**	Note 40
Total expenditure	**(230 517 000)**	**(26 928 158)**	**(257 445 158)**	**(251 113 136)**	**6 332 022**	
Operating deficit	**180 430**	**(24 860 157)**	**(24 679 727)**	**(17 887 217)**	**6 792 510**	
Gain on leave/bonus provision	-	-	**-**	(3 239 213)	**(3 239 213)**	
Actuarial gains/losses	-	-	**-**	(125 000)	**(125 000)**	
Gain on non-current assets held for sale or disposal groups	-	-	**-**	30 361	**30 361**	Note 40
	-	**-**	**-**	**(3 333 852)**	**(3 333 852)**	
Deficit before taxation	**180 430**	**(24 860 157)**	**(24 679 727)**	**(21 221 069)**	**3 458 658**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**180 430**	**(24 860 157)**	**(24 679 727)**	**(21 221 069)**	**3 458 658**	

1. Significant accounting polices

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.

Accounting Policies

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.

Accounting Policies

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.

Accounting Policies

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:

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	.

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
*Buidlings	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.

Accounting Policies

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:

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

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).

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 controllong 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:

Accounting Policies

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

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

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

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

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

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

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;

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	Category
Other Financial assets	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Other Financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non exchange transaction	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.

Accounting Policies

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.

Accounting Policies

1.10 Impairment of cash-generating assets (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.

Accounting Policies

1.10 Impairment of cash-generating assets (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.

Accounting Policies

1.10 Impairment of cash-generating assets (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.

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.

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.

Accounting Policies

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

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.

Accounting Policies

1.15 Revenue from non-exchange transactions (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 arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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

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

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

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

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Measurement

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

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

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:

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

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.

Accounting Policies

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.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers	01 April 2023	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2023	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2023	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2099	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2099	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	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 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	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
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Materiality)	01 April 2023	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

Economic entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Plant and machinery	9 279 368	(6 048 950)	3 230 418	8 079 503	(5 535 474)	2 544 029
Furniture and fixtures	5 808 328	(5 355 747)	452 581	5 578 076	(5 263 056)	315 020
Motor vehicles	9 946 483	(4 711 784)	5 234 699	9 946 483	(4 507 871)	5 438 612
IT equipment	11 262 120	(8 227 674)	3 034 446	10 538 032	(7 030 990)	3 507 042
Infrastructure	40 109 217	(21 115 108)	18 994 109	21 653 375	(21 111 592)	541 783
Community	28 559 597	(4 455 805)	24 103 792	6 819 938	(2 343 842)	4 476 096
Work in progress	(3 806 823)	-	(3 806 823)	10 439 289	-	10 439 289
Total	**101 158 290**	**(49 915 068)**	**51 243 222**	**73 054 696**	**(45 792 825)**	**27 261 871**

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Plant and machinery	9 279 368	(6 048 950)	3 230 418	8 079 503	(5 535 474)	2 544 029
Furniture and fixtures	5 808 328	(5 355 747)	452 581	5 578 076	(5 263 056)	315 020
Motor vehicles	9 946 483	(4 711 784)	5 234 699	9 946 483	(4 507 871)	5 438 612
IT equipment	11 262 120	(8 227 674)	3 034 446	10 538 032	(7 030 990)	3 507 042
Infrastructure	40 109 217	(21 115 108)	18 994 109	21 653 375	(21 111 592)	541 783
Community	28 559 597	(4 455 805)	24 103 792	6 819 938	(2 343 842)	4 476 096
Work in progress	(3 806 823)	-	(3 806 823)	10 439 289	-	10 439 289
Total	**101 158 290**	**(49 915 068)**	**51 243 222**	**73 054 696**	**(45 792 825)**	**27 261 871**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Machinery & Equipment	2 544 029	1 209 616	-	-	(523 227)	3 230 418
Furniture & Office Equipment	315 020	233 859	-	-	(96 298)	452 581
Transport Assets	5 438 612	-	-	-	(203 913)	5 234 699
Computer Equipment	3 507 042	799 381	(4 578)	-	(1 267 399)	3 034 446
Infrastructure Assets	541 783	10 880 164	-	7 836 909	(264 747)	18 994 109
Community Assets	4 476 096	20 000 000	-	-	(372 304)	24 103 792
Work in progress	10 439 289	1 427 706	-	(15 673 818)	-	(3 806 823)
	27 261 871	**34 550 726**	**(4 578)**	**(7 836 909)**	**(2 727 888)**	**51 243 222**

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	Depreciation	Total
Machinery & Equipment	1 033 718	1 739 662	-	(229 351)	2 544 029
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)	(1 469 802)	3 507 042
Infrastructure Assets	545 667	-	-	(3 884)	541 783
Community Assets	4 846 773	-	-	(370 677)	4 476 096
Work in progress	3 732 226	6 707 063	-	-	10 439 289
	19 982 332	**10 554 606**	**(830 109)**	**(2 444 958)**	**27 261 871**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Machinery & Equipment	2 544 029	1 209 616	-	-	(523 227)	3 230 418
Furniture & Office Equipment	315 020	233 859	-	-	(96 298)	452 581
Transport Assets	5 438 612	-	-	-	(203 913)	5 234 699
Computer Equipment	3 507 042	799 381	(4 578)	-	(1 267 399)	3 034 446
Infrastructure Assets	541 783	10 880 164	-	7 836 909	(264 747)	18 994 109
Community Asset	4 476 096	20 000 000	-	-	(372 304)	24 103 792
Work in progress	10 439 289	1 427 706	-	(15 673 818)	-	(3 806 823)
	27 261 871	**34 550 726**	**(4 578)**	**(7 836 909)**	**(2 727 888)**	**51 243 222**

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	Depreciation	Total
Machinery & Equipment	1 033 718	1 739 662	-	(229 351)	2 544 029
Furniture & Office Equipment	356 854	87 825	(252)	(129 407)	315 020
Transport Assets	6 458 077	-	(775 629)	(243 836)	5 438 612
Computer Equipment	3 009 017	2 022 055	(54 228)	(1 469 802)	3 507 042
Infrastructure Assets	545 667	-	-	(3 884)	541 783
Community Assets	4 846 773	-	-	(370 677)	4 476 096
Work in progress	3 732 226	6 707 063	-	-	10 439 289
	19 982 332	**10 556 605**	**(830 109)**	**(2 446 957)**	**27 261 871**

Assets under investigation
Assets with a Net Book Value of R 2 954 921.26 could not be physically verified by management as at 30 June 2024 (2023: R759 197.63).
These assets will be investigated by management in the 2024/2025 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.

