ALFRED NZO

DISTRICT MUNICIPALITY

ALFRED NZO DISTRICT MUNICIPALITY
(Registration number DC44)
Annual Financial Statements
for the year ended 30 June 2024

AUDITOR GENERAL
SOUTH AFRICA

30 NOV 2024

ALFRED NZO DISTRICT MUNICIPALITY
(Registration number DC44)
Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996).
Nature of business and principal activities	The provision of services (water and sanitation) to communities in a sustainable manner, and to promote a safe and healthy environment.
Mayoral committee	
Executive Mayor	V. Mhlelembana
	N. Mshuqwana (Deputy Executive Mayor)
	S. Mehlomakulu (Council Speaker)
	N. Ndabeni (Whip of the Council)
	S. Sello (MPAC Chairperson)
	B. Qwayede (MMC: Planning & Economic Development)
	E.N. Diko (MMC: Monitoring and Evaluation)
	M. Khuzwayo (MMC: Infrastructure Planning and Development)
	N.R. Nkomo-Khwela (MMC: Corporate Services)
	M. Mbedla (MMC: Community Development Services - Deceased)
	N. Nqoko (MMC: Water Services Provisioning and Conservation)
Councillors	S. Mnukwa (MMC: Budget & Treasury Office)
	A. Guqaza
	B. Sobhayi
	E. Voko
	F. Mbuyelwa-Bewu
	K. Sephuhle
	L. Nomaqhiza
	M. Gwayi
	M. Magadla
	M. Ndovela
	M. Smith
	M. Tuku
	N. Bongwana
	N. Daniel
	N. Langasiki
	N. Mantangayi
	N. Mantshongo
	N. Mpokolo
	N. Msokana
	N. Ncekana
	N. Nomnganga
	N. Sobazile
	N. Sonyabashe
	P. Ndabeni
	S. Ntabeni
	S. Ntshobane
	S. Sophaqa
	T. Sheane
	W. Leballo
	Z. Njomi
Acting Municipal Manager	T. Mopeloa

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General Information

Chief Financial Officer (CFO)	U.P. Mahlasela
Registered office	1400 NTSIZWA STREET EMAXESIBENI 4735
Business address	1400 NTSIZWA STREET EMAXESIBENI 4735
Postal address	PRIVATE BAG X 511 EMAXESIBENI 4735
Bankers	First National Bank
Auditors	Auditor General SA Registered Auditors
Municipal Legal Manager	M. Dubula
Municipal Website	www.andm.gov.za

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The reports and statements set out below comprise the annual financial statements presented to the ANDM Council:

Abbreviations used:

ANDM	Alfred Nzo District Municipality
COIDA	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
VAT	Value Added Tax
IAS	International Accounting Standards
ASB	Accounting Standards Board
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
WSIG	Water Services Infrastructure Grant

Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the 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 municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

The municipality is 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.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The accounting officer would like to bring the following material matters to your attention:

The accounting officer would like to certify that the salaries, allowances and benefits of councillors as disclosed in note 29 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The annual financial statements set out on page 6 to 89, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2024 and were signed by:

Acting Accounting Officer
T. Mopeloa

AUDITOR GENERAL
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Accounting Officer's Report

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

1. Review of activities

Main business and operations

Net surplus of the municipality was R 540,216, 436 (2023: surplus R 567,067,612)

2. Going concern

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

On the 30th October 2024, the Municipal Council converged and took a resolution to dismiss the Municipal Manager, Mr ZH Sikhundla. As at 30 June 2024, the financial year end, the disciplinary proceedings were still ongoing

4. Corporate governance General

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

5. Interest in controlled entities

Details of the municipality's investment in controlled entities are set out in note 12.

The annual financial statements set out on pages 6 to 89, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2024 and were signed by:

Acting Accounting Officer
T. Mopeloa

AUDITOR GENERAL
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Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	4	16,207,173	14,827,776
Receivables from non-exchange transactions	5	4,296,931	532,702
Receivables from Exchange transactions	6	69,210,169	62,310,797
Cash and cash equivalents	7	1,376,547,875	1,110,225,379
VAT Receivable	8	23,470,972	11,219,969
VAT Input Accrual	9	16,683,170	27,700,400
		1,506,416,290	**1,226,817,023**
Non-Current Assets			
Property, plant and equipment	10	5,813,816,651	5,425,470,396
Intangible assets	11	4,420,380	7,650,544
Investments in controlled entities	12	100	100
Other non-current receivables from exchange transactions	13	7,971,013	7,879,073
Heritage assets	14	131,100	131,100
Investments	16	-	10,838,087
		5,826,339,244	**5,451,969,300**
Non-Current Assets		5,826,339,244	5,451,969,300
Current Assets		1,506,416,290	1,226,817,023
Total Assets		**7,332,755,534**	**6,678,786,323**
Liabilities			
Current Liabilities			
VAT Output Accrual	8	17,284,827	13,472,637
Operating lease liability	17	209,989	226,024
Payables from exchange transactions	18	278,030,500	164,722,338
Employee benefit obligation	19	1,183,000	1,480,000
Unspent conditional grants and receipts	20	2,185,472	14,106,643
Provisions	21	40,676,553	32,960,191
Payables from non-exchange transactions	22	1,157,115	2,094,850
		340,727,456	**229,112,683**
Non-Current Liabilities			
Employee benefit obligation	19	13,093,000	10,955,000
Non-Current Liabilities		13,093,000	10,955,000
Current Liabilities		340,727,456	229,112,683
Total Liabilities		**353,820,456**	**240,067,683**
Assets		7,332,755,534	6,678,786,323
Liabilities		(353,820,456)	(240,067,683)
Net Assets		**6,978,935,078**	**6,438,718,640**
Accumulated surplus		6,978,935,078	6,438,718,640
Total Net Assets		**6,978,935,078**	**6,438,718,640**

* See Note 45

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	24	23,495,688	25,298,157
Rental of facilities and equipment	25	14,020	14,971
Agency services	26	232,944	221,196
Other income	27	2,648,312	8,985,261
Actuarial gains	19	235,574	1,373,754
Interest Income	28	131,613,793	83,345,961
Total revenue from exchange transactions		**158,240,331**	**119,239,300**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	29	1,257,588,787	1,278,297,932
Public contributions and donations	30	1,396,610	-
Total revenue from non-exchange transactions		**1,258,985,397**	**1,278,297,932**
		158,240,331	119,239,300
		1,258,985,397	1,278,297,932
Total revenue	23	**1,417,225,728**	**1,397,537,232**
Expenditure			
Employee related costs	31	(312,693,848)	(289,974,805)
Remuneration of councillors	32	(11,811,323)	(12,140,030)
Legal Costs	33	(10,695,649)	(7,536,414)
Depreciation and amortisation	34	(120,190,809)	(104,888,091)
Impairment of PPE	10	(710,790)	-
Lease rentals on operating lease	35	(2,896,881)	(1,616,800)
Debt Impairment	36	(11,217,382)	(13,404,022)
Bulk purchases	37	(8,321,461)	(13,312,408)
Contracted services	38	(185,522,800)	(191,340,517)
Transfers and Subsidies	39	(21,302,688)	(40,976,629)
General Expenses	40	(190,182,243)	(154,169,771)
Total expenditure		**(875,545,874)**	**(829,359,487)**
Operating surplus/deficit		-	-
Surplus before taxation		541,679,854	568,177,745
Taxation		-	-
Surplus for the year from continuing operations		**541,679,854**	**568,177,745**
Loss on disposal of assets		(1,463,418)	(1,110,133)
Surplus for the year		**540,216,436**	**567,067,612**

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* See Note 45

Statement of Changes in Net Assets for the Period Ended 30 June 2024

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2022	**5,871,702,405**	**5,871,702,405**
Changes in net assets		
Surplus for the year	567,067,612	567,067,612
Prior period adjustments	(51,375)	(51,375)
Total changes	567,016,237	567,016,237
Restated* Balance at 01 July 2023	**6,438,718,642**	**6,438,718,642**
Changes in net assets		
Surplus for the year	540,216,436	540,216,436
Total changes	540,216,436	540,216,436
Balance at 30 June 2024	**6,978,935,078**	**6,978,935,620**

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* See Note 45

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Service charges		23,975,972	13,133,372
Government Grants and Subsidies		1,245,667,616	1,292,404,575
Interest income		112,079,020	68,935,817
Other Receipts		2,895,276	9,221,427
		1,384,617,884	1,383,695,191
Payments			
Employee costs		(316,625,908)	(293,647,818)
Suppliers		(285,028,443)	(423,276,001)
Grants and subsidies		(21,302,688)	(40,976,629)
		(622,957,039)	(757,900,448)
Total receipts		1,384,617,884	1,383,695,191
Total payments		(622,957,039)	(757,900,448)
Net cash flows from operating activities	41	**761,661,385**	**625,811,679**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(506,085,141)	(475,060,638)
Proceeds from sale of property, plant and equipment	10	105	(325,667)
Purchase of other intangible assets	11	-	(7,183,212)
Increase in deposits	11	(91,940)	-
Staff loan repayments	14	-	11,001
Decrease in long term investments	16	10,838,087	-
Net cash flows from investing activities		**(495,338,889)**	**(482,558,516)**
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**266,322,496**	**143,253,163**
Cash and cash equivalents at the beginning of the year		1,110,225,379	966,972,216
Cash and cash equivalents at the end of the year	7	**1,376,547,875**	**1,110,225,379**

