Frances Baard District Municipality
Annual Financial Statements
for the year ended 30 June 2024

General Information

Country of origin and legal form	South African Category C Municipality as defined by the Municipal Structures Act. (Act no 117 of 1998)
Jurisdiction	The Frances Baard District Municipality includes the following local municipalities: Sol Plaatje; Phokwane; Dikgatlong: and Magareng.
Nature of business and principal activities	Frances Baard Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)
Capacity of district authority	Medium capacity DC9
Management structure	The municipality senior management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and intergrated development planning functions.
Municipal Manager	Ms ZM Bogatsu
Chief Finance Officer (CFO)	Ms O Moseki (Acting)
Registered office	51 Drakensberg Avenue Carters Glen Kimberley 8301
Legal representative	Mr K Matlakala
External auditors	Auditor-General of South Africa
Internal Auditors	The Internal Audit unit was fully staffed amd operational during the financial year. The use of external service providers is limited to cases where internal capacity is insufficient to condut specialised investigations.
Members of the audit committee	Mr G Botha - Chairperson Mr T Mudamburi - Member Mr S Masikela - Member
Principal banker	First National Bank (FNB)

Executive Mayor	Ms U Buda	- Executive Mayor
	Ms KC Mothibi	- Speaker
Mayoral Committee	Mr M Mokgatlhanyane	- Proportional
	Ms LM Shushu	- Proportional
	MS OM Ditakgwe	- Proportional
	Mr I Ruiters	- Sol Plaatje Local Municipality
	Ms D Tshekedi	-Proportional
Municipal Public Accounts Committee Chairperson	Ms K Molale	
Part-time Councillors	Mr KC Kock	- Sol Plaatje Local Municipality
	Ms CC Lewis	- Proportional

General Information

Ms KJ Botman	- Proportional
Ms GV Fish	- Proportional
Mr RV Raphoto	- Proportional
Mr TE Joubert	- Proportional
Ms MK Molatudi	- Sol Plaatje Local Municipality
Mr JG Diphahe	- Sol Plaatje Local Municipality
Mr TH Bopape	- Sol Plaatje Local Municipality
Mr CP Whittaker	- Sol Plaatje Local Municipality
Mr HJ van der Berg	- Sol Plaatje Local Municipality
Ms E Badenhorst	- Sol Plaatje Local Municiaplity
Mr E Adams	- Sol Plaatje Local Municipality
Ms TG Diloke	- Phokwane Local Municipality
Ms E Davies	- Phokwane Local Municipality
Mr TM van Wyk	- Phokwane Local Municipality
Mr LDK Leeuw	- Dikgatlong Local Municipality
Mr WAS Hendricks	- Dikgatlong Local Municipality
Ms LO Amose	- Magareng Local Municipality
Ms M Aaron	- Sol Plaatje Local Municipality
Ms D Harmse	- Proportional

Other heads of departments

Mr. T Ndlazi (Acting) - Director: Administration
Mr F Netshivhodza (Acting) - Director: Planning & Development
Mr R Setshogoe (Acting) - Director: Infrastructure Services

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

Abbreviations used:

DORA	Division of Revenue Act
ITA	The Income Tax Amendment Act
GRAP	Generally Recognised Accounting Practice
VAT	Value Added Tax
MSA	Municipal Structures Act
MSA	Municipal Systems Act
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MPPMR	Municipal Planning & Performance Management Regulation
HA	Housing Act
SDLAA	Skills Development Levies Amendment Act
EEA	Employment Equity Act
UIF	Unemployment Insurance Act

Accounting Officer's Responsibilities and Approval

As the accounting officer I am required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and am responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is my responsibility 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 will be 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. They annual financial statements also based on the appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

As the accounting officer, I acknowledge that I am 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 me to meet these responsibilities, there are standards set 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.

I am 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.

I have 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, and I am is satisfied that the municipality has access to adequate resources to continue its operational existence for the foreseeable future.

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

The annual financial statements are set out in page 5, and have been prepared on the going concern basis.