3 795 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 2024: R Nil (2023: R Nil) . The useful life for the assets was evaluated and no adjustment on the useful life will be made for these assets.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

3. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress Economic entity - 2024

	Included within Infrastructure	Total
Opening balance	10 439 289	10 439 289
Additions/capital expenditure	1 427 707	1 427 707
Transferred to completed items	(15 673 818)	(15 673 818)
	(3 806 822)	**(3 806 822)**

Reconciliation of Work-in-Progress Economic entity - 2023

	Included within Infrastructure	Total
Opening balance	3 732 266	3 732 266
Additions/capital expenditure	6 707 063	6 707 063
	10 439 329	**10 439 329**

Reconciliation of Work-in-Progress Controlling entity - 2024

	Included within Infrastructure	Total
Opening balance	10 439 289	10 439 289
Additions/capital expenditure	1 427 707	1 427 707
Transferred to completed items	(15 673 818)	(15 673 818)
	(3 806 822)	**(3 806 822)**

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 2024: R 1 427 707 (2023: R6 707 063) and
Sanitation Boskuil and Oersonskraal WIP 2024: R 4 030 087 (2023 R10 439 329)

Reconciliation of Work-in-Progress Controlling entity - 2023

	Included within Infrastructure	Total
Opening balance	3 732 266	3 732 266
Additions/capital expenditure	6 707 063	6 707 063
	10 439 329	**10 439 329**

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 - 2024

	Preventative Maintenance		Corrective Maintenance	
	Condition Based	Total	Total	Total
Buildings	256 515	256 515	-	256 515
Leasehold property	112 330	112 330	-	112 330
Transport Assets	716 028	716 028	-	716 028
	1 084 873	**1 084 873**	**-**	**1 084 873**

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
Leasehold property	1 623 112	1 623 112	-	1 623 112
Transport Assets	658 519	658 519	-	658 519
	3 037 717	**3 037 717**	**-**	**3 037 717**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Maintenance of property, plant and equipment by condition - Controlling entity - 2024

	Preventative Maintenance		Corrective Maintenance	
	Condition Based	Total	Total	Total
Buildings	256 515	256 515	-	256 515
Other	112 330	112 330	-	112 330
Transport assets	716 028	716 028	-	716 028
	1 084 873	**1 084 873**	**-**	**1 084 873**

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
Other	1 623 112	1 623 112	-	1 623 112
Transport assets	658 519	658 519	-	658 519
	3 037 717	**3 037 717**	**-**	**3 037 717**

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.

Notes to the Annual Financial Statements

Figures in Rand

4. Intangible assets

Economic entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	8 533 931	(6 874 904)	1 659 027	8 383 931	(6 060 451)	2 323 480
Intangible assets under development	6 386 081	-	6 386 081	4 925 211	-	4 925 211
Total	**14 920 012**	**(6 874 904)**	**8 045 108**	**13 309 142**	**(6 060 451)**	**7 248 691**

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	8 533 931	(6 874 904)	1 659 027	8 383 931	(6 060 451)	2 323 480
Intangible assets under development	6 386 081	-	6 386 081	4 925 211	-	4 925 211
Total	**14 920 012**	**(6 874 904)**	**8 045 108**	**13 309 142**	**(6 060 451)**	**7 248 691**

Reconciliation of intangible assets - Economic entity - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	2 323 480	150 000	(814 453)	1 659 027
Intangible assets under development	4 925 211	1 460 870	-	6 386 081
	7 248 691	**1 610 870**	**(814 453)**	**8 045 108**

Notes to the Annual Financial Statements

Figures in Rand

4. Intangible assets (continued)

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
	2 881 247	**7 103 733**	**(1 829 820)**	**(906 469)**	**7 248 691**

Reconciliation of intangible assets - Controlling entity - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	2 323 480	150 000	(814 453)	1 659 027
Intangible assets under development	4 925 211	1 460 870	-	6 386 081
	7 248 691	**1 610 870**	**(814 453)**	**8 045 108**

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
	2 881 247	**7 103 733**	**(1 829 820)**	**(906 469)**	**7 248 691**

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 2024: R 1 460 870 (2023: R4 925 211) and the amount WIP capitalized expenditure for the 2023 financial year should be R4 925 211.

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 % ownership interest 2024	Economic Entity % ownership interest 2023	Controlling Entity % ownership interest 2024	Controlling Entity % ownership interest 2023	Economic Entity Carrying amount 2024	Economic Entity Carrying amount 2023	Controlling Entity Carrying amount 2024	Controlling Entity Carrying amount 2023
DR Kenneth Kaunda Economic Agency		Dr Kenneth Kaunda District Municipality	- %	- %	100,00 %	100,00 %	-	-	120	120
							-	-	120	120
							-	-	120	120

The Council of Dr Kenneth Kaunda District Municipality resolved in terms of Council Resolution no. A.26/07/2020 to disestablish the economic development entity in line with the Municipal Systems Act No. 44 of 2003 section. As a result the entity's financial statements are prepared on a liquidation basis of accounting.

6. Payables from exchange transactions

Trade payables	1 585 499	18 861 700	1 579 154	18 855 354
Salary control account	60 983	60 983	-	-
Retention	25 900	25 900	25 900	25 900
Compensation Commissioner	23 990	3 906 873	23 990	3 906 873
Leave and Bonus Provision	18 539 215	15 300 002	18 294 938	15 055 725
Salary Clearing Account	3 339	864	3 339	864
	20 238 926	**38 156 322**	**19 927 321**	**37 844 716**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

6. Payables from exchange transactions (continued)

The ageing of Trade payables is summarised below:

Trade payables: The movement amounting to R18 million on trade payable results from year end accruals recorded in 2022/23 which were automatically reversed at the beginning of the current financial year.

Retentions: Retention withheld amounting to R25 900.00 - Botlhabatsatsi trading and projects tender number: KKDM01/20: Building renovations for DR KKDM offices at Disaster risk management centre.

Compensation Commissioner: During the current year the municipality made a payment amounting to R4 058 127.51, to the department of labour and a provision amounting to R595 266 for 2023/24 Financial year was made during March 2024 and payment was made during 2023/2024 Financial year.

Leave and bonus provision: a provision for leave and bonus for all employees was made amounting to R3 239 213.

7. Taxes and transfers payable (non-exchange)

Other payables from non-exchange transactions	347 159	307 994	347 159	307 994

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

8. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The Muinicipality 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 currecnt 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 bligation were carried out as at 30 June 2024 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 the year ending 30 June 2024 is estimated at R 745 000 it is estimated to be R 790 000 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	158	146	158	146
Number of in-service members	142	135	142	135
Average age	44	44	44	44
Average past service	11	11	11	11
Average current value of post-employement subside p.m	3 229	3 048	3 229	3 048
Number of in-service non-members	16	11	16	11
Average age	47	49	47	49
Average past service	8	10	8	10
Average current value of post-employement subside p.m	3 349	3 048	3 349	3 048

Notes to the Annual Financial Statements

Figures in Rand	Economic entity 2024	Economic entity 2023	Controlling entity 2024	Controlling entity 2023

8. Employee benefit obligations (continued)

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

Carrying value				
Opening balance	(15 410 000)	(15 864 000)	(15 410 000)	(15 864 000)
Acturial gains/ (losses)	324 000	2 817 000	324 000	2 817 000
Interest cost	(1 960 000)	(1 905 000)	(1 960 000)	(1 905 000)
Current service cost	(745 000)	(879 000)	(745 000)	(879 000)
	(17 791 000)	**(15 831 000)**	**(17 791 000)**	**(15 831 000)**
Non-current liabilities	(17 106 000)	(15 410 000)	(17 106 000)	(15 410 000)
Current liabilities	(685 000)	(421 000)	(685 000)	(421 000)
	(17 791 000)	**(15 831 000)**	**(17 791 000)**	**(15 831 000)**

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	12,31 %	12,54 %	12,31 %	12,54 %
Health care cost inflation rate	7,78 %	8,14 %	7,78 %	8,14 %
Net-of-health-care-cost-inflation discount rate	- %	4,07 %	- %	4,07 %
Maximum subsidy inflation rate	5,46 %	5,73 %	5,46 %	5,73 %
Net-of-maximum-subsidy-inflation discount rate	- %	6,44 %	- %	6,44 %
CPI inflation rate	6,28 %	- %	6,28 %	- %
Net discount rate (medical aid contributions)	4,20 %	- %	4,20 %	- %
Net discount rate (maximum subsidy)	6,50 %	- %	6,50 %	- %

9. Non current assets held for sale

All non-current assets of the Economic Agency were classified as held for sale due to the intention of the shareholder to discontinue the operations of the entity. The assets have been disclosed at carrying value.