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* See Note 45

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	50,854,554	3,952,228	**54,806,782**	23,495,688	**(31,311,094)**	A
Rental of facilities and equipment	-	10,000	**10,000**	14,020	**4,020**	B
Agency services	-	317,141	**317,141**	232,944	**(84,197)**	C
Other income - (Reserves)	161,237,319	5,956,956	**167,463,859**	2,648,312	**(164,815,547)**	D
Other income - Actuarial gains	-	-	**-**	235,574	**235,574**	E
Interest income	58,926,832	44,000,000	**102,926,832**	131,613,793	**28,686,961**	F
Total revenue from exchange transactions	**271,018,705**	**54,236,325**	**325,255,030**	**158,240,331**	**(167,284,283)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	1,379,013,000	(116,575,038)	**1,262,437,962**	1,257,588,787	**(4,849,175)**	G
Public contributions and donations	-	-	**-**	1,396,610	**1,396,610**	H
Total revenue from non-exchange transactions	**1,379,013,000**	**(116,575,038)**	**1,262,437,962**	**1,258,985,397**	**(3,452,565)**	
'Total revenue from exchange transactions'	271,018,705	54,236,325	**325,255,030**	158,240,331	**(167,014,699)**	
'Total revenue from non-exchange transactions'	1,379,013,000	(116,575,038)	**1,262,437,962**	1,258,985,397	**(3,452,565)**	
Total revenue	**1,650,031,705**	**(62,338,713)**	**1,587,692,992**	**1,417,225,728**	**(170,467,264)**	
Expenditure						
Personnel	(335,712,905)	(3,974,164)	**(339,687,069)**	(312,693,848)	**26,993,221**	I
Remuneration of councillors	(15,094,629)	-	**(15,094,629)**	(11,811,323)	**3,283,306**	J
Legal Costs	(3,150,000)	(12,000,000)	**(15,150,000)**	(10,695,649)	**4,454,351**	K
Depreciation and amortisation	(110,000,000)	(10,500,000)	**(120,500,000)**	(120,190,809)	**309,191**	L
Impairment of PPE	-	-	**-**	(710,790)	**(710,790)**	M
Lease rentals on operating lease	(4,310,000)	-	**(4,310,000)**	(2,896,881)	**1,413,119**	N
Debt Impairment	(25,000,000)	10,500,000	**(14,500,000)**	(11,217,382)	**3,282,618**	O
Bulk purchases	(10,000,000)	-	**(10,000,000)**	(8,321,461)	**1,679,081**	P
Contracted Services	(206,559,156)	(43,140,534)	**(249,699,690)**	(185,522,800)	**64,176,890**	Q
Transfers and Subsidies	(23,900,000)	(400,000)	**(24,300,000)**	(21,302,688)	**2,997,312**	R
General Expenses	(180,126,032)	(14,457,207)	**(194,583,239)**	(190,182,243)	**4,400,996**	S
Total expenditure	**(913,852,722)**	**(73,971,905)**	**(987,824,627)**	**(875,545,874)**	**112,279,295**	
	736,178,983	(136,310,618)	**600,137,949**	541,679,854	**(58,458,096)**	
	-	-	**-**	-	**-**	
Surplus before taxation	**736,178,983**	**(136,310,618)**	**600,137,949**	**541,679,854**	**(58,458,096)**	
Deficit before taxation	736,178,983	(136,310,618)	**600,137,949**	541,679,854	**(58,458,096)**	
Taxation	-	-	**-**	-	**-**	

Statement of Comparison of Budget and Actual Amounts

Surplus for the year from continuing operations	**736,178,983**	**(136,310,618)**	**600,137,949**	**541,679,854**	**(58,458,096)**
Loss on disposal of assets	-	-	-	(1,463,418)	**(1,463,418)**

AUDITOR GENERAL
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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**736,178,983**	**(136,310,618)**	**600,137,949**	**540,218,528**	**(59,919,421)**	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

BUDGET COMMENTS

A - Service charges

Service charges were over budgeted for in the current financial year. The municipality is continuously installing meters but because of the budget constraints, this process is slow and not yielding results as expected.

B - Rental of facilities and equipment:

The municipality's conference centre was hired less than what was anticipated.

C - Agency Services:

The municipality received commission from third-party payments. The actual revenue from these commissions is less than what was anticipated.

D - Reserves:

These are contributions from reserves to fund the budget. They are meant to fund non-cash expenditure such as depreciation. The funds have been transferred into an asset replacement reserve, ring fencing them from accumulated surplus. The corresponding expenditure is for sale of tender documents and other revenue sources.

E - Other Income:

One of the major contributors to other income is the sale of tender documents which did not go as anticipated. Most of the activity is usually done in the last months of the financial year when the procurement plan for the next financial year is being implemented.

F - Actuarial gain

The actuarial gain was not budgeted for. G - Interest received on investments:

Interest received is more than what was budgeted for due to the hikes of interest rates by the South African Reserve bank and the continuous implementation of the investment policy.

H - Government grants and subsidies:

The government grants are within the budgeted figures except for the Regional Bulk Infrastructure Grant which is a Schedule 6B grant. The amounts paid on RBIG were only for retentions on old projects. There are no bulk infrastructure projects that were implemented by the Municipality directly in the reported financial year.

I - Public contributions or donations

During the period under review, the municipality received a donation from DBSA, a water tanker truck which was not planned for and was not budgeted for.

EXPENDITURE:

J - Employee-related costs:

The budgeted amount was based on an estimated increase of 6% but the Bargaining Council approved a 5.4% increase for all employees except for Directors. The increment for Directors was 3%. There were also vacant posts especially at management level that were either filled towards the end of the financial year and some still remain unfilled.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

K - Remuneration of Councillors:

During the year under review, there was no promulgated upper limits for the Councillors hence the variance and the budget was based on an estimated annual increase of 6%.

L - Legal costs:

The litigation costs are within the budgeted figure. In terms of the budget, legal costs are budgeted under contracted services and seperated on Annual Financial Statements to comply with GRAP.

M - Depreciation and amortisation:

The depreciation is a non-cash item is it is within the budgeted amount. N - Impairment on PPE

Impairment was not not budgted for

O - Lease rentals on operating lease:

This is due to the fact that most of the time the printers were not functioning well. Lease rentals on operating lease is budgeted under. Other expenses in terms of the budget and separated on Annual Financial Statements in compliance with GRAP.

P - Debt impairment:

The contribution to debt impairment was less than anticipated due to the incentives that were approved by the Council.

Q - Bulk purchases:

The budgeted amount was due to an estimated increase in the water resource levies that were going to be added in the period but the charges for these were less than what was anticipated.

R - Contracted services:

Included in the amount of contracted services are repairs and maintenance costs. The variance is due to pit toilets expenditure which was less than anticipated. These were previously budgeted for under WSIG, however the project implementation plan was revised later to accommodate changed priorities by the Department

S - Transfers and subsidies:

The transfers and subsidies are within the budgeted funds.

T - General expenses:

General expenses are within the budgeted amount.

U - Loss on disposal of Assets:

The loss on disposal of assets was not budgeted for, as it was not anticipated. The disposal was due to damaged assets as well as redundant assets.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	19,665,367	36,900	**19,702,267**	16,207,173	**(3,495,094)**	
Receivables from non-exchange transactions	18,989,338	-	**18,989,338**	4,296,931	**(14,692,407)**	
VAT receivable	98,339,083	(1,003,579)	**97,335,504**	23,470,972	**(71,887,772)**	
Receivables from Exchange transactions	50,562,521	5,470,945	**56,033,466**	69,210,169	**13,176,703**	
Cash and cash equivalents	1,117,059,805	(26,808,370)	**1,090,251,435**	1,376,547,875	**286,296,440**	
	1,304,616,114	**(22,304,104)**	**1,282,312,010**	**1,506,416,290**	**226,081,040**	
Non-Current Assets						
Property, plant and equipment	5,694,287,374	(132,065,500)	**5,562,221,874**	5,813,816,651	**251,594,777**	
Intangible assets	1,970,456	(1,468,909)	**501,547**	4,420,503	**3,918,956**	
Heritage assets	131,100	-	**131,100**	131,100	**-**	
Investments in controlled entities	100	-	**100**	100	**-**	
Other Receivables	-	-	**-**	7,971,013	**7,971,013**	
Investments	10,134,587	-	**10,134,587**	-	**(10,134,587)**	
	5,706,523,617	**(133,534,409)**	**5,572,989,208**	**5,826,339,367**	**253,350,159**	
Non-Current Assets	5,706,523,617	(133,534,409)	**5,572,989,208**	5,826,339,367	253,350,159	
Current Assets	1,304,616,114	(22,304,104)	**1,282,312,010**	1,506,416,290	206,825,949	
Total Assets	**7,011,139,731**	**(155,838,513)**	**6,855,301,218**	**7,332,755,657**	**479,431,199**	
Liabilities						
Current Liabilities						
Operating lease liability	-	-	**-**	209,989	**209,989**	
Payables from exchange transactions	252,808,578	(19,716,762)	**233,091,816**	278,030,500	**44,938,684**	
Taxes and transfers payable (non-exchange)	-	-	-	1,157,115	**1,157,115**	
VAT payable	56,578,554	588,867	**57,167,421**	-	**(57,167,421)**	
Employee benefit obligation	2,002,000	(2,002,000)	**-**	1,183,000	**1,183,000**	
Unspent conditional grants and receipts	589,070	(400,000)	**189,070**	2,185,472	**1,996,402**	
Provisions	26,513,487	2,002,000	**28,515,487**	40,676,553	**12,161,066**	
	338,491,689	**(19,527,895)**	**318,963,794**	**340,727,456**	**21,763,662**	
Non-Current Liabilities						
Other financial liabilities	223,529	-	**223,529**	-	**(223,529)**	
Employee benefit obligation	10,080,000	-	**10,080,000**	13,093,000	**3,013,000**	
	10,303,529	**-**	**10,303,529**	**13,093,000**	**2,789,471**	
Current Liabilities	338,491,689	(19,527,895)	**318,963,794**	323,449,123	**4,485,329**	
Non-Current Liabilities	10,303,529	-	**10,303,529**	13,093,000	**2,789,471**	
	-	-	**-**	-	**-**	
Total Liabilities	**348,795,218**	**(19,527,895)**	**329,267,323**	**336,542,123**	**7,274,800**	
Assets	7,011,139,731	(155,838,513)	**6,855,301,218**	**7,332,755,657**	**479,431,199**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Liabilities	(348,795,218)	19,527,895	**(329,267,323)**	(336,542,123)	**(7,274,800)**	
Net Assets	**6,662,344,513**	**(136,310,618)**	**6,526,033,895**	**6,978,935,078**	**452,901,183**	
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	6,662,344,513	(136,310,618)	**6,526,033,895**	6,978,935,078	**452,901,183**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Service Charges	55,533,855	3,559,650	**59,093,505**	23,975,972	**(37,656,617)**	
Other revenue	303,448,622	(3,929,129)	**299,519,493**	2,327,113	**(297,192,380)**	
Transfers and Subsidies - Operational	775,128,150	(470,838)	**774,657,312**	738,347,406	**(36,309,906)**	
Transfers and Subsidies - Capital	603,884,850	(116,104,200)	**487,780,650**	507,320,211	**19,539,561**	
Interest income	58,926,832	44,000,000	**102,926,832**	112,079,020	**8,448,688**	
	1,796,922,309	**(72,944,517)**	**1,723,977,792**	**1,384,617,884**	**(343,170,654)**	
Payments						
Suppliers and employees costs	(819,610,220)	(75,186,723)	**(894,796,943)**	(705,258,448)	**189,538,495**	
Grants and subsidies	-	(24,300,000)	**(24,300,000)**	(21,302,688)	**2,997,312**	
	(819,610,220)	**(99,486,723)**	**(919,096,943)**	**(726,561,136)**	**192,535,807**	
Total receipts	1,796,922,309	(72,944,517)	**1,723,977,792**	1,384,617,884	**(343,170,654)**	
Total payments	(819,610,220)	(99,486,723)	**(919,096,943)**	(622,957,039)	**192,535,807**	
Net cash flows from operating activities	**977,312,089**	**(172,431,240)**	**804,880,849**	**761,661,385**	**(150,634,847)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(833,346,358)	145,622,870	**(687,723,488)**	(506,085,141)	**198,424,327**	
Net increase/(decrease) in cash and cash equivalents	143,965,731	(26,808,370)	**117,157,361**	266,322,496	**47,789,480**	
Cash and cash equivalents at the beginning of the year	966,839,445	-	**966,839,445**	1,110,225,379	**143,385,934**	
Cash and cash equivalents at the end of the year	**1,110,805,176**	**(26,808,370)**	**1,083,996,806**	**1,376,547,875**	**191,175,414**	

Reconciliation

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Accounting Policies

Figures in Rand	Note(s)	2024	2023

1. Significant accounting policies

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

1.1 Basis of preparations

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

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

These accounting policies are consistent with the previous period, except for the changes set out in note 51 Changes in accounting policy.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 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.