Ms ZM Bogatsu
Municipal Manager

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	2	335 206	239 492
Receivables from exchange transactions	3	9 013 801	10 025 274
Investments	5	10 400 000	11 000 000
VAT receivable	6	1 640 078	2 631 927
Current Portion Long-term Receivables	8	611 000	736 000
Operating lease receivable	12	8 804	30 481
Cash and cash equivalents	7	113 099 485	113 413 460
		135 108 374	**138 076 634**
Non-Current Assets			
Statutory Receivables	4	389 000	389 000
Long-term Receivables	8	5 728 000	6 388 000
Property, plant and equipment	9	70 374 673	70 314 564
Intangible assets	10	739 249	1 700 446
Heritage assets	11	631 417	631 417
Operating lease receivable	12	-	8 804
		77 862 339	**79 432 231**
Total Assets		**212 970 713**	**217 508 865**
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	5 530 222	15 172 187
Consumer deposits	16	4 370	4 945
Employee benefit obligation	13	13 396 888	11 840 926
Unspent conditional grants and receipts	15	1 571 136	1 351 693
		20 502 616	**28 369 751**
Non-Current Liabilities			
Employee benefit obligation	13	29 853 233	29 110 513
Total Liabilities		**50 355 849**	**57 480 264**
Net Assets		**162 614 864**	**160 028 601**
Reserves			
Revaluation reserve	17	42 572 802	43 620 661
Accumulated surplus	18	120 042 062	116 407 940
Total Net Assets		**162 614 864**	**160 028 601**

* See Note 55

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	20	195 237	195 237
Other income	21	68 151	59 119
Acturial Gains	32	232 309	2 867 871
Interest received	22	13 418 050	9 986 289
Total revenue from exchange transactions		**13 913 747**	**13 108 516**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	23	141 487 870	137 339 592
Total revenue	19	**155 401 617**	**150 448 108**
Expenditure			
Employee related costs	24	(72 929 723)	(72 456 874)
Remuneration of councillors	25	(7 734 830)	(8 190 220)
Depreciation and amortisation	26	(4 985 766)	(5 309 101)
Debt Impairment	27	(314 343)	(7 402)
Inventory consumed	29	(1 116 964)	(1 085 763)
Transfers and Subsidies	30	(42 970 329)	(30 572 440)
Loss on Disposal of Property, Plant and Equipment	31	(9 702)	(296 975)
General Expenses	33	(22 753 697)	(24 688 426)
Total expenditure		**(152 815 354)**	**(142 607 201)**
Surplus for the year		**2 586 263**	**7 840 907**

* See Note 55

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	44 668 521	107 143 614	151 812 135
Adjustments			
Prior year adjustments 55	-	375 559	375 559
Balance at June 30, 2022	**44 668 521**	**107 519 173**	**152 187 694**
Changes in net assets			
Surplus for the year	-	7 840 907	7 840 907
Depreciation offset	(1 047 860)	1 047 860	-
Total changes	(1 047 860)	8 888 767	7 840 907
Opening balance as previously reported	43 620 661	116 184 881	159 805 542
Adjustments			
Prior year adjustments 55	-	223 059	223 059
Balance at June 30, 2023	**43 620 661**	**116 407 940**	**160 028 601**
Changes in net assets			
Surplus for the year	-	2 586 263	2 586 263
Depreciation Offset	(1 047 859)	1 047 859	-
Total changes	(1 047 859)	3 634 122	2 586 263
Balance at 30 June 2024	**42 572 802**	**120 042 062**	**162 614 864**
Note(s)	17		

* Details on the movement of the Funds and Reserves are set out in Note 17 and Note 18.

* See Note 55

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Transfers and subsidies		141 806 313	137 583 074
External Interest and Dividends Received		13 418 050	9 979 265
Other receipts		1 831 029	610 421
		157 055 392	148 172 760
Payments			
Employee related costs		(70 632 646)	(75 084 727)
Remuneration of councillors		(7 734 830)	(8 190 220)
Suppliers paid		(33 098 184)	(17 267 982)
Other payments		(43 069 329)	(30 027 995)
		(154 534 989)	(130 570 924)
Net cash flows from operating activities	34	**2 520 403**	**17 601 836**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(4 085 029)	(6 400 882)
Purchase of other intangible assets	10	(9 349)	-
Decrease / (Increase) in Current Investments		600 000	(1 250 000)
Decrease / (Increase) in Long-term Receivables		660 000	283 000
Net cash flows from investing activities		**(2 834 378)**	**(7 367 882)**
Net increase/(decrease) in cash and cash equivalents		**(313 975)**	**10 233 954**
Cash and cash equivalents at the beginning of the year		113 413 460	103 179 504
Cash and cash equivalents at the end of the year	7	**113 099 485**	**113 413 458**

The accounting policies on pages 18 to 37 and the notes on pages 38 to 98 form an integral part of the annual financial statements.