Current Assets				
Opening balance	58 495	67 898	-	-
Impairment of non-current assets held for sale	-	(9 403)	-	-
Closing balance	**58 495**	**58 495**	-	-

Disposal of: a significant asset(s) /or a group of assets and liabilities /or a component of the entity

The District Municipality Council took a decision on 16 July 2020 as per resolution A26/07/2020 to disestablish the entity and has subsequently appointed a committee to wind-up the operations of the entity.

Description of the asset(s), group of assets and liabilities or, component

Carrying values				
Carrying values of the assets	60 877	60 877	-	-
Carrying value of the liabilities	(3 155 732)	(3 155 732)	-	-

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

9. Non current assets held for sale (continued)

Facts and circumstances of the disestablishment

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 servcie 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 2024.

10. Receivables from exchange transactions

Prepaid expenses	1 400 152	1 848 442	1 400 152	1 848 442
Salaries and bank clearing account	633 741	168 891	633 741	168 891
Accrual- Interest on call deposit	218 630	1 387 752	218 630	1 387 752
Other debtors	529 592	806 987	529 592	806 987
Staff advances	235	235	235	235
	2 782 350	**4 212 307**	**2 782 350**	**4 212 307**

11. VAT receivable

VAT	1 005 409	1 824 845	3 849 535	4 668 971

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6 625	6 625	6 600	6 600
Bank balances	8 571 800	56 778 130	8 569 443	56 775 773
Short-term deposits	30 000 000	40 000 000	30 000 000	40 000 000
	38 578 425	**96 784 755**	**38 576 043**	**96 782 373**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

12. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Current account (Primary bankaccount ABSA Klerksdorp	7 479 757	55 737 506	22 482 372	7 479 757	55 737 506	22 482 372
Current Account LocalGovernment support Grant Absa Account no:4056438304)	1 096 286	1 044 868	955 057	1 096 286	1 044 868	955 057
Standard bank - Currentaccount - 030713005	2 382	2 382	(8 217)	-	-	-
Account no:038659190-304 Standard bank call account	-	-	10 000 000	-	-	10 000 000
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	-
Absa-Investment Fixed deposit20-8162-8405	30 000 000	-	-	30 000 000	-	-
Total	**38 578 425**	**96 784 756**	**103 429 212**	**38 576 043**	**96 782 374**	**103 437 429**

13. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2024

	Capital replacement reserve	Total
Opening balance	(1 648 921)	(1 648 921)
Transfer from capital replacement reserve	60 754	60 754
	(1 588 167)	**(1 588 167)**

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)
	(1 648 921)	**(1 648 921)**

Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity - 2024

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

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

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

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Fire support grant	2 835	2 835	2 835	2 835
Rural Roads Asset Management Grant	165	165	165	165
	3 000	**3 000**	**3 000**	**3 000**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

15. Long service award liability

At the previous valuation, it was understood that there is no award upon reaching 5 years of service. At this valuation, it was established that there is a 5-year award of 5 leave days.

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

The Municipality indicates that employees' costs to council, referred to as "earnings" in the Actuarial valuation of the net defined liability report, are used to determine the Rand value of LSA.

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:
• 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 DBO. 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 11.13% per annum has been used. The corresponding liability-weighted index-linked yield is 5.09%. 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 28 June 2024.

These yields were obtained by calculating the duration of the DBO 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 DBO). The duration of the DBO was estimated to be 8.5 years.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

15. Long service award liability (continued)

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.

The assumption is traditionally split into two components, namely general earnings inflation and promotional earnings escalation. The latter is considered under demographic assumptions.

General Earnings Inflation Rate
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 CPI inflation assumption of 5.28% per annum was obtained from the differential between market yields on index-linked bonds (5.09%) consistent with the estimated terms of the DBO and those of nominal bonds (11.13%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected CPI inflation is determined as ((1+11.13%-0.50%)/(1+5.09%))-1. Thus, a general earnings inflation rate of 6.28% per annum over the expected term of the DBO 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 4.57%. It was assumed that the next general earnings increase will take place on 1 July 2025.

The Municipality does not pay any pro-rata LSA.

Reconciliation of Long Service Award				
Opening Balance	4 796 000	4 354 000	4 796 000	4 354 000
Current service cost	468 000	460 000	468 000	460 000
Utilised during the year	(620 000)	(512 000)	(620 000)	(512 000)
Interest	509 000	457 000	509 000	457 000
Actuarial gains/(losses)	449 000	37 000	449 000	37 000
	5 602 000	**4 796 000**	**5 602 000**	**4 796 000**

Long Service Award				
Current Portion of liability (due in the next 12 months)	1 291 000	620 000	1 291 000	620 000
Non current portion of a liability	4 311 000	4 176 000	4 311 000	4 176 000
	5 602 000	**4 796 000**	**5 602 000**	**4 796 000**

16. Revenue

Sale of tender documents	20 957	241 304	20 957	241 304
Fees earned	103 810	190 931	103 810	190 931
Commissions received	135 744	14 027	135 744	14 027
Unclaimed Retention	-	308 059	-	308 059
Licensing and permits	659 960	561 103	659 960	561 103
Interest received - investment	9 178 792	8 187 105	9 178 792	8 187 105
Dividends or similar distributions received	-	839	-	839
Government grants & subsidies	222 301 163	214 289 584	222 258 561	214 264 286
	232 400 426	**223 792 952**	**232 357 824**	**223 767 654**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

16. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:				
Sale of tender documents	20 957	241 304	20 957	241 304
Fees earned	103 810	190 931	103 810	190 931
Commissions received	135 744	14 027	135 744	14 027
Unclaimed Retention	-	308 059	-	308 059
Licensing and permits	659 960	561 103	659 960	561 103
Interest received - investment	9 178 792	8 187 105	9 178 792	8 187 105
Dividends or similar distributions received	-	839	-	839
	10 099 263	**9 503 368**	**10 099 263**	**9 503 368**

The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Transfer revenue				
Government grants & subsidies	222 301 163	214 289 584	222 258 561	214 264 286