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.

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.

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Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, any 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. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

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

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

1.6 Property, plant and equipment (continued)

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Unlimited
Buildings	Straight-line	10 - 40
Plant and machinery	Straight-line	2 - 20
Furniture and fixtures	Straight-line	2 - 20
Motor vehicles	Straight-line	4 - 10
Office equipment	Straight-line	2 - 20
Specialised vehicles	Straight-line	5 - 15
Infrastructure - Roads	Straight-line	5 - 15
Infrastructure - Sanitation	Straight-line	2 - 85
Infrastructure - Water	Straight-line	2 - 100
Bins and containers	Straight-line	5 - 10
Computer equipment	Straight-line	2 - 10
Emergency equipment	Straight-line	2 - 15
Park homes	Straight-line	20 - 40

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the annual financial statements under note 38.

Accounting Policies

1.6 Property, plant and equipment (continued)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements under note 9.

1.7 Intangible assets

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

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

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life

1.7 Intangible assets (continued)

Computer software	Straight-line	2 - 5

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).

1.8 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 38).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Accounting Policies

1.8 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset 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 a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 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 the Municipalitys statement of financial position.

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1.9 Financial instruments (continued)

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

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

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Accounting Policies

1.9 Financial instruments (continued)

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

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

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

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

Accounting Policies

1.9 Financial instruments (continued)

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
Unlisted Investments	Financial asset measured at amortised cost
Investments in Fixed Deposits	Financial asset measured at amortised cost
Long term receivables	Financial asset measured at amortised cost
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Cash and cash equivalents - Call Deposit	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Long Term Liabilities	Financial liability measured at amortised cost
Accounts Payables	Financial liability measured at amortised cost

Initial Recognition

The entity shall recognise financial asset or financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The entity measures a financial asset and financial liability initially at its fair value (if subsequently measured at fair value). The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately.

The entity accounts for that part of a concessionary loan that is:

> a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
> non-exchange revenue, in accordance with the standard of GRAP on revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of the financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

> Financial instruments at fair value.

> Financial instruments at amortised cost

> Financial instruments at cost

All financial assets measured at amortised cost, are subject to an impairment review.

Reclassification

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

1.9 Financial instruments (continued)

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value. If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost. If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and Losses

A gain or loss arising from a change in the fair value of a financial asset of financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is unrecognised or impaired or through the amortisation process.

Impairment and uncollectability of financial assets

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

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of the estimated future cashflows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial Assets measured at costs

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

Derecognition

Financial Assets

The entity derecognises financial assets using trade date accounting
The entity derecognises financial asset only when:
> the contractual rights to the cash flows from the fianancial asset expire, are settled or waived;
> the entity transfers to another party substantially all the risks and rewrads of ownership of the financial asset; or
> the entity, despite having retained some significant risks and rewards of ownership of the financial asset , has transfered control of the asset to another party and the other party has practical ability to sell the asset in its enterety to an un related party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - Derecognise the asset; and
  - recognise separately any rights and obligations created in the transfer

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at fair values at that date. Any difference between the consideration received and the amounts recognised in the surplus or deficit in the period of the transfer.

Accounting Policies

1.9 Financial instruments (continued)

If the entity transfers a financial asset in a transfer in å transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset. If, as a result of a transfer, a financial asset is derecognised in its entirety but transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit. If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial Liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e - when the obligation specified in the contract is discharged, cancelled, expires or waived. A exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguishing or transferred to another party and the consideration paid, including any non-cash- assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non- exchange transaction are accounted for in accordance with the Standard of GRAP on revenue from non-exchange Transaction (Taxes and Transfers)

Presentation

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

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax (where applicable) relating to distributions to holders of residual interests and to transaction costs incurred on a residual interests are accounted for in accordance with the International Accounting Standards on Income Taxes.

A financial asset and a financial liability are only offset and net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 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.

Accounting Policies

1.10 Leases (continued)

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.

1.11 Inventories

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

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

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

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

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

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

Water Inventory

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1.11 Inventories (continued)

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, dams, etc). However, water in natural resources, that are filled by rain and that has not yet been treated, and is not under the control of the Municipality and cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial Position. Water that is found in its natural state, such as in rivers, dams, streams, lakes, boreholes, and the sea meets the definition of a non-living resource. From time to time an entity may intervene as part of its mandate or service delivery objective. For example an entity may undertake measures to ensure that the quality of the water in rivers and dams is maintained. This will not result in a change in the water's natural state, and the definition of a non-living resource is therfore still met. The Municipality does not have non-living resources and GRAP 110 is not applicable to it.

The basis of determining the cost of water purchased and not yet sold at the statement of Financial position date comprises all costs of purchases, cost of conversion, and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

1.12 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

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

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash- generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

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

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

Irrespective of whether there is any indication of impairment, the municipality 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 municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:
- 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.

1.12 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:
- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

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.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

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 municipality 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 municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

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

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

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

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

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

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

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

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

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1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality 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.

1.13 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.

Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

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

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash- generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service 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 non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

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1.13 Impairment of non-cash-generating assets (continued)

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

After the recognition of an impairment loss, 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.

Reversal of an impairment loss

The municipality 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 municipality 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.

1.14 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.

1.14 Employee benefits (continued)

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.

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.

1.14 Employee benefits (continued)

Multi-employer plans and/or State plans and/or Composite social security programmes

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

Insured benefits

Where the entity pays insurance premiums to fund a post-employment benefit plan, the entity treats such a plan as a defined contribution plan unless the entity will have (either directly or indirectly through the plan) a legal or constructive obligation to either:

- pay the employee benefits directly when they fall due; or
- pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior reporting periods.

If the entity retains such a legal or constructive obligation, the entity treats the plan as a defined benefit plan.

Post-employment benefits: Defined contribution plans

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

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

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

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

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.14 Employee benefits (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.14 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.14 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.15 Provisions and Contingencies

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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.

Accounting Policies

1.15 Provisions and Contingencies (continued)

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.17 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).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

Interest, 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.

Accounting Policies

1.17 Revenue from exchange transactions (continued)

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.

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1.18 Revenue from non-exchange transactions

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

Recognition

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

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

Measurement

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

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

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

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

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

VAT is a value-added tax that is charged at the applicable rate on the supply of goods or services supplied by the vendor in the course or furtherance of an enterprise. The Municipality collects VAT on behalf of the South African Revenue Services (SARS) based on the taxable supplies it provides in meeting its service delivery objectives. The Municipality is a VAT vendor registered on the payment basis although the accrual basis of accounting is applied by the Municipality in accordance with the principles of GRAP.

The amount payable to or receivable from SARS is calculated as the VAT charged by the Municipality on taxable supplies (output VAT), reduced by the VAT input the Municipality is charged by service providers on expenditure incurred in the furtherance of the Municipality's service delivery mandate.

VAT receivables and payables are measured in accordance with the accounting policy on statutory receivables and payables.

1.19 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and

1.19 Unauthorised expenditure (continued)

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and where recovered. it is subsequently accounted for as revenue in the statement of financial performance.

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

1.20 Fruitless and wasteful expenditure

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

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

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

1.21 Irregular expenditure

Irregular expenditure is defined in section 1 of the MFMA as follows:
Ïrregular expenditure ", in relation to a municipality or municipal entity, means
a) expenditure incurred by a municpality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Plublic Office-Beares Act, 1988 (Act No.20 of 1998);or
d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the muncipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes ependiture by a municipality which falls within the definition of "unauthorised expenditure".

In this context 'expenditure' refers to any use of municipal funds that is in contravention of the following legislation:

> Municipal Finance Management Act, Act 56 of 2003, and its regulations
> Municipal Systems Act, Act 32 of 2000, and its regulations
> Public Office Bearers Act, Act 20 of 1998, and its regulations; and
> The municipality's supply chain management policy, and any by-laws giving effect to that policy.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008).

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end and must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.21 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

Irregular Expenditure is disclosed in terms of Circular 68 from National Treasury.

1.22 Segment information

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

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

Measurement

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

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

The geographical information is not available to be able to report segments per area.

1.23 Budget information

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

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. The approved budget is prepared on an accrual basis and presented by programmes linked to performance outcome objectives. The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

1.23 Budget information (continued)

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

Comparative information is not required.

1.24 Related parties

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

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

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

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

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

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

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

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

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

Related parties and related party transactions

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, Executive Directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.25 Events after reporting date

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

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

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

Accounting Policies

1.25 Events after reporting date (continued)

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

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.26 Statutory Receivables

Statutory receivables are receivables that:

(a) arise from legislation, supporting regulations, or similar means; and GRAP 108.

(b) require settlement by another entity in cash or another financial asset.

Initial Recognition

The Municipality shall recognise statutory receivables as follows:

(a) if the transaction is an exchange transaction, using GRAP 9;

(b) if the transaction is a non-exchange transaction, using GRAP 23; or

(c) if the transaction is not within the scope of the Standards of GRAP listed in (a) or (b) or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably

Derecognition

An entity shall derecognise a statutory receivable, or a part thereof, when:

(a) the rights to the cash flows from the receivable are settled, expire or are waived;

(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

(c) the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity shall:
(i) derecognise the receivable; and
(ii) recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. An entity shall consider whether any newly created rights and obligations are within the scope of GRAP 104 or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

Initial Measurement

The Municipality shall initially measure statutory receivables at their transaction amount. The statutory receivables shall be measured initially in accordance with the applicable Standard of GRAP. The amount determined on initial measurement in accordance with another Standard of GRAP is the same as the transaction amount described in this Standard.

1.26 Statutory Receivables (continued)

Subsequent measurement

An entity shall measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
(a) interest or other charges that may have accrued on the receivable (where applicable);
(b) impairment losses; and
(c) amounts derecognise

Impairment losses

An entity shall assess at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, an entity shall consider, as a minimum, the following indicators:
(a) Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
(b) It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
(c) A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
(d) Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, an entity shall measure the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, shall be reduced, either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, an entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable shall be revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows

Any previously recognised impairment loss shall be adjusted either directly or by adjusting the allowance account. The adjustment shall not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment shall be recognised in surplus or deficit

VAT Receivable

VAT is levied in accordance with the VAT Act. VAT receivable is recognised using the accrual basis of accounting to the extent that input VAT exceeds output VAT. VAT receivable is initially measured at the rate applicable to the transaction amount and subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued on the receivable, impairment or amounts derecognised. The Municipality assesses at each reporting date whether there is any indication that the VAT receivable is impaired. If impairment indicators exist, an impairment loss is measured as the difference between the recoverable amount and the carrying amount. The recoverable amount is calculated as the estimated cash flows from the VAT returns filed with SARS. Where the carrying amount is higher than the recoverable amount, the carrying amount is reduced using a Provision for Bad Debts account to reflect the recoverable amount. The amount of the loss is recognised in the Statement of Financial Performance.