* See Note 55

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						
Rental of facilities and equipment	250 000	-	**250 000**	195 237	**(54 763)**	21.91%
Other income	120 000	-	**120 000**	68 151	**(51 849)**	43.21%
Actuarial Gains	-	-	**-**	232 309	**232 309**	0%
Interest received - investment	6 530 000	110 000	**6 640 000**	13 418 050	**6 778 050**	102.08%
Total revenue from exchange transactions	**6 900 000**	**110 000**	**7 010 000**	**13 913 747**	**6 903 747**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	144 317 000	895 000	**145 212 000**	141 487 870	**(3 724 130)**	2.56%
Total revenue	**151 217 000**	**1 005 000**	**152 222 000**	**155 401 617**	**3 179 617**	
Expenditure						
Employee Related Cost	(92 949 000)	6 898 000	**(86 051 000)**	(72 929 723)	**13 121 277**	15.24%
Remuneration of councillors	(10 221 000)	-	**(10 221 000)**	(7 734 830)	**2 486 170**	24.32%
Depreciation and amortisation	(5 282 000)	(626 000)	**(5 908 000)**	(4 985 766)	**922 234**	15.61%
Debt Impairment	(10 000)	(400 000)	**(410 000)**	(314 343)	**95 657**	23.33%
Inventory	(1 641 000)	(10 000)	**(1 651 000)**	(1 116 964)	**534 036**	32.34%
Transfers and Subsidies	(27 508 000)	(16 219 000)	**(43 727 000)**	(42 970 329)	**756 671**	1.00%
General Expenses	(41 521 000)	(136 000)	**(41 657 000)**	(22 753 697)	**18 903 303**	45.38%
Total expenditure	**(179 132 000)**	**(10 493 000)**	**(189 625 000)**	**(152 805 652)**	**36 819 348**	
Operating surplus	**(27 915 000)**	**(9 488 000)**	**(37 403 000)**	**2 595 965**	**39 998 965**	
Gains/Loss on disposal of assets and liabilities	(22 000)	-	**(22 000)**	(9 702)	**12 298**	55.9%
Fair Value Gains/Losses	(1 413 000)	-	**(1 413 000)**	-	**1 413 000**	100%
	(1 435 000)	**-**	**(1 435 000)**	**(9 702)**	**1 425 298**	
Surplus before taxation	**(29 350 000)**	**(9 488 000)**	**(38 838 000)**	**2 586 263**	**41 424 263**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(29 350 000)**	**(9 488 000)**	**(38 838 000)**	**2 586 263**	**41 424 263**	

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between the approved budget and the actual amount on the various items disclosed in the Statement of Financial Performance are explained below:.

Other revenue
Other revenue variance is a result of the tender fees, and insurance claimed were low as anticipated.

Rental from Fixed Assets:
The variance on rental of facilities and equipment is due to low demand on the rental of the municipal facilities.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Interest, Dividends and Rent on Land Earned:
The income from external investments increased due to interest rates were higher during the current financial year as compared to the budget projections.

Employee Related Costs
Variance on the employee related costs is due to the vacant positions which have not been filled for the financial year including Directors - Finance, Administration, Infrastructure Services and Planning & Development.

Depreciation and Amortisation:
The depreciation & amortisation on assets is for the assets class on PPE and Intangible assets, the varaince is due to the reveiws done on RUL of assets which reached its useful lives.

Impairment Losses:
The variance is due to debtors which were written off by council while provision was made and impairments on debtors which the municipality does not anticipate receiving the debt owed.

Contracted Services:
Contracted Services and Repairs and Maintenance actual expenditures are reflected under general expensest.

Inventory Consumed:
Savings realised on the consumption of inventory due to the implementation of cost containment measure.

General Expenses*:*
Operational costs and Contracted Services expenditures are combined and the variance is due to the implementation of the cost containment measure.