17. Transfer and subsidies

Other subsidies				
Local Economic development Support	-	3 695 989	-	3 695 989
Busaries Non Employees	61 759	100 000	61 759	100 000
Dr Kenneth Kaunda Economic Development Agency	3 508 563	-	3 508 563	5 692 107
Merit Bursaries Community & SMME support Arts and Culture	621 288	400 000	621 288	400 000
	4 191 610	**4 195 989**	**4 191 610**	**9 888 096**

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

18. Government grants & subsidies

Operating grants				
Equitable share	32 150 000	30 480 000	32 150 000	30 480 000
Disaster Capacity Grant-(NW COOP & TRAD AFFAIRS)	300 000	-	300 000	-
LG Seta Mandatory grant	2 592 561	1 476 660	2 592 561	1 476 660
Expanded Public Works Program	2 177 000	2 379 000	2 177 000	2 379 000
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	181 398 000	176 234 000	181 398 000	176 234 000
Grant agency	42 602	25 298	-	-
Rural Road Assets Management System Grant	2 641 000	2 631 835	2 641 000	2 631 835
	222 301 163	**214 289 584**	**222 258 561**	**214 264 286**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	12 261 725	7 550 286	8 710 561	7 550 286
Unconditional grants received	213 548 000	206 714 000	213 548 000	206 714 000
	225 809 725	**214 264 286**	**222 258 561**	**214 264 286**

Fire Support Grant

Balance unspent at beginning of year	2 835	65 626	2 835	65 626
Conditions met - transferred to revenue	-	(62 791)	-	(62 791)
	2 835	**2 835**	**2 835**	**2 835**

LG Seta Mandatory Grant

Current-year receipts	2 592 561	1 476 660	2 592 561	1 476 660
Conditions met - transferred to revenue	(2 592 561)	(1 476 660)	(2 592 561)	(1 476 660)
	-	**-**	**-**	**-**

Expanded Public Works Program

Current-year receipts	2 177 000	2 379 000	2 177 000	2 379 000
Conditions met - transferred to revenue	(2 177 000)	(2 379 000)	(2 177 000)	(2 379 000)
	-	**-**	**-**	**-**

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)
	-	**-**	**-**	**-**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

18. Government grants & subsidies (continued)

RSC Replacement Grant

Current-year receipts	181 398 000	176 234 000	181 398 000	176 234 000
Conditions met - transferred to revenue	(181 398 000)	(176 234 000)	(181 398 000)	(176 234 000)
	-	**-**	**-**	**-**

Rural Road Asset Management Grant

Balance unspent at beginning of year	165	-	165	-
Current-year receipts	2 641 000	2 632 000	2 641 000	2 632 000
Conditions met - transferred to revenue	(2 641 000)	(2 631 835)	(2 641 000)	(2 631 835)
	165	**165**	**165**	**165**

Disaster Capacity Grant- (NW COOP GOV & TRAD AFFAIRS)

Current-year receipts	300 000	-	300 000	-
Conditions met - transferred to revenue	(300 000)	-	(300 000)	-
	-	**-**	**-**	**-**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

19. Employee related costs

Basic	81 800 120	77 444 729	80 276 679	75 499 492
Medical aid - company contributions	6 197 110	5 637 139	6 197 110	5 637 139
UIF	340 438	327 954	340 438	319 605
SDL	21 372	19 148	21 372	19 148
Leave pay provision charge	3 474 432	3 116 444	3 474 432	3 257 406
Cellphone allowance	1 367 622	1 293 678	1 367 622	1 293 678
Defined contribution plans	3 064 964	3 175 453	3 064 964	3 175 453
Overtime payments	319 612	236 514	319 612	236 514
Long-service awards	892 235	1 043 761	892 235	1 043 761
13th Cheques	5 735 295	5 445 241	5 735 295	5 445 241
Acting allowances	1 611 504	965 875	1 611 504	965 875
Car allowance	10 625 845	10 271 296	10 625 845	10 271 296
Housing benefits and allowances	599 464	551 194	599 464	551 194
Cash gratuity allowance	106 477	182 011	106 477	182 011
Standby allowance	1 523 599	1 340 300	1 523 599	1 340 300
Group life insurance - Council contribution	814 367	694 637	814 367	694 637
Pension fund - Council contribution	12 874 534	11 613 388	12 874 534	11 613 388
Danger allowance	465 000	465 800	465 000	465 800
	131 833 990	**123 824 562**	**130 310 549**	**122 011 938**

Remuneration of Municipal Manager - MJ Ratlhogo

Annual Remuneration	1 065 516	1 016 263	1 065 516	1 016 263
Car Allowance	180 000	165 000	180 000	165 000
Other allowances - cellphone	30 000	28 452	30 000	28 452
Ad-hoc subsistance and travel	-	2 253	-	2 253
Cash gratuity allowances	20 340	19 291	20 340	19 291
Bonus	88 793	-	88 793	-
Leave sold	43 033	-	43 033	-
	1 427 682	**1 231 259**	**1 427 682**	**1 231 259**

Remuneration of Chief Finance Officer - L Steenkamp

Annual Remuneration	799 296	813 494	799 296	813 494
Car Allowance	171 600	171 600	171 600	171 600
Bonus	66 608	67 787	66 608	67 787
Other allowances - cellphone	24 000	24 000	24 000	24 000
Ad-hoc subsistance and travel	2 918	6 323	2 918	6 323
Leave sold	33 202	33 014	33 202	33 014
Cash gratuity allowances	20 340	40 680	20 340	40 680
	1 117 964	**1 156 898**	**1 117 964**	**1 156 898**

Remuneration of Director: Corporate Services - SC Abrams

Annual Remuneration	201 486	641 643	20 486	641 643
Other allowance - Cellphone	7 636	24 262	7 636	24 262
Cash gratuity allowances	6 472	40 680	6 472	40 680
Leave sold	108 740	65 443	108 740	65 443
Car allowance/ Travelling allowance	113 839	357 779	113 839	357 779
Acting allowance	-	3 614	-	3 614
Bonus	30 503	53 470	30 503	53 470
	468 676	**1 186 891**	**287 676**	**1 186 891**

Senior Manager Corporate services resigned on the 26 October 2023.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

19. Employee related costs (continued)

Remuneration of Chief Audit Executive - SG Mtemekwana

Annual Remuneration	594 804	608 224	594 804	608 224
Other allowance - Cellphone	24 000	24 000	24 000	24 000
Ad-hoc subsistance and travel	-	4 981	-	4 981
Car allowance/ Travel allowance	313 056	313 056	313 056	313 056
Leave sold	29 052	28 622	29 052	28 622
Cash gratuity allowances	20 340	40 680	20 340	40 680
	981 252	**1 019 563**	**981 252**	**1 019 563**

Remuneration of Director: District Economic Development - RM Rampedi

Annual Remuneration	756 300	755 019	756 300	755 019
Other allowances - Cellphone	24 000	24 000	24 000	24 000
Car allowance/ Travelling allowance	120 000	120 000	120 000	120 000
Bonus	60 604	62 406	60 604	62 406
Cash gratuity allowances	20 340	40 680	20 340	40 680
Leave sold	29 052	28 313	29 052	28 313
	1 010 296	**1 030 418**	**1 010 296**	**1 030 418**