Figures in Rand	2024	2023

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 25 : Employee Benefits	01 April 2023	No material impact
iGRAP 7 : Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	No material impact
GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	No material impact
GRAP 1 : Presentation of financial statements	01 April 2023	No material impact

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or late periods but are not yet effective:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (as revised) : Financial Instruments	01 April 2025	Unlikely there will be material impact

3. Segment information

General information

Identification of segments

The municipality is organised and operates in three key functional segments (or business areas). The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. Revenue and expenditure relating to these business are allocatedat a transactional level. Costs relating to governance and administration of the municipality are not allocated to these business areas.

The three key business areas comprise of:

Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services.

Economic and environmental services which include planning and development, road transport and environmental protection

Trading services which includes energy sources, water management and waste water management

The grouping of these segments is consistent with the functional classifications of governement activities which considers the nature of the service, the beneficiaries of such services and the fees charged for the services rendered (if any).

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3. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Community Services	Economic Environmental Affairs	Water and Sanitation	Other Segments & Admin	Total
Revenue					
Revenue from non-exchange transactions	-	-	508,716,821	750,268,576	1,258,985,397
Revenue from exchange transactions	-	-	23,495,212	-	23,495,212
Actuarial gains	-	-	-	235,574	235,574
Agency Services	-	-	-	232,944	232,944
Rental of facilities and Equipment	-	-	-	14,020	14,020
Other Income	74,524	-	1,543,218	1,030,270	2,648,012
Total segment revenue	**74,524**	**-**	**533,755,251**	**751,781,384**	**1,285,611,159**
Interest revenue					131,614,270
Total revenue					**1,417,225,429**
Expenditure					
Salaries and wages	16,001,054	27,749,206	88,880,261	180,063,327	312,693,848
Remuneration of Councillors	-	-	-	11,811,323	11,811,323
Legal Costs	-	-	-	10,695,694	10,695,694
Depreciation	-	-	101,754,973	18,435,836	120,190,809
Lease rentals from Operating Lease	-	-	-	2,896,881	2,896,881
Debt impairment	-	-	-	11,217,382	11,217,382
Bulk Purchases	-	-	8,320,919	-	8,320,919
Contracted Services	2,935,502	30,511,090	97,638,596	54,437,612	185,522,800
Transfers and Subsidies	-	19,956,522	-	1,346,166	21,302,688
Impairment of PPE	-	-	710,790	-	710,790
General Expenses	2,967,937	1,337,985	37,072,571	148,803,750	190,182,243
Total segment expenditure	**21,904,493**	**79,554,803**	**334,378,110**	**439,707,971**	**875,545,377**

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	Community Services	Economic Environmental Affairs	Water and Sanitation	Other Segments & Admin	Total
3. Segment information (continued)					
Total segmental surplus/(deficit)	**(21,829,969)**	**(79,554,803)**	**199,377,141**	**312,073,413**	**410,065,782**
Total revenue reconciling items					131,614,270
Assets					
Segment assets	131,100	6,065,041	5,720,840,426	1,588,440,734	7,315,477,301
Investment in controlled entities	100	-	-	-	100
Total segment assets	**131,200**	**6,065,041**	**5,720,840,426**	**1,588,440,734**	**7,315,477,401**
Total assets as per Statement of financial Position					**7,315,477,401**
Liabilities					
Segment liabilities	-	-	-	211,451,925	211,451,925
Total liabilities as per Statement of financial Position					**211,451,925**

Cashflows

	Other Segments	Total
Cashflow from operating activities	761,618,055	761,618,055
Cashflow from investing activities	(495,338,889)	(495,338,889)

2023

	Community and Public Safety	Economic Environmenta l Affairs	Water and Sanitation	Other Segments & Admin	Total

Notes to the Annual Financial Statements

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3. Segment information (continued)

Revenue					
Revenue from exchange transactions	-	-	25,298,157	-	25,298,157
Revenue from non-exchange transactions	16,626,000	-	558,017,587	703,654,345	1,278,297,932
Agency Services	-	-	-	221,196	221,196
Rental of facilities and Equipment	-	-	-	14,971	14,971
Other Income	1,065,610	-	7,487,709	431,942	8,985,261
Actuarial gains	-	-	-	1,373,754	1,373,754
Total segment revenue	**17,691,610**	**-**	**590,803,453**	**705,696,208**	**1,314,191,271**
Interest revenue					83,345,961
Entity's revenue					**1,397,537,232**
Expenditure					
Salaries and wages	38,960,709	12,046,260	99,508,078	138,780,681	289,295,728
Remuneration of councillors	-	-	-	11,306,562	11,306,562
Litigation expenditure	-	-	-	7,536,414	7,536,414
Depreciation	-	-	86,592,785	19,811,696	106,404,481
Lease rentals on operating lease	-	-	-	1,616,800	1,616,800
Debt impairment	-	-	-	13,404,022	13,404,022
Bulk purchases	-	-	13,312,408	-	13,312,408
Transfers and subsidies	14,304,895	26,086,956	-	584,778	40,976,629
General expenses	5,766,807	2,629,757	26,342,963	117,644,696	152,384,223
Contracted services	2,465,540	30,642,030	79,407,362	78,817,385	191,332,317
Total segment expenditure	**61,497,951**	**71,405,003**	**305,163,596**	**389,503,034**	**827,569,584**
Total segmental surplus/(deficit)					**486,621,687**
Total revenue reconciling items					83,345,961
Assets					
Segment assets	131,100	9,877,228	5,349,996,913	1,292,951,630	6,652,956,871
Long term Investment	-	-	-	10,838,087	10,838,087
Investments in controlled entities	100	-	-	-	100
Total segment assets	**131,200**	**9,877,228**	**5,349,996,913**	**1,303,789,717**	**6,663,795,058**

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Figures in Rand

	Community and Public Safety	Economic Envronmental Affairs	Water and Sanitation	Other Segments & Admin	Total
3. Segment information (continued)					
Total assets as per Statement of financial Position					**6,663,795,058**
Liabilities					
Segment liabilities	-	-	-	223,286,517	223,286,517
Total liabilities as per Statement of financial Position					**223,286,517**

	Other Segments	Total
Cashflow from operating activities	625,794,743	625,794,743
Cashflows from Investing activities	(482,541,580)	(482,541,580)
	143,253,163	**143,253,163**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

4. Inventories

Consumables stores	12,395,923	11,183,466
Water	3,811,250	3,644,310
	16,207,173	**14,827,776**

Water losses in cubic meters

Opening balance	203,886	549,745
System input volume	6,005,500	6,118,765
Authorised consumption	(5,052,877)	(5,177,324)
Non-revenue water	(195,364)	(204,567)
Water Losses	**961,146**	**543,288**

Cost of producing one cubic litres	19	18
Water losses in Rands	R 18,261,774	R 9,779,184
Water loss as a percentage of produced	16%	10%
	-	-

The water losses are as a result of leakages on the network system, evaporation as well as illegal connections.

There is no inventory that was pledged as security.

5. Receivables from non-exchange transactions

Staff Debtors	240,719	392,830
Other Debtors	4,056,212	139,872
	4,296,931	**532,702**

Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Grants - Bank SETA	34,800	-

The other receivables are made up of the following		
ANDA Legal expenses	97,902	97,922
Utilities World	176,455	41,950
Amadonti Projects	116,900	-
Bank Seta grant	34,800	-
SALGA Levies	3,630,156	-
	4,056,213	**139,872**

Financial asset receivables included in receivables from non-exchange transactions above	**4,262,131**	**532,702**

Receivables from non-exchange transactions pledged as security

There were no receivables from non-exchange that were pledged as security.

Figures in Rand	2024	2023

6. Receivables from Exchange Transactions

Gross balances		
Water	166,226,367	150,534,739
Sewerage	27,304,800	24,866,225
Other	1,320,658	1,334,107
	194,851,825	**176,735,071**
Less: Allowance for impairment		
Water	(101,875,280)	(92,600,953)
Sewerage	(23,034,041)	(21,082,891)
Other	(732,335)	(740,430)
	(125,641,656)	**(114,424,274)**
Net balance		
Water	64,351,087	57,933,786
Sewerage	4,270,759	3,783,334
Other	588,323	593,677
	69,210,169	**62,310,797**
Water		
Current	5,072,007	2,916,359
31 - 60 days	3,391,581	2,989,491
61 - 90 days	3,272,082	2,650,591
91 - 120 days	2,619,594	2,435,754
121 - 150 days	3,025,071	2,222,213
151 - 180 days	2,895,543	2,339,998
> 180 days	145,950,487	134,980,661
	166,226,365	**150,535,067**
Sewerage		
Current	416,232	403,470
31 - 60 days	410,240	402,241
61 - 90 days	444,449	392,341
91 - 120 days	386,107	386,929
121 - 150 days	383,508	386,929
151 - 180 days	379,512	383,175
> 180 days	24,884,752	22,897,736
	27,304,800	**25,252,821**

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Figures in Rand	2024	2023

6. Receivables from Exchange Transactions (continued)

Sundries		
> 180 days	1,320,658	1,334,107
	-	-
	1,320,658	**1,334,107**

Summary of debtors by classification

Consumers		
0-30 days	2,189,598	1,093,039
31- 60 days	1,450,388	1,080,138
61-90 days	1,791,086	1,133,060
91-120 days	1,119,503	1,125,350
>120 days	97,329,025	93,415,228
Subtotal	103,879,600	97,846,815
Less impairment allowance	(91,966,936)	(87,457,819)
	11,912,664	**10,388,996**

Industrial		
0-30 days	829,635	673,390
31-60 days	839,692	512,772
61-90 days	663,376	473,063
91-120 days	696,495	525,310
>120 days	39,012,576	34,365,541
	-	-
Subtotal	42,041,774	36,550,076
Less impairment allowance	(10,235,742)	(8,906,512)
	31,806,032	**27,643,564**

Churches		
0-30 days	449,490	41,331
31-60 days	47,542	52,242
61-90 days	70,726	52,343
91-120 days	36,304	54,143
> 120 days	2,952,241	2,665,773
Subtotal	3,556,303	2,865,832
Less impairment allowance	(2,841,492)	(217,490)
	714,811	**2,648,342**

National and Provincial Governments		
0-30 days	2,019,516	1,512,069
31-60 days	1,464,199	1,746,580
61-90 days	1,191,343	1,384,466
91-120 days	1,153,400	1,117,879
>120 days	38,225,031	32,377,240
Subtotal	44,053,489	38,138,234
Less impairment allowance	(19,865,150)	(17,102,022)
	24,188,339	**21,036,212**