Remuneration of Director: Community Services - MA Metswamere

Annual Remuneration	791 592	882 147	791 592	882 147
Car allowance/ Travelling allowance	180 000	180 000	180 000	180 000
Leave sold	55 189	32 711	55 189	32 711
Other allowance - Cellphone allowance	24 000	24 000	24 000	24 000
Bonus	65 966	75 022	65 966	75 022
Acting allowance	-	4 912	-	4 912
Cash gratuity allowances	18 645	-	18 645	-
	1 135 392	**1 198 792**	**1 135 392**	**1 198 792**

Remuneration of former Municipal Manager

Annual Remuneration	-	93 827	-	93 827

Acting Director: Corporate Services - MB Molefe (From 1 July 2023 - October 2023)

Acting allowance	24 864	12 129	24 864	12 129
Other allowance - Cellphone allowance	2 752	1 327	2 752	1 327
	27 616	**13 456**	**27 616**	**13 456**

Acting Director: Community Services - CP Mofokeng (From 1-31 July 2023)

Acting allowance	8 052	11 638	8 052	11 638
Other allowance - Cellphone allowance	850	1 430	850	1 430
	8 902	**13 068**	**8 902**	**13 068**

Acting Director Corporate Services-LM Ramorola (From October 2023-30 June 2024)

Annual Remuneration	55 032	-	55 032	-
Other allowance - Cellphone allowance	6 064	-	6 064	-
	61 096	**-**	**61 096**	**-**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

19. Employee related costs (continued)

Acting Director Community Services- KA Sothoane(From 1 November 2023- 30 June 2024)

Annual Remuneration	54 874	-	54 874	-
Other allowance - Cellphone allowance	7 595	-	7 595	-
	62 469	**-**	**62 469**	**-**

20. Remuneration of councillors

Executive Major	1 043 854	983 968	1 043 854	983 968
Mayoral Committee Members	4 131 215	3 819 263	4 131 215	3 819 263
Speaker	845 714	794 691	845 714	794 691
Councillors	5 335 460	5 251 342	5 335 460	5 251 342
Single Whip	802 937	750 429	802 937	750 429
	12 159 180	**11 599 693**	**12 159 180**	**11 599 693**

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	2 727 888	2 446 957	2 727 888	2 446 957
Intangible assets	814 453	906 468	814 453	906 468
	3 542 341	**3 353 425**	**3 542 341**	**3 353 425**

22. Finance costs

Trade and other payables	-	581	-	-

23. Auditors' remuneration

Fees	5 742 653	4 681 260	5 033 353	4 299 657

24. Debt impairment

Contributions to debt impairment provision	-	9 403	-	-

Dr Kenneth Kaunda District Municipality Consolidated AFS

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

25. General expenses

Assessment rates & municipal charges	1 496 255	1 494 759	1 496 255	1 494 759
Auditors remuneration	5 742 653	4 681 260	5 033 353	4 299 657
Bank charges	222 885	216 390	222 885	216 390
Fines and penalties	3 979	217 738	3 979	217 738
Hire charges	16 045 244	7 306 867	16 045 244	7 306 867
Insurance	1 817 828	1 442 612	1 817 828	1 442 612
Conferences and seminars	822 113	605 850	822 113	605 850
Skills development levy	955 588	923 899	955 588	923 899
IT expenses	3 831 240	874 308	3 831 240	874 308
Compensation commissioner	746 521	565 770	746 521	565 770
Motor vehicle expenses	186 362	107 803	186 362	107 803
Operational fees	11 925	14 895	-	-
Printing and stationery	53 786	122 606	53 786	122 606
Protective clothing	467 504	1 192 389	467 504	1 192 389
License fees	370 391	370 406	370 391	370 406
Service fees	1 306 497	3 356 185	-	-
Subscriptions and membership fees	1 518 581	1 434 543	1 518 581	1 434 543
Telephone and fax	1 062 250	1 094 250	1 062 250	1 094 250
Transport and freight	1 655 142	2 035 140	1 655 142	2 035 140
Training	2 947 556	2 628 000	2 947 556	2 628 000
Travel - local	2 106	-	2 106	-
Office rental	4 458 605	3 667 300	4 458 605	3 667 300
Business expenses: councillors and directors	106 165	128 243	106 165	128 243
Dr kenneth kaunda district municipality economic agency	(3 508 561)	-	1	-
Events and campaigns	5 592 308	4 947 410	5 592 308	4 947 410
Consumables	6 503 220	5 260 689	6 503 220	5 260 689
	54 418 143	**44 689 312**	**55 898 983**	**40 936 629**

26. Contracted services

Presented previously				
Outsourced Services	20 199 923	13 809 592	20 199 923	13 809 592
Repairs and maintenance	1 084 873	3 037 717	1 084 873	3 037 717
Consultants and Professional Services	13 588 947	19 991 377	13 588 947	19 991 377
Contractors	8 613 289	8 375 442	8 613 289	8 375 442
	43 487 032	**45 214 128**	**43 487 032**	**45 214 128**

27. Cash (used in) generated from operations

Deficit	(20 565 722)	(6 325 355)	(20 565 723)	(6 467 469)
Adjustments for:				
Depreciation and amortisation	3 542 341	3 353 425	3 542 341	3 353 425
(Loss) gain on disposal of assets	(30 361)	258 475	(30 361)	258 475
Impairment of property, plant and equipment	-	9 403	-	-
Movements in employee cost	2 766 000	(24 000)	2 766 000	(24 000)
Changes in working capital:				
Receivables from exchange transactions	2 249 392	-	2 249 392	(1 147 521)
Payables from exchange transactions	(17 878 230)	12 489 090	(17 878 230)	12 630 915
	(29 916 580)	**9 761 038**	**(29 916 581)**	**8 603 825**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

28. Operating lease

Operating lease payments represent rentals payable by the District municipality for rental of photocopying machines. Leases are for periods ranging for 36 months commencing, 01 February 2023 for a fixed monthly rental amounting to R94 737,51 vat exclusive
The rentals annual increase R0/0%.

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, Civic center, Patmore Road 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 R63 598.00 vat exclusive (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 tothe amount of R1 200.00 (One thousand two hundred rand) per annnum

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 lease municipal offices at Orkney, Civic center ,Patmore road (opposite City of matlosana Building)

Term of the lease:
Month to month

Amount of the lease
The lease amount for the current financial year is R212 587.32 vat exclusive

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	1 136 850	1 610 538	1 136 850	1 610 538
In second to fith year inclusive	1 800 013	1 800 013	1 800 013	1 800 013
	2 936 863	**3 410 551**	**2 936 863**	**3 410 551**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

29. Operating deficit

Operating deficit for the year is stated after accounting for the following:

Gain on leave/ Bonus provision	(3 239 213)	247 261	(3 239 213)	247 261
(Loss)/Gain on disposal of assets	(30 361)	258 475	(30 361)	258 475
Amortisation on intangible assets	814 453	906 468	814 453	906 468
Depreciation on property, plant and equipment	2 727 888	2 446 957	2 727 888	2 446 957
Employee costs	143 993 170	135 424 255	142 469 729	133 611 631
	144 265 937	**139 283 416**	**142 742 496**	**137 470 792**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

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				
MW Asset Rentals // Dr KKDM// Dr KKDM Cancelled the master Rental Agreement with Bokopane Information Systems CC t/a Toshiba Office Systems and Technology. The Agreement was entered during the month of October 2 00 and it was for the rental of photocopy machines,printers and faxes.The right of the Master Rental Agreement were then ceded by Toshiba to Merchant West Asset Rentals (MW Rentals). The Auditor General report for the year ended 30 June 2010, indicated that procurement procedures were not properly followed in theappointment of Toshiba. On 27 February 2012 the agreement between Dr KKDM and MW Rentals was the Cancelled due to the fact that the agreement was not valid as proper procurement procedures were not followed. MW Asset Rentals vs Dr KKDM,The applicant will be heard on 02 October 2020. This is an ongoing litigation	1 518 461	1 518 461	1 518 461	1 518 461
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 for Professional 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 been previously(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
Africa Sekunalo Trading // Dr KKDM-Modiboa Attorneys- Case no. NW/KLD/RC63/21-ongoing matter	241 000	241 000	241 000	241 000
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	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 Machabaphala Inc-New matter	200 000	200 000	200 000	200 000
Mhlanga // Dr KKDM-Imraan Kaka Attorneys - The summons were withdrawn as the matter was incorrectly served on the District Municipality	-	125 000	-	125 000
TM Rampedi //Dr KKDM Case no JR1621/17. The applicant (Dr KKDM) to pay the first responded (MrRampedi) four months salaries. (New Matter)	-	239 012	-	239 012
Flimieda Kwikspar // Dr KKDM-Lizel Venter Attorneys-New matter	200 000	200 000	200 000	200 000

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023
30. Contingencies (continued)				
Mudau & Netshipise // Dr KKDM M631 / 22-The Municipality was served Notice of Motion filed by Applicants seeking a court order directing the Municipality to furnish them with the SLA within 15 days of the order being granted, furtherdirecting the Municipality to pay the costs of the application on attorney and client scale as well as further and/or alternative relief. The matter was set down to 22nd February 2024 but was postponed to October 2024 for arguments.	300 000	-	300 000	-
Senior Manager Community Services & Another // Dr KKDM NWKD 2498/23-BothSenior Managers brought an unfair labour practice grievance in the Commission for Conciliation, Mediation and Arbitration (CCMA) for unfair suspension. They averred that the Municipality suspended them out of the time stipulated inregulation 6 of the Local Government: DisciplinaryRegulations for Senior Managers. CCMA set down the arbitration for the 28th February 2024 where the applicants' application to postpone was opposed. The commissioner ruled that the matter would be postponed subject to holding andsubmitting per arbitration minutes.	400 000	-	400 000	-
The arbitration is ongoing in the CCMA (Toka Machabaphala inc attorney) 400 000 - Disciplinary Hearing: Senior Manager Community Services-The Senior Manager was formally charged and issued a notice of disciplinary on 11th August 2023 which was postponed to the 30th August 2023. The matter has since sat several times and on all occasions the employee either requesting postponement or raising technical points which called for the Chairperson to make rulings. On both occasions the Chairperson made a ruling in favour of the Municipality (Toka Machabaphala inc)	400 000	-	400 000	-
	5 971 801	**5 235 813**	**5 971 801**	**5 235 813**

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

Contingent assets				
TM Rampedi //Dr KKDM Case no UM39/2022-Waks silent attorneys-new matter	-	237 757	-	237 757
TM Rampedi //Dr KKDM Case no JR1621/17. This is a draft bill and managementis awaiting taxation from the Court. (the estimate is unkown)	-	-	-	-
	-	**237 757**	**-**	**237 757**

Resolved matters:
TM Rampedi //Dr KKDM Case no UM39/2022-Waks silent attorneys contingent asset amounting to R237 757 including case no J126/2020 amounting to R75 129 were concluded and the senior manager TM rampedi was ordered to pay a total of R312 886.00 and. the TM Rampedi //Dr KKDM Case no JR1621/17contingent liability was concluded and amounts to 209 075.88 on mutual agreement of both parties the senior manager Mr Rampedi agreed to pay a total of R103 810.12

Management considered a contingent asset is changed to a receivable, meaning that the uncertaity of the above cases has been resolved and it is considered a more concrete and realisable asset.

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

31. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Controlled entities	Dr Kenneth Kaunda District Economic Agency
Members of council	Refer to General Information Page on the Financial Statements
Members of key management	MJ Ratlhogo - Municipal Manager L Steenkamp - Chief Financial Officer Lerato Ramorola-Acting 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	19
Councillors (Full time)/Directly elected	Executive Authority	8
Speaker	Executive Authority	1

Remuneration of management

Management class: Board members

2024

Name	Basic salary	Total
L STEENKAMP (ACTING CHIEF EXECUTIVE OFFICER)	-	-

2023

Name	Basic salary	Total
BS MOTSWIANE (CHIEF EXECUTIVE OFFICER)	352 458	352 458

31. Related parties (continued)

Management class: Councillors

2024

Name	Allowance	Travel allowance	Cellphone allowance	Medical aid	Sitting allowance	Travel	Pension	Total
NJ NUM	990 646	-	53 208	-	-	-	-	1 043 854
XC NXOZANA	584 363	198 126	53 208	10 017	-	-	-	845 714
SJ LESIE	461 993	185 666	53 208	-	-	7 061	95 009	802 937
MW MAKGATE	557 002	185 666	53 208	-	-	-	-	795 876
TR MAMPE	321 876	107 292	10 200	-	-	-	-	439 368
DM MATSAPOLA	477 831	185 666	53 208	-	-	-	79 174	795 879
LG MOLAPISI	477 827	185 666	53 208	-	-	-	79 174	795 875
OR THABANCHU	281 591	93 864	10 200	-	-	-	-	385 655
ZS PHHAFUDI	495 904	185 666	57 394	53 755	-	-	-	792 719
T LEKGARI	448 684	180 295	53 208	-	-	-	92 202	774 389
L RENTENKANE	278 984	92 993	12 900	-	-	-	-	384 877
PY MTSHWAWULA	264 828	88 492	11 100	-	-	-	-	364 420
MI MANGESI	265 341	88 492	10 200	-	-	-	-	364 033
HFC JORDAAN	235 125	78 375	53 208	-	-	-	-	366 708
MOSIANE SEGOTSO	197 263	78 375	53 208	37 862	-	-	-	366 708
WA MOSTERT	268 966	-	53 208	-	-	-	44 534	366 708
NM SETSHOARO	230 281	76 760	49 589	-	-	-	-	356 630
ME OOSTHUIZ	235 125	78 375	53 208	-	-	-	-	366 708
LK SHUPING	195 045	78 375	53 208	-	-	-	40 080	366 708
HM STRYDOM	235 125	78 375	53 208	-	-	-	-	366 708
KL VAN ZYL	235 125	78 375	53 208	-	-	-	-	366 708
CJ BESTER	-	-	-	-	30 740	1 001	-	31 741
BS FAKU	-	-	-	-	15 808	1 731	-	17 539
C HATTINGH	-	-	-	-	25 144	615	-	25 759
SL JONAS	-	-	-	-	53 093	3 328	-	56 421
KR KEGONTSE	-	-	-	-	19 822	3 656	-	23 478
KR LATHA	-	-	-	-	33 012	8 482	-	41 494
IT MEYA	-	-	-	-	27 158	7 684	-	34 842
IM MOKHELE	-	-	-	-	55 150	2 357	-	57 507