Other- sundries		
>120 days	1,320,658	1,334,107
Subtotal	1,320,658	1,334,107

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
6. Receivables from Exchange Transactions (continued)		
Less impairment allowance	(732,335)	(740,430)
	588,323	**593,677**
Other (specify)		
Current (0 -30 days)	5,488,239	3,397,682
31 - 60 days	3,801,822	3,471,078
61 - 90 days	3,716,531	3,129,314
91 - 120 days	3,005,701	2,914,694
121 - 365 days	178,839,532	163,822,303
	194,851,825	**176,735,071**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(114,424,273)	(94,507,584)
Contributions to allowance	(11,217,382)	(19,916,690)
	(125,641,655)	**(114,424,274)**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Short-term deposits	1,376,547,875	1,110,225,379

The municipality had the following bank accounts

Account number / description	Bank statement balances 30 June 2024	Bank statement balances 30 June 2023	Bank statement balances 30 June 2022	Cash book balances 30 June 2024	Cash book balances 30 June 2023	Cash book balances 30 June 2022
Main Account - Current Account #62024932974	42,235,406	135,814,993	12,976,230	25,075,236	103,566,323	6,808,359
Main Call Account - 62477436553	544,988,557	394,732,048	222,870,871	544,988,557	394,732,048	222,870,871
DBSA - Call Account	203,490,688	162,549,979	119,977,518	203,490,688	162,549,979	114,302,038
Rural Road Asset Management #62454657720	2,242,363	40,000	4,716,220	2,242,363	40,000	4,716,220
Regional Bulk Account #62027459371	3,060,800	54,951	1,811,937	3,060,800	54,951	1,811,937
EPWP Account #62058637110	6,968	61,518	17,890	6,968	61,517	17,890
FMG Account #62033034597	114,464	5,152	3,315	114,464	5,152	3,315
WSIG Account #62033034448	722,890	309,389	40,367,988	722,890	309,389	40,367,988
Energy & Efficient Account #62027455808	6,058	553,323	5,281	6,058	553,323	5,281
Salaries and Allowance Account #620255448855	552,950,939	414,918,315	170,958,541	552,950,939	414,918,315	170,958,541
ISDG Account #62093569136	1,008,145	18,786	11,801	1,008,145	18,786	11,801
MIG Account #62065368328	1,173,741	974,074	66,636,488	1,173,741	974,074	72,311,968
Retentions	30,163,511	32,441,518	27,846,573	30,163,511	32,441,518	27,846,573
Standard Bank	-	-	101,643,836	-	-	101,643,836
Standard Bank 2	-	-	203,287,671	-	-	203,287,671
Petty cash	-	-	-	-	-	7,928
Nedbank investment	11,543,514	-	-	11,543,514	-	-
Total	**1,393,708,044**	**1,142,474,046**	**973,132,160**	**1,376,547,874**	**1,110,225,375**	**966,972,217**

8. VAT Input Accrual

VAT Input Accrual	22,987,468	11,219,969

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Figures in Rand	2024	2023

8. VAT Input Accrual (continued)

VAT Input accrual is the VAT that is claimable only when payment is made to a VAT vendor supplier and is a financial asset. VAT is payable or refundable on the payment basis.

VAT Output Accrual

Output Accrual	17,284,827	13,472,637

VAT output accrual is the VAT charged when billing customers and that has not yet been claimed from SARS. It's the Vat on the debtor's book of municipality. VAT is payable or refundable on the payment basis. VAT is payable or refundable on the payment basis.

9. Statutory receivables relating to other Standards of GRAP (other than exchange or non-exchange receivables)

The entity had the following statutory receivables where other Standards of GRAP (other than Standards of GRAP on Revenue from Exchange Transactions or Revenue from Non-exchange Transactions) have been applied, for the initial recognition:

VAT Receivable / VAT Control	16,683,170	27,700,400
VAT claimed from SARS but has not been paid at year end as guided by the Value Added tax Act 89 of 1991.		
BANK SETA Grant The relating line item where statutory receivables are included is receivables from non exchange (Refer to note 5)	34,800	-
	16,717,970	**27,700,400**

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Figures in Rand	2024	2023

10. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	465,000	-	465,000	465,000	-	465,000
Buildings	61,989,561	(34,177,564)	27,811,997	61,989,561	(31,180,220)	30,809,341
Infrastructure	3,399,751,931	(904,505,201)	2,495,246,730	2,984,702,217	(802,558,685)	2,182,143,532
Other property, plant and equipment	129,811,015	(65,111,789)	64,699,226	102,952,344	(61,203,958)	41,748,386
Assets Under Construction - Water	3,014,072,832	-	3,014,072,832	3,007,846,074	-	3,007,846,074
Assets Under Construction - Sanitation	179,005,706	-	179,005,706	147,875,348	-	147,875,348
Assets Under Construction - Buildings	5,850,349	-	5,850,349	4,705,591	-	4,705,591
Assets Under Construction - Silos	12,664,685	-	12,664,685	9,877,128	-	9,877,128
Specialised vehicles	14,000,124	-	14,000,124	-	-	-
Total	**6,817,611,203**	**(1,003,794,554)**	**5,813,816,649**	**6,320,413,263**	**(894,942,863)**	**5,425,470,400**

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Figures in Rand	2024	2023

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Derecognition	Transfers to/from AUC	Transfers / donation	Other changes, movements	Depreciation	Impairment loss	Total
Land	465,000	-	-	-	-	-	-	-	465,000
Buildings	30,809,341	-	-	-	-	-	(2,997,342)	-	27,811,999
Infrastructure	2,182,143,531	-	(42,950)	415,610,490	-	-	(101,753,419)	(710,923)	2,495,246,730
Other property, plant and equipment	41,748,383	35,579,472	(1,381,433)	-	-	-	(12,248,912)	-	64,699,226
Assets Under Construction - Water	3,007,846,074	421,837,248	-	(415,610,490)	-	-	-	-	3,014,072,832
Assets Under Construction - Sanitation	147,875,348	31,130,358	-	-	-	-	-	-	179,005,706
Assets Under Construction - Building	4,705,591	1,144,758	-	-	-	-	-	-	5,850,349
Assets Under Construction - Silos	9,877,128	2,787,557	-	-	-	-	-	-	12,664,685
Assets Under Construction - Specialised vehicles	-	14,000,124	-	-	-	-	-	-	14,000,124
	5,425,470,397	**507,479,517**	**(1,424,383)**	**-**	**-**	**-**	**(116,999,673)**	**(710,923)**	**5,813,816,651**

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Derecognition	Transfers to/from AUC	Depreciation	Total
Land	465,000	-	-	-	-	465,000
Buildings	29,230,074	-	-	3,498,504	(1,919,237)	30,809,341
Infrastructure	2,167,379,316	18,695,744	-	90,074,620	(94,006,149)	2,182,143,531
Other property, plant and equipment	40,978,184	9,289,559	(1,103,447)	1,260,000	(8,675,913)	41,748,383
Assets Under Construction - Water	2,660,884,140	437,036,554	-	(90,074,620)	-	3,007,846,074
Assets Under Construction - Sanitation	142,673,611	5,201,737	-	-	-	147,875,348
Assets Under Construction - Buildings	4,157,592	3,560,503	-	(3,012,504)	-	4,705,591
Assets Under Construction - Silos	8,660,854	1,216,274	-	-	-	9,877,128
Specialised vehicles	1,746,000	-	-	(1,746,000)	-	-
	5,056,174,771	**475,000,371**	**(1,103,447)**	**-**	**(104,601,299)**	**5,425,470,396**

Pledged as security

There were no property, plant and equipment pledged as security:

Expenditure incurred to repair and maintain property, plant and equipment

Repairs and maintainance expenditure on Property, plant and equipment is disclosed under contracted services note number 38.

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.

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Figures in Rand	2024	2023

11. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer Software	11,614,384	(7,194,004)	4,420,380	11,810,770	(4,160,226)	7,650,544

Reconciliation of intangible assets - 2024

	Opening balance	Derecognition	Amortisation	Total
Computer Software	7,650,544	(39,140)	(3,191,191)	4,420,213

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Derecognition	Amortisation	Total
Computer Software	762,912	7,183,212	(7,266)	(288,314)	7,650,544

Pledged as security

There were no intangible assets pledged as security:

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Figures in Rand	2024	2023

12. Interests in other entities

Investments in controlled entities

Name	Jurisdiction	Determination of ownership interest	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024	Carrying amount 2023
Alfred Nzo Development Agency (ANDA)			100.00 %	100.00 %	100	100
Total					100	100

13. Other non-current receivables from exchange transactions

	2024	2023
Deposits made to Eskom	7,971,013	7,879,073

The other non- current receivables consists of consumer deposits made to Eskom for electricity connections.

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14. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	131,100	-	131,100	131,100	-	131,100

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14. Heritage assets (continued)

Reconciliation of heritage assets 2024

	Opening balance	Total
Historical monuments	131,100	131,100

Reconciliation of heritage assets 2023

	Opening balance	Total
Historical monuments	131,100	131,100

15. Staff loans

	2024	2023
Staff Loans	1,041,861	1,041,861
	1,041,861	1,041,861
Allowance for doubtful debts	(1,041,861)	(1,041,861)
	-	-

The Municipality previously, in 2002, assisted some municipal officials with advances to buy motor vehicles through provision of car loans. Some of these officials left the municipality and some passed on. Means of tracing these employees were fruitless and the recoverability of the said amount is doubtful as a result. The loans have been fully impaired. The municipality does not offer loans to staff members anymore.

16. Other financial assets

	2024	2023
At amortised cost		
Nedbank investment	-	10,838,087
Non-current assets		
Designated at amortised cost	-	10,838,087
Non-current assets	-	10,838,087

Account	Cashbook 2024	Cashbook 2023	Bank statement 2024	Bank statement 2023	
Nedbank Account	11,543,514	10,838,087	11,543,514	10,838,087	-

The investment is a fixed deposit that matures on 31 March 2025 at a fixed interest rate of 14.07% per annum. It has been reclassified to current asset, cash and cash equivalent note 7, in the period that ended 30 June 2024.

17. Operating lease liability (Accrual)

	2024	2023
Current liabilities	(209,989)	(226,024)

Figures in Rand	2024	2023

18. Payables from exchange transactions

Trade payables	204,866,042	85,801,997
Retentions	66,482,280	71,024,081
Accrued bonus	6,199,851	5,975,646
Other creditors	10,145	9,762
Salaries due	267,018	1,784,461
Third party payments	205,164	176,391
	278,036,994	**164,772,338**

19. Employee benefit obligations

Long Service Awards

Non-current liabilities	(13,093,000)	(10,955,000)
Current liabilities	(1,183,000)	(1,480,000)
	(14,276,000)	**(12,435,000)**

Long Service Awards

The municipality operates an unfunded defined plan for all its employees. Under the plan, a long service award is payable after five years of continuous service and every five years thereafter to employees. The provision is an estimate of the long service based on historical staff turnover. No other long service benefits are provided to employees. These provisions are made to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by Mr C. Weiss Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At the end of the year 516, (2023: 492) employees were eligible for long service awards

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

Opening balance	12,435,000	12,082,000
Current service costs	1,476,000	1,448,000
Interest Cost	1,333,000	1,235,000
Benefits paid	(732,426)	(956,247)
Actuarial gain	(235,574)	(1,373,753)
	-	-
Present value of the fund at the end of the year	**14,276,000**	**12,435,000**

Net expense recognised in the statement of financial performance

Current service cost	1,476,000	1,448,000
Interest cost	1,333,000	1,235,000
Actuarial (gains) losses	(235,574)	(1,373,753)
Net expense recognised in the statement of financial performance	**2,573,426**	**1,309,247**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(235,574)	(1,373,753)

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

19. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.21 %	11.38 %
CPI inflation rate	6.62 %	6.62 %
Net effect discount rate	4.57 %	4.47 %
Expected retirement age - Females	62	62
Expected retirement age - Males	62	62

20. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Municipal Infrastructure Grant	-	-
Water Services Infrastructure Grant	-	14,106,643
Expanded Public Works Programme	-	-
Infrastructure Skills Development Grant		-
Rural Roads Asset Management System Grant	2,185,472	-
	2,185,472	**14,106,643**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited. Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. During the financial year, the funding from RAMS was not fully spent and a roll over application has been submitted to National Treasury.