Notes to the Annual Financial Statements

Figures in Rand

31. Related parties (continued)

MP MOKONE	-	-	-	-	22 656	-	-	22 656
MR MOSHOLI	-	-	-	-	32 783	16 774	-	49 557
ME MOSWEU	-	-	-	-	26 942	2 590	-	29 532
HM MOTAUNG	-	-	-	-	10 300	4 826	-	15 126
LS MOTLHOIWA	-	-	-	-	37 371	16 719	-	54 090
PE RAMPAI	-	-	-	-	28 165	10 236	-	38 401
L SCOTT	-	-	-	-	40 910	1 790	-	42 700
SP SESANA	-	-	-	-	34 494	-	-	34 494
MS TLOOME	-	-	-	-	19 649	4 758	-	24 407
H HADSON	-	-	-	-	14 586	2 286	-	16 872
JJ LOURENS	-	-	-	-	28 481	4 901	-	33 382
	7 738 925	**2 324 894**	**906 495**	**101 634**	**556 264**	**100 795**	**430 173**	**12 159 180**

2023

Name	Allowance	Travelling allowance	Cellphone allowance	Medical aid	Sitting allowance	Travel	Pension	Total
	-	352 458	-	-	-	-	-	-
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 MOJAHI	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

Notes to the Annual Financial Statements

Figures in Rand

31. Related parties (continued)

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 SHUPPING	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
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 SESNA	-	-	-	-	39 727	5 280	-	45 007
PE RAMPAI	-	-	-	-	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

Notes to the Annual Financial Statements

Figures in Rand

31. Related parties (continued)

MWC ROSSOUW	-	-	-	-	2 868	657	-	3 525
N HADSON	-	-	-	-	11 363	3 410	-	14 773
AO PHUTUYAGA	-	-	-	-	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
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
	7 349 688	**2 489 583**	**740 677**	**84 118**	**677 394**	**183 412**	**427 279**	**11 599 693**

A total number of 26 concillors as per the above table are memebers 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.

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

Controlling entity - 2023

	Note	As previously reported	Re-classification	Adjustment of error	Restated
Payables from non-exchange transactions		(498 925)	-	190 931	(307 994)
Payables from exchange transactions		(39 109 055)	-	1 264 340	(37 844 715)
Receivables from exchange transactions - prepaid expenses		1 713 147	(312 994)	-	1 400 153
Receivables from exchange transactions - Salaries and bank clearing account		168 891	448 289	-	617 180
Receivables from exchange transactions - other debtors		942 283	(135 295)	-	806 988
Property Plant and Equipment		27 290 140	-	(28 269)	27 261 871
		(9 493 519)	**-**	**1 427 002**	**(8 066 517)**

Statement of financial performance

Controlling entity - 2023

	Note	As previously reported	Re-classification	Adjustment of error	Restated
Revenue from exchange transactions		(9 312 437)	-	(190 931)	(9 503 368)
General expenditure - Entertainment		12 476	(12 476)	-	-
General expenditure - Transport and Greight		2 053 192	(18 052)	-	2 035 140
General expenditure - Local travel		75 658	(75 658)	-	-
General expenditure - Events and campaigns		4 872 360	75 050	-	4 947 410
General expenditure - Motor vehivle expense		89 143	18 660	-	107 803
General expenditure - Business expense councillor and directors		115 767	12 476	-	128 243
Depreciation and ammortisation		3 323 157	-	30 268	3 353 425
Gain on leave/Bonus provision		1 017 078	-	(1 264 340)	(247 262)
Gain (loss) on disposal of assets		260 473	-	(1 999)	258 474
Surplus (deficit) for the year		**2 506 867**	**-**	**(1 427 002)**	**1 079 865**

33. Risk management

Financial risk management

Liquidity risk

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

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

33. Risk management (continued)

Credit risk

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

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

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

Financial instrument	Economic entity - 2024	Economic entity - 2023	Controlling entity - 2024	Controlling entity - 2023
Receivables from exchange transactions	3 090 015	4 212 307	2 782 351	4 212 308
Cash and cash equivalents	38 578 425	96 784 755	38 576 043	96 782 373

34. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 60 825 898 and that the municipality's total assets exceed its liabilities by R 60 825 898.

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	72 189 501	70 748 925	72 189 501	70 748 925
Add: Unauthorised expenditure - (Provision was not made for Dr KKDMEA)	3 508 563	1 440 576	3 508 563	1 440 576
Closing balance	**75 698 064**	**72 189 501**	**75 698 064**	**72 189 501**

The municipality became aware of the DR KKDMEA that was voulntarily liquidated during may 2024 of the current year.

37. Fruitless and wasteful expenditure

Opening balance as previously reported	12 780 175	11 753 240	12 133 575	11 107 221
Add: Fruitless and wasteful expenditure identified - current	238 461	793 662	238 461	793 081
Add: Fruitless and wasteful expenditure identified - prior period	-	233 273	-	233 273
Closing balance	**13 018 636**	**12 780 175**	**12 372 036**	**12 133 575**

The Fruitless and wasteful expenditure inccured is as a result of double payments erroneously made on both Salaries R64 032.89 and Expenditure payments R174 428. the total amount recovered amounts to R9 411.77 which relate to salaries and was deposited during the month of July 2024.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

38. Irregular expenditure

Opening balance as previously reported	313 367 334	264 901 927	302 112 269	259 672 152
Add: Irregular expenditure - current	50 844 670	48 015 407	47 293 506	42 440 117
Closing balance	**364 212 004**	**312 917 334**	**349 405 775**	**302 112 269**

Notes to the Annual Financial Statements

Figures in Rand		Economic entity 2024	Economic entity 2023	Controlling entity 2024	Controlling entity 2023

38. Irregular expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings				
Adjudication Committees were not properlyconstituted in accordance with the regulation forthe appointment of service providers through thecompetitive bidding processes.	None	11 306 766	9 467 378	11 306 766	9 467 378
Non compliance with section 57 of the municipalsystems act	None	1 544 589	1 537 682	1 544 589	1 537 682
Non compliance with SCM regulation17&18,atleast three written qoutations notobtained	None	16 025 336	12 928 971	16 025 336	12 928 971
Non compliance sec 116 contract management	None	2 314 722	3 142 370	2 314 722	3 142 370
None compliance with SCM regulation 44	None	-	200 000	-	200 000
Other non compliance matters	None	-	15 163 716	-	15 163 716
		31 191 413	**42 440 117**	**31 191 413**	**42 440 117**

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)
Current year subscription / fee	1 457 173	1 516 733	1 457 173	1 516 733
Amount paid - current year	(1 457 173)	(1 380 351)	(1 457 173)	(1 380 351)
	-	-	-	-