See note 28 for reconciliation of grants from National/Provincial Government. These funds are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

21. Provisions

Reconciliation of Provisions - 2024

	Opening Balance	Additions	Total
Litigations	3,903,041	2,065,784	5,968,825
Leave Provision	29,057,150	5,650,578	34,707,728
	32,960,191	**7,716,362**	**40,676,553**

Reconciliation of Provisions - 2023

	Opening Balance	Additions	Total
Litigations	3,903,381	(340)	3,903,041
Leave Provision	22,610,106	6,447,044	29,057,150
	26,513,487	**6,446,704**	**32,960,191**

Litigations Provision

On June 26, 2019, the High court of South Africa, Mthatha, delivered a judgement against the municipality on a case between the municipality and Ms Z. Mgwebi. The two parties have not finalised the amount of the payout and in the current financial year and the Plaintiff revised the particulars of its claim to R 5 968 825.

Leave Provision

Staff leave accrue to staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

22. Payables from Non-Exchange Transactions

These are payments made by customers in advance for services.

	2024	2023
Advance payments by customers	1,157,115	2,094,850

23. Revenue

	2024	2023
Service charges	23,495,688	25,298,157
Rental of facilities and equipment	14,020	14,971
Agency services	232,944	221,196
Other income	2,648,312	8,985,261
Actuarial Gains	235,574	1,373,754
Interest income	131,613,793	83,345,961
Government grants & subsidies	1,257,588,787	1,278,297,932
Public contributions and donations	1,396,610	-
	1,417,225,728	**1,397,537,232**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

23. Revenue (continued)

The amount included in revenue arising from exchange of goods or services are as follows:		
Service charges	23,495,688	25,298,157
Rental of facilities and equipment	14,020	14,971
Agency services	232,944	221,196
Other income	2,648,312	8,985,261
Actuarial gains	235,574	1,373,754
Interest income	131,613,793	83,345,961
	158,240,331	**119,239,300**

The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	1,257,588,787	1,278,297,932
Public contributions and donations	1,396,610	-
	1,258,985,397	**1,278,297,932**

24. Service charges

Sale of water	20,504,079	21,851,878
Sewerage and sanitation charges	2,991,609	3,446,279
	23,495,688	**25,298,157**

25. Rental of facilities and equipment

Premises		
Premises	14,020	14,971

26. Agency services

Commission earned	232,944	221,196

Agency services are admin fees charged to companies that are paid by the municipality on behalf of municipal officials. The fee is for the admin work done in calculating the deductions, making the deductions and also paying over to the companies or third parties.

27. Other income

Sundry Income	746,752	1,015,750
Other income	5,157	-
Insurance income	1,257,187	400,000
Retentions forfeited	546,317	7,487,709
Fire levy	74,523	49,860
Clearance fees	18,376	31,942
	2,648,312	**8,985,261**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

28. Interest Income

Investments	112,079,020	69,639,317
Debtors fair value adjustment	19,534,773	13,706,644
	131,613,793	**83,345,961**
	-	-
	131,613,793	83,345,961

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

29. Government grants & subsidies

	2024	2023
Operating grants		
Equitable share	734,119,000	686,652,000
Infrastructure skills development grant	5,670,000	5,500,000
Bank seta	1,996,890	3,488,815
Local government seta	763,150	593,534
Finance management grant	1,950,000	1,950,000
Emergency housing grant	-	16,626,000
Energy efficiency and demand management grant	-	2,420,000
Expanded public works programme	5,505,001	9,337,000
Rural roads asset management systems grant	264,535	3,049,996
	750,268,576	**729,617,345**
Capital grants		
Municipal infrastructure grant	423,226,995	433,122,000
Water services infrastructure grant	77,106,640	85,893,359
Regional bulk infrastructure grant	6,986,576	29,665,228
	507,320,211	**548,680,587**
	750,268,576	729,617,345
	507,320,211	548,680,587
	1,257,588,787	**1,278,297,932**

Equitable Share

In terms of the Constitution, this grant is used to subsidies the provision of basic services to indigent community members.

During the year, the municipality received its draw downs as per National Treasury indicatives.

Expanded Public Works Programme

	2024	2023
Current-year receipts	5,505,001	9,337,000
Conditions met - transferred to revenue	(5,505,001)	(9,337,000)
	-	-

EPWP grant is used to incentivise municipalities to expand work creation through the use of labour intensive delivery methods in the following identified focus areas, in compliance with EPWP guidelines: road maintenance and maintenance of buildings, low traffic volume roads and rural roads, basic services, infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk infrastructure) other economic and social infrastructure, tourism and cultural industries, waste management, parks and beautification, sustainable land based livelihoods, social services programmes and community safety programmes.

During the year the municipality received its drawdowns as per National Treasury indicatives.

Finance Management Grant

	2024	2023
Current-year receipts	1,950,000	1,950,000
Conditions met - transferred to revenue	(1,950,000)	(1,950,000)
	-	-

The Finance Management grant is allocated to municipalities to promote and support reforms in financial management by building capacities in municipalities to implement the Finance Management Act.

During the year, the municipality received its drawdowns as per National Treasury indicatives.

Figures in Rand	2024	2023

29. Government grants & subsidies (continued)

Municipal Infrastructure Grant

Current-year receipts	423,227,000	433,122,000
Conditions met - transferred to revenue	(423,227,000)	(433,122,000)
	-	-

The grant is meant to eradicate basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

During the year the municipality received its drawdowns as per National Treasury indicatives.

Rural Roads Asset Management Systems Grant

Current-year receipts	2,450,000	3,050,000
Conditions met - transferred to revenue	(264,535)	(3,050,000)
	2,185,465	-

The grant is used to assist district municipalities to set up road asset management systems and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa.

During the year, the municipality could not spend the grant fully. A rollover application has been made to National Treasury for the remaining balance.

Infrastructure Skills Development Grant

Current-year receipts	5,670,000	5,500,000
Conditions met - transferred to revenue	(5,670,000)	(5,500,000)
	-	-

The grant is used to recruit unemployed graduates into municipalities to be trained and professionally registered as per the requirements of the relevant statutory councils within the built environment.

During the year the municipality received its drawdowns as per National Treasury indicatives.

Regional Bulk Infrastructure Grant

Balance unspent at beginning of year	-	(8,270,526)
Current-year receipts	6,986,576	37,935,754
Conditions met - transferred to revenue	(6,986,576)	(29,665,228)
	-	-

The grant is used to develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water and sanitation infrastructure that connects water resources to infrastructure serving extensive areas across municipal boundaries or large bulk infrastructure serving numerous communities over a large area within a municipality.

To implement bulk infrastructure with a potential of addressing water conservation and water demand management (WC/WDM) projects to facilitate and contribute to the implementation of local (WC/WDM) projects that will directly impact on bulk infrastructure requirements.

Energy Efficiency and Demand Management

Current-year receipts	-	2,420,000
Conditions met - transferred to revenue	-	(2,420,000)

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

29. Government grants & subsidies (continued)

	-	-

The grant is used to subsidise to municipalities to implement energy efficiency and demand side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

There were no receipts for this grant in the current financial year.

Water Services Infrastructure Grant

Balance unspent at beginning of year	14,106,641	-
Current-year receipts	63,000,000	100,000,000
Conditions met - transferred to revenue	(77,106,641)	(85,893,359)
	-	**14,106,641**

The grant is used to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities.

During the year the municipality received its drawdowns as per National Treasury indicatives.

Municipal Emergency Housing Grant

Current-year receipts	-	16,625,778
Conditions met - transferred to revenue	-	(16,625,778)
	-	-

The grant was for the provision of temporary shelter assistance to households affected by disasters.

There were no receipts for this current financial year.

30. Public contributions and donations

Public contributions and donations	1,396,610	-

DBSA made a donation to the Municipality, an asset, a water truck. The asset has been disclosed in note number 10 as part of property, plant and equipment. There is no condition attached to this transfer of the asset,

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Figures in Rand	2024	2023

31. Employee related costs

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Basic Salaries and Scarcity Allowance	192,447,623	182,210,793
Bonus	14,023,358	12,744,543
Medical aid - company contributions	15,977,570	14,811,040
UIF and Group Life	1,997,862	1,629,422
SDL	2,450,915	2,250,950
Leave pay provision charge	9,664,855	8,047,617
Overtime payments	11,890,185	6,935,977
Long-service awards	2,809,000	2,683,000
Car allowance	21,826,790	20,987,299
Housing benefits and allowances	5,177,756	5,669,694
Shift Allowance	2,833,030	2,879,549
Bargaining Council	75,527	70,421
Defined Contribution Plan	28,322,743	26,190,890
Standing Allowance	3,196,634	2,863,610
	312,693,848	**289,974,805**

Remuneration of Municipal Manager

Annual Remuneration	885,221	680,406
Travel Allowance	103,275	79,381
Annual Bonuses	73,768	63,988
Contributions to Medical and Pension Funds	413,103	317,522
Remote Allowance	75,248	-
UIF, SDL, LEVY	16,267	15,293
Leave pay	-	363,614
	1,566,882	**1,520,204**

Remuneration of Chief Financial Officer

Annual Remuneration	733,485	703,881
Travel Allowance	257,211	247,828
Annual Bonuses	61,204	62,492
Contributions to Housing, Medical and Pension Funds	169,888	163,316
Remote Allowance	65,223	-
UIF, SDL, LEVY	14,440	11,948
Acting Allowance	79,347	-
	1,380,798	**1,189,465**

Remuneration of Senior Manager - Corporate Services

Annual Remuneration	25,888	773,761
Travel Allowance	8,629	257,920
Annual Bonus	59,286	121,609
Contributions to Medical and Pension Funds	6,473	193,441
UIF, SDL, LEVY	2,558	16,819
Leave pay	138,354	-
	241,188	**1,363,550**

The Director Corporate Services resigned in July 2023 and was appointed as the Director: Strategic Governance from 13th July 2023.

Remuneration of Senior Manager - Community Services

Annual Remuneration	94,794	917,505

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Figures in Rand	2024	2023

31. Employee related costs (continued)

Travel Allowance	-	141,155
Annual Bonuses	-	70,577
Contributions to Housing, Medical and Pension Funds	-	352,886
UIF, SDL, LEVY	1,125	16,188
	95,919	**1,498,311**

The Director Community Services resigned in the financial year that ended 30 June 2023, Mr O. Diko was appointed from 1st April 2024.

Remuneration of Senior Manager - IDMS

Annual Remuneration	793,764	785,905
Travel Allowance	193,270	191,356
Annual Bonus	64,911	64,263
Contributions to Housing, Medical and Pension Funds	245,032	242,501
Remote Allowance	43,449	-
UIF, SDL, LEVY	16,394	14,662
	1,356,820	**1,298,687**

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Director: Community Services

Annual Remuneration	383,630	-
Remote Allowance	24,196	-
UIF, SDL, LEVY	5,518	-
	413,344	**-**

The Director Community Services was appointed in April 2024.

Director Planning and Development

Annual Remuneration	383,630	-
Car Allowance	24,196	-
Performance Bonuses	5,518	-
	413,344	**-**

The Director Planning and Economic Development was appointed in February 2024

Director: Strategic Governance

Annual Remuneration	712,210	-
Travel Allowance	177,563	-
Annual Bonuses	5,104	-
Contributions to Medical and Pension Funds	235,446	-
Remote Allowance	68,349	-
Other	14,752	-
	1,213,424	**-**

The Director Strategic Governance was appointed on 13th of July 2023.

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Figures in Rand	2024	2023

32. Remuneration of Councillors

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Council Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor, Deputy Executive Mayor, Council Speaker have use of Council owned vehicles for official duties and they have two full-time bodyguards each.

Salaries

Executive Mayors	962,008	926,195
Deputy Executive Mayor	494,352	469,527
Council Speaker	792,872	752,508
Council Whip	723,165	699,662
Section 79 committee chairperson	445,150	426,140
Mayoral Committee	5,028,905	5,602,264
Other Councillors	3,364,871	3,263,734
	11,811,323	**12,140,030**

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.

33. Litigation expenditure

Legal fees	10,695,649	7,536,414

34. Depreciation and amortisation

Property, plant and equipment	116,999,673	104,601,299
Intangible assets	3,191,136	286,792
	120,190,809	**104,888,091**

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35. Lease rentals on operating lease

Equipment		
Contractual amounts	2,364,139	1,110,836
Plant and equipment		
Contractual amounts	532,742	505,964
	2,896,881	**1,616,800**

36. Debt impairment

Debt impairment	11,217,382	13,404,022

37. Bulk purchases

Water	8,321,461	13,312,408

38. Contracted services

Consultants and Professional Services		
Business and Advisory	5,627,102	5,556,632
Infrastructure and Planning	9,293,140	5,220,918

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

38. Contracted services (continued)

Contractors		
Repairs and Maintenance	101,158,592	100,345,236
Security services	31,322,315	30,444,599
Agripark, EPWP, pit-toilets and other contractors	38,121,651	49,773,132
Total Consultants and Professional Services	14,920,242	10,777,550
Total Contractors	170,602,558	180,562,967
	185,522,800	**191,340,517**

39. Transfer and subsidies

Other subsidies		
External Bursaries	946,166	584,778
Emergency Housing	-	14,304,895
Cash transfers to other municipalities	400,000	-
Alfred Nzo Development Agency	19,956,522	26,086,956
	21,302,688	**40,976,629**

The municipality transferred funds to the local municipalities (Matatiele, Umzimvubu, Winnie-Madikizela Mandela and Ntabankulu municipalities) within the district as contributions for IDP roadshows.

40. General expenses

Audit Committee	989,360	843,411
Publicity and Marketing Costs	2,635,417	4,042,583
Audit Fees	6,059,369	8,064,490
Bank charges	819,755	786,491
Cleaning	474,821	464,919
IT expenses	3,451,478	2,206,000
Consumables	22,479,681	10,776,620
Discount allowed	-	533,464
Insurance	2,114,344	3,161,138
License fees	15,874,938	16,843,120
Fuel and Oil	33,620,118	16,522,610
Printing and Stationery	3,683,247	1,985,186
Protective clothing	2,036,366	3,404,355
Subscriptions and Membership fees	3,662,892	3,683,048
Postage and Telecommunication costs	10,342,191	9,409,420
Travelling Costs	20,726,389	20,000,089
Rates and Electricity	35,554,293	25,410,801
Catering	2,855,430	4,098,690
Conferences and Seminars	1,272,458	2,750,746
Indigent Support	2,555,487	1,492,960
Accommodation	8,259,304	5,389,750
Other expenses	10,714,905	12,299,880
	190,182,243	**154,169,771**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

41. Cash generated from operations

	2024	2023
Surplus	540,216,978	567,067,612
Adjustments for:		
Depreciation and amortisation	120,190,809	104,888,091
Loss on sale of assets and liabilities	1,463,418	1,110,133
Actuarial gains	(235,574)	(1,373,754)
Asset donation	(1,396,610)	7,266
Interest on long term investment	-	(703,500)
Impairment deficit	710,790	-
Debt impairment	11,217,382	13,404,022
Movements in operating lease assets and accruals	(16,035)	2,495
Employee benefits obligations	2,076,574	1,728,754
Movement in leave provision	7,716,362	6,446,704
Donation on PPE	-	-
Changes in working capital:		
Inventories	(1,379,397)	4,837,591
Receivables from exchange transactions	(18,116,754)	(24,970,654)
Other receivables from non-exchange transactions	(3,764,229)	9,090,348
Payables from exchange transactions	113,264,656	(74,470,841)
VAT	2,571,921	5,552,127
Unspent conditional grants and receipts	(11,921,171)	14,106,642
Changes in payables from non-exchange transactions	(937,735)	(911,357)
	761,661,385	**625,811,679**

42. Financial instruments disclosure

2024

Financial assets

	At amortised cost	At cost	Total
Unlisted Investments	-	100	100
Trade and Receivables from exchange transactions	69,210,169	-	69,210,169
Non-current receivables from exchange transactions	7,971,013	-	7,971,013
Receivables from non-exchange transactions	960,327	-	960,327
VAT input accrual	23,470,972	-	23,470,972
Cash and cash equivalents	1,376,547,875	-	1,376,547,875
	1,478,160,356	**100**	**1,478,160,456**

Financial liabilities

	At fair value	**Total**
Trade and other payables from exchange transactions	278,030,500	278,030,500
Payable non-exchange transactions	1,157,115	1,157,115
VAT Output Accrual	17,284,827	17,284,827
Operating lease liability	209,989	209,989
	296,682,431	**296,682,431**

2023

Financial assets

	At amortised cost	At cost	Total
Non-current Investments	10,838,087	-	10,838,087

Notes to the Annual Financial Statements

Figures in Rand		2024	2023

42. Financial instruments disclosure (continued)

Unlisted Investments	-	100	100
Trade Receivables from exchange transactions	62,310,797	-	62,310,797
Receivables from non-exchange transactions	532,702	-	532,702
Cash and cash equivalent	1,110,225,379		1,110,225,379
VAT Input Accrual	11,219,969		11,219,969
	1 195 126 934	**100**	**1 195 127 034**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	164,772,338	164,772,338
Payables from non-exchange transactions	2,094,850	2,094,850
VAT Output Accrual	13,472,637	13,472,637
Operating lease liability	226,024	226,024
	180,565,849	**180,565,849**

43. Commitments

Authorised capital expenditure

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	2024	2023
Already contracted for but not provided for		
• Property, plant and equipment	880,649,137	661,388,894
Total capital commitments		
Already contracted for but not provided for	880,649,137	661,388,894
Total commitments		
Total commitments		
Authorised capital expenditure	880,649,137	661,388,894

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, government grants, and internally generated funds.

Operating leases - as lessee (Buildings)

	2024	2023
Minimum lease payments due		
- within one year	598,216	548,777
- in second to fifth year inclusive	521,530	1,119,746
	1,119,746	**1,668,523**

Operating lease payments represent rentals payable by the municipality for office properties in Matatiel and Cederville.

	2024	2023
Rental expenses relating to operating leases		
Minimum lease payments	-	-

Figures in Rand	2024	2023

44. Contingencies

Contingent Liabilities

	2024	2023
1) Sinezipho Urban and Rural Development vs ANDM. Claim against the Municipality for alleged termination of contract.	-	1,544,713
2) Moko vs ANDM. Letter of demand received in lieu of specialist consultancy services rendered. The Municipality is defending the matter.	375,927	375,927
3) Supa Brick Tile vs ANDM: Claim for payment of outstanding balance for building material supplied as per cession agreement.	-	127,782
4) Natal Joint Municipal Pension Fund vs ANDM: Claim for payment of outstanding fund contribution	147,937	147,937
5) Sikhokele Maphukatha vs ANDM: Claim for repudiation of employment contract	6,600,000	6,600,000
6) Arule Security vs ANDM: Claim for payment outstanding for services rendered.	-	1,392,679
7) Umso Construction vs ANDM- Claim for services rendered.	5,390,148	5,390,148
8) Yongama Gxumisa vs ANDM-Claim for repudiation of employment agreement.	5,000,000	5,000,000
9) Ntabankulu Regional Bulk Consultants vs ANDM- Alleged breach of contract	1,281,470	1,281,470
10) Sokhani Development vs ANDM- Claim for services rendered (Settled)	68,000,000	19,505,211
11) Ntabankulu Regional Bulk Consultants vs ANDM- Alleged breach of contract	2,215,549	2,215,549
12) Royal Haskoning vs ANDM - Alleged breach of contract	1,259,500	-
13) Emil Volscheck vs ANDM claim for damages	194,795	-
14) Kaka vs ANDM – Ex employee's claim for damages against the Municipality	2,100,000	-
15) Deedscon Consulting vs ANDM - Claim for services rendered	4,699,196	-
16) Steady Motor trust vs ANDM – Claim for damages	300,000	-
17) Waterskills vs ANDM – Claim for services rendered	3,919,661	-
	101,484,183	**43,581,416**

The municipality has been cited as a third respondent in case involving ANDA and FBBI Solutions where the complainant is suing ANDA for termination of contract.
The municipality has also been cited in a case involving ANDA and Madikizela where the complainant is suing ANDA for termination of employment.