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

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

Audit fees

Opening balance	16 490	16 490	16 490	16 490
Current year subscription / fee	6 072 369	4 324 863	5 455 586	4 299 657
Amount paid - current year	(6 065 011)	(4 324 863)	(5 448 228)	(4 299 657)
	23 848	**16 490**	**23 848**	**16 490**

PAYE and UIF

Opening balance	253 491	235 056	-	-
Current year subscription / fee	26 655 211	24 484 420	26 378 033	24 268 269
Amount paid - current year	(26 655 211)	(24 465 985)	(26 378 033)	(24 268 269)
	253 491	**253 491**	**-**	**-**

Pension and Medical Aid Deductions

Current year subscription / fee	19 071 643	17 285 718	19 071 643	17 285 718
Amount paid - current year	(19 071 643)	(17 285 718)	(19 071 643)	(17 285 718)
	-	**-**	**-**	**-**

VAT

VAT receivable	102 765 987	88 296 134	105 610 113	91 140 260
VAT payable	(101 760 578)	(86 471 289)	(101 760 578)	(86 471 289)
	1 005 409	**1 824 845**	**3 849 535**	**4 668 971**

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.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

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

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the 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				
Kishugu Aviation (Pty) Ltd-The DRMC used the services of Kishugu Aviation toextinguish Velds Fires to assist embattled Farmers-Procurement done throughRegulation 36 (1)(a)(ii) If such goods and services are produced or available from asingle provider only;	295 263	-	295 263	-
Durcharme Consulting KKDM	-	33 206	-	33 206
Hasler Business Systems KKDM-(Annual Fees: Franking Machine) and purchase ofink	17 543	12 695	17 543	12 695
Adapt IT (renewal of caseware license/Caseware KKDM D6/22	166 403	187 605	166 403	187 605
Oranje Toyota Klerksdorp T/A CFAO Mobility Pty Ltd	63 161	-	63 161	-
Kagiso Ke Tholo Business Enterprise (Pty) Ltd	295 000	-	295 000	-
Mtshepana Trading KKDM	-	352 500	-	352 500
Midvaal Water Company	50 445	-	50 445	-
Marce Projects (Pty) Ltd	798 926	-	798 926	-
SASFIN / D G Capital	-	3 378	-	3 378
Rescue Tech Ermergency Medical Service	-	15 000	-	15 000
EK Construction and All General Trading	-	289 800	-	289 800
Sodara Trading Enterprise CC	-	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	-	150 000	-	150 000
Smart Drawn The Disaster Risk Management Centre (DRMC)	-	268 146	-	268 146
Gorileng Trading Enterprise	-	87 500	-	87 500
Witness Enterprise (Pty) Ltd	-	99 500	-	99 500
BCX	-	7 325	-	7 325
SABC	6 890	10 070	6 890	10 070
Pono Security Services Projects	-	70 840	-	70 840
Envirocare Laboratory T/A Chisik	107 834	12 212	107 834	12 212
Pasko Trading (Pty) Ltd	-	178 500	-	178 500
National Health Laboratory	1 881	-	1 881	-
Bome Enterprises (Pty) Ltd	-	83 200	-	83 200
Bongani Entertainment Trading Enterprise	-	92 600	-	92 600
WRD Service Centre	-	119 500	-	119 500
KM and SH Trading (Pty) Ltd	-	29 789	-	29 789
Ilezweni Construction and Maintenance (Pty) Ltd	-	76 869	-	76 869
Nombulelo Trading Enterprise (Pty) Ltd	-	96 500	-	96 500
Working with Fire	7 452	-	7 452	-
Thata Consulting	-	99 500	-	99 500
Karsten panelbeaters	-	61 096	-	61 096
Protea Panelbeaters	-	36 556	-	36 556
Cargo Motors Klerksdorp	-	72 789	-	72 789
	1 810 798	**3 553 176**	**1 810 798**	**3 553 176**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

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

Awards to close family members of persons in service of the state - SCM Regulation 45				
About Profit (MOTHER: Monyahane Ernestinah Ntaopane works for JB Marks LocalMunicipality)	168 743	175 920	168 743	175 920
Kethukuthula Holdings (WIFE:Nthabiseng Sarah Mcine (Dwayi) works for City ofMatlosana)	-	2 015 701	-	2 015 701
	168 743	**2 191 621**	**168 743**	**2 191 621**

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)

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

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 enity 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	**Goods and/or services**
Segment 1	Community Services

Notes to the Annual Financial Statements

Figures in Rand

40. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Controlling entity - 2024

	Community services	Unallocated services	Total
Revenue			
Revenue from non-exchange transactions	300 000	221 958 561	222 258 561
Revenue from exchange transactions	659 960	9 439 303	10 099 263
Total segment revenue	**959 960**	**231 397 864**	**232 357 824**
Entity's revenue			**232 357 824**
Expenditure			
Salaries and wages	51 428 426	78 882 123	130 310 549
Operational expenses	10 809 456	104 927 349	115 736 805
Depreciation and Amortisation	1 058 389	2 222 722	3 281 111
Total segment expenditure	**63 296 271**	**186 032 194**	**249 328 465**
Total segmental surplus/(deficit)	**(62 336 311)**	**45 365 670**	**(16 970 641)**
Total segmental deficit			(16 970 641)
Gain/ (Loss) on leave provision			(3 239 213)
Acturial gains/ (losses)			(125 000)
Gain/ (Loss) on disposal of assets			30 361
Entity's surplus (deficit) for the period			**(20 304 493)**

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

Controlling entity - 2023

Community services	Unallocated services	Total

Notes to the Annual Financial Statements

Figures in Rand

40. Segment information (continued)

Revenue			
Revenue from non-exchange transactions	62 791	214 201 494	214 264 285
Revenue from exchange transactions	561 102	8 942 266	9 503 368
Total segment revenue	**623 893**	**223 143 760**	**223 767 653**
Entity's revenue			**223 767 653**
Expenditure			
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	2 569 158	3 353 425
Total segment expenditure	**56 116 482**	**176 887 428**	**233 003 910**
Total segmental surplus/(deficit)	**(55 492 589)**	**46 256 332**	**(9 236 257)**
Total segmental deficit			(9 236 255)
Gain/(Loss) on leave provision			247 261
Acturial gains/(losses)			2 780 000
Gain/(Loss) on disposal of assets			(258 475)
Entity's surplus (deficit) for the period			**(6 467 469)**

Information about geographical areas

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

41. Budget differences

Material differences between budget and actual amounts

Differences between budget and actual amounts basis of preparation and presentation

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars.

The reason for the variances between the approved and final budgets are mainly due to reallocations made within the

Government Grants & Subsidies - The difference results from LGSETA Grant. This is due to the payment schedule as well as the financial year end which are not aligned

Interest received - external investment - Over budgeted, Sufficient made readily available to adhere to Management procurement plan

Expenditure: The municipality became aware that the DR KKDMEA was voluntarily liquidated during may 2024 of the current year hence differences on budget comparison
Management spent witin the budgeted expenditure as the expenditure is above 90% as compared to the Final budget

Depreciation and amortisation - Depreciation is performed at the end of the financial period, it ws uncertain to adjust the final budget