Contingent assets

	2024	2023
1. ANDM vs MP Civils: Failure to deliver a crawler sprinkler.	-	30,700
2. Lwanik Group - breach of contract	-	236,280
	-	**266,980**

45. Prior-year adjustments

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

Statement of financial position as at 30 June 2023

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Notes to the Annual Financial Statements

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45. Prior-year adjustments (continued)

2023

	As previously Reported	Correction of prior error	Reclassification	Restated
Inventories	14,827,776	-	-	14,827,776
Receivables from non-exchange transactions	532,702	-	-	532,702
Receivables from exchange transactions	62,310,797	-	-	62,310,797
Cash and cash equivalents	1,110,225,379	-	-	1,110,225,379
Statutory Receivables (VAT receivable)	25,061,627	386,105	2,252,668	27,700,400
VAT input accrual	-	-	11,219,969	11,219,696
Property Plant & Equipment	5,431,380,438	(5,910,038)	-	5,425,470,400
Intangible Assets	7,649,020	1,524	-	7,650,544
Investments in controlled entities	100	-	-	100
Heritage assets	131,100	-	-	131,100
Investments	10,838,087	-	-	10,838,087
Other non-current receivables	7,879,073	-	-	7,879,073
Operating lease liability	(226,024)	-	-	(226,024)
Payables from exchange transactions	(158,051,913)	(6,720,425)	-	(164,772,338)
Employee benefit obligation	(1,480,000)	-	-	(1,480,000)
Unspent conditional grants and receipts	(14,106,643)	-	-	(14,106,643)
Provisions	(32,960,191)	-	-	(32,960,191)
Payables from non-exchange transactions	(2,094,850)	-	-	(2,094,850)
Employee benefit obligation	(10,955,000)	-	-	(10,955,000)
VAT Output Accrual	-	-	(13,472,637)	(13,472,637)
Accumulated Surplus	(6,450,961,478)	12,242,834		(6,438,718,371)
		-	-	-

Statement of financial performance for the period ended 30 June 2023

2023

	Note	As previously reported	Correction of error	Restated
Service Charges		(25,298,157)	-	(25,298,157)
Rental of facilities and equipment		(14,971)	-	(14,971)
Agency Services		(221,196)	-	(221,196)
Other Income		(8,985,261)	-	(8,985,261)
Actuarial Gains		(1,373,754)	-	(1,373,754)
Interest income		(83,345,961)	-	(83,345,961)
Government grants and Subsidies		(1,278,297,932)	-	(1,278,297,932)
Employee related costs		289,287,928	686,877	289,974,805
Remuneration of Councillors		11,306,562	833,468	12,140,030
Legal costs		7,271,078	265,336	7,536,414
Depreciation and Amortisation		98,992,541	5,895,448	104,888,091
Lease Rentals on operating lease		1,616,800	-	1,616,800
Debt impairment		13,404,022	-	13,404,022
Bulk purchases		13,312,408	-	13,312,408
Contracted services		189,595,835	1,744,682	191,340,517
Transfers and Subsidies		40,976,629	-	40,976,629
General Expenses		151,310,956	2,858,815	154,169,771
Loss on disposal of assets		1,110,133	-	1,110,133
Surplus for the year		**(579,352,340)**	**12,284,626**	**(567,067,612)**

45. Prior-year adjustments (continued)

Prior period error

The following adjustments were done to the prior year annual financial statements after discovery that there were some errors. The objective was to ensure that all the expenditure and assets are reported correctly in the relevant accounting period. An adjustment on legal costs and contracted services amounted to R265 336 and R 1 744 682, respectively. The general expenditure were also adjusted by R 2,858,815, VAT by R 386,105 and Accruals by R 3 411 896. Employee related costs also increased by R 686 877 and R833 468 due an increment that was only approved after year end.
The Municipality implemented the asset management module and on recalculation of depreciation it resulted in an increase in the depreciation expense of R 5 895 448 and there was reassessment of useful lives of assets. The adjustment resulted in a reduction in the book value of the property, plant and equipment by R 5 866 710

Commitments were adjusted by R 12 801 681 due to an error picked up in appointment of one of the projects.

Irregular expenditure had to be adjusted by R 526 467 on expenditure incurred in the prior year.

VAT was also split and reclassified in order to comply with the requirements of GRAP 104 and 108, Financial

instruments and statutory receivables.

46. Risk management

Financial risk management

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

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Liquidity risks 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.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

30 June 2024	Payables within 1 year	Payables after 5 years	Payables after 5 years	Total
Payables from exchange transactions	278,030,500	13,093,000	-	291,123,500

30 June 2023	Payables within 1 year	Payable in 2 to 5 years	Payables after 5 years	Total
Payables from exchange transactions	164,772,338	10,955,000	-	175,727,338

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

46. 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 instruments	2024	2023
Investments	-	10,838,087
Receivables from exchange transactions	69,210,169	62,310,739
Receivables from non-exchange	4,262,131	532,702
VAT Input accrual	16,683,170	27,700,400
Cash and cash equivalents	1,376,547,875	1,110,225,379

The municipality holds investments at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by various banks. The exposure risk on these deposits is considered to be low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas of the district. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered moderate due to the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors, the municipality effectively has the right to terminate services to customers, but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, council endeavors to collect such accounts by "levying of penalty charge", applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be past due. Refer to note 6 for more information regarding the provision for Impairment raised against each service type as well as receivables considered to be past due.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are considered past due (more than 30 days outstanding

Water	161,154,359	147,618,708
Sewer	26,888,569	24,849,351
Sundries	1,320,658	1,334,107
	189,363,586	**173,802,166**

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance is individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral held from any of the counterparties.

Figures in Rand	2024	2023

46. Risk management (continued)

Market risk

Interest rate risk

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

Financial assets and liabilities that are sensitive to Interest Rate Risk are cash equivalents, Investments, and loan payables. The municipality is not exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rates.

Potential concentrations of interest rate risk consists mainly of fixed deposits investments, long term debtors, other debtors, short term Investments deposits and bank and cash balances.

The municipality limits its counterpart exposures from its money market investments operations by only dealing with well established financial institutions of high credit standing. The credit exposures to any single counterpart is managed by setting percentage exposure limits, which are included in the municipality's investment policy. These limits are reviewed periodically by the Chief Financial Officer and authorised by the Council.

The following balances are exposed to interest rate fluctuations:

Cash and cash equivalents	1,376,547,875	1,110,225,379
Non-current and current Investments	-	10,838,087
Net Balance Exposed	**1,376,547,875**	**1,121,063,466**

Potential effect of changes in Interest rates on surplus and deficit to the year/period		
	13,765,478	11,210,635
	(13,765,478)	(11,210,635)
	-	-

SENSITIVITY ANALYSIS:

Financial Assets

At 30 June 2024, if the weighted average interest rate had been 100 points basis higher, with all other variables held constant, the fair value impact on the financial performance would have been R 13 765 478 with the opposite effect if the interest rate had been 100 points basis lower. The sensitivity analysis would be performed by dividing the total Investment Interest earned for the year by the average Interest rate earned to give the effect of a one percent movement in Interest rates.

Financial Liabilities

Changes in the interest rates as at 30 June 2024 would have had no impact on the statement of financial performance, as the municipality has no borrowings.

Price risk

Price Risk (Market Risk)

Other price risk is the risk that the fair value or future cashflows 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

The municipality is not exposed to any other price risk.

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47. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	68,338,207	214,802,304
Fruitless and wasteful expenditure	1,177,132	18,250,096
Closing balance	**69,515,339**	**233,052,400**

48. Fruitless and wasteful expenditure

Opening balance as previously reported	18,250,096	18,250,096
Less: Amount written off - prior period	(17,072,964)	-
Closing balance	**1,177,132**	**18,250,096**

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 17 072 964 from fruitless and wasteful expenditure reported and incurred in the previous financial years. The balance on fruitless and wasteful expenditure is still under investigation. Fruitless and wasteful expenditure presented is inclusive of VAT.

49. Irregular expenditure

Opening balance as previously reported	214,802,304	318,363,161
Add: Irregular expenditure - current	6,388,977	952,094
Add: Irregular expenditure - prior period	-	33,000,037
Less: Amount written off - prior period	(152,853,074)	(137,512,988)
Closing balance	**68,338,207**	**214,802,304**

Cases under investigation

Expenditure on cases related to non-compliance with procurement process requirements amounted to R 68 338 207 which is still under investigation. Included in this amount is an amount of R6 388 977, incurred in the 2023/2024 financial year, as a result of awarding two tenders after expiry of the validity period and a non-compliance with supply chain regulations. Irregular expenditure presented is inclusive of VAT.

Municipal Supply Chain Management Policies or Regulations	68,338,207	214,275,836

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 152 853 074 from irregular expenditure reported and incurred in the previous financial years. The balance on irregular expenditure is still under investigation.

Recoverability steps taken/criminal proceedings

The criminal case levelled against some of the municipal officials and a service provider for alleged contravention of the SCM regulations on procurement of municipal fleet, trucks in 2014, is still on going.

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50. Deviation from supply chain management regulations

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

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

SCM processes could not be followed

	2024	2023
Impractical to follow SCM procedures, urgent matters (Deviations for legal services were rate based)	7,853,190	4,762,081

51. Awards to close family members of persons in the service of the state

The following persons whose close family members are in the employ of the state had contracts with the Municipality.

Name of the Service Provider and Type of service	Person with the relationship	Type of relationship	Person in employ of the state	Employer State	Contract Amount
MUNSOFT	Director: Ndiafhi Rerani	Spouse	Marry Rerani	Department of Justice	SLA
MUNSOFT	Manager: Nkululeko Nondzaba	Mother	Magdalene Nondzaba	Bojanala District Municipality	SLA
Guyana Trading Pty (Ltd)	Director: Bongani Xolo	Brother	NR Xolo	Alfred Nzo District	R1 093 309
Imvu Group (Pty (Ltd)	Director: Xolani Masiza	Spouse	Noluthando	Ndlambe Local Municipality	R 85 928 223

Suppliers paid after 30 days

During the year, the municipality did not always comply with the provisions of section 65(2)(e) of the MFMA which requires that all payments be reasonably made within 30 days. This is due to inappropriate documentation, invalid banking details and delays in processing of DWS claims. The total amount of such invoices not paid within 30 days is R1 953 218.

Expenditure for accommodation paid in advance

The municipality introduced cost containment measures and has not been using the services of a travel agency for accommodation, this led to some of the accommodation costs included in the reported total amount of R8 259 304 being paid before councillors or employees check in for accommodation, using quotations as opposed to invoices.

Notes to the Annual Financial Statements

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52. Additional disclosures in terms of Municipal Finance Management Act

Contributions to organised local government		
Current year subscription	3,412,368	3,494,534
Amount paid for current year	(3,412,368)	(3,494,534)
	-	-

Audit fees		
Current year subscription / fees	6,059,369	8,064,490
Amount paid for current year	(6,059,369)	(8,064,490)
	-	-

PAYE, UIF and SDL		
Current year subscription / fees	52,757,072	46,365,374
Amount paid for current year	(52,757,072)	(46,365,374)
	-	-

Pension and Medical Aid deductions		
Current year subscription / fees	61,452,963	56,053,215
Amount paid for current year	(61,452,963)	(56,053,215)
	-	-

53. Related parties

Related party balances

Alfred Nzo Development Agency (ANDA)	19,956,522	26,086,956

The remuneration of Councilor's, Directors and the Municipal Manager is disclosed in note 31 and 32.

54. Subsequent Events

Suspension of the Accounting officer

On the 30th October 2024, the Municipal Council converged and took a resolution to dismiss the Municipal Manager, Mr ZH Sikhundla. As at 30 June 2024, the financial year end, the disciplinary proceedings were still ongoing.

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