Loss on Disposal of Property, Plant and Equipment:
Loss on Disposal of Property, Plant and Equipment expenditure is for assets which were disposed off and donated to NGOs, assets which were anticipated to be disposed in the current, will be disposed in the 2024/25.

Reason for adjustment to original budget
Please refer to the adjustment budget for reasons on variances from the original budget.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	358 000	(129 000)	**229 000**	335 206	**106 206**	46.38%
Investments	-	-	**-**	10 400 000	**10 400 000**	0%
Operating lease asset	-	-	**-**	8 804	**8 804**	0%
Receivables from exchange transactions	7 698 000	1 218 000	**8 916 000**	9 013 801	**97 801**	1.10%
Statutory Receivables	578 000	(189 000)	**389 000**	-	**(389 000)**	100%
VAT receivable	27 910 000	(18 124 000)	**9 786 000**	1 640 078	**(8 145 922)**	83.24%
Current Portion Long-term Receivables	676 000	60 000	**736 000**	611 000	**(125 000)**	16.98%
Other current assets	(52 000)	374 000	**322 000**	-	**(322 000)**	100%
Cash and cash equivalents	92 657 000	(1 940 000)	**90 717 000**	113 099 485	**22 382 485**	24.67%
	129 825 000	**(18 730 000)**	**111 095 000**	**135 108 374**	**24 013 374**	
Non-Current Assets						
Property, plant and equipment	67 489 000	1 213 000	**68 702 000**	70 374 673	**1 672 673**	2.43%
Intangible assets	2 579 000	(1 591 000)	**988 000**	739 249	**(248 751)**	25.17%
Heritage assets	631 000	-	**631 000**	631 417	**417**	0.07%
Statutory Receivables	-	-	**-**	389 000	**389 000**	0%
Operating lease asset	39 000	(30 000)	**9 000**	-	**(9 000)**	100%
Long-term Receivables	6 671 000	(283 000)	**6 388 000**	5 728 000	**(660 000)**	10.33%
	77 409 000	**(691 000)**	**76 718 000**	**77 862 339**	**1 144 339**	
Total Assets	**207 234 000**	**(19 421 000)**	**187 813 000**	**212 970 713**	**25 157 713**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	10 623 000	12 274 000	**22 897 000**	5 530 225	**(17 366 775)**	75.84%
VAT payable	23 658 000	(23 371 000)	**287 000**	-	**(287 000)**	100%
Consumer deposits	3 000	2 000	**5 000**	4 370	**(630)**	12.6%
Employee benefit obligation	16 263 000	(1 309 000)	**14 954 000**	13 396 888	**(1 557 112)**	10.41%
Unspent conditional grants and receipts	1 252 000	(1 130 000)	**122 000**	1 571 136	**1 449 136**	1 187.82%
	51 799 000	**(13 534 000)**	**38 265 000**	**20 502 619**	**(17 762 381)**	
Non-Current Liabilities						
Employee benefit obligation	32 087 000	(1 288 000)	**30 799 000**	29 853 233	**(945 767)**	3.07%
Total Liabilities	**83 886 000**	**(14 822 000)**	**69 064 000**	**50 355 852**	**(18 708 148)**	
Net Assets	**123 348 000**	**(4 599 000)**	**118 749 000**	**162 614 861**	**43 865 861**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	44 467 000	(2 096 000)	**42 371 000**	42 572 802	**201 802**	0.48%

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Accumulated surplus	78 881 000	(2 503 000)	**76 378 000**	120 042 059	**43 664 059**	57.16%
Total Net Assets	**123 348 000**	**(4 599 000)**	**118 749 000**	**162 614 861**	**43 865 861**	

Financial Position: Explanation of Variances between Approved Budget and Actual

'Reasons for Variances greater than 5% between the approved budget and the actual amount on the various items disclosed in the Statement of Financial Position are explained below:

Inventories:
The variance is due to low issuing of stock during the financial year.

Investments:
The budget for invesments is under cash and cash equivalents.

Operating lease:
The budget for operating lease is under other current assets, this is due to mSCOA not having a line for operating leases.

Receivables from Exchange Transactions:
The year to date movement comprises of prepaid subscriptions, services debtors and other debtors balances for the year.

VAT receivable:
Tthe variance is due

Current portion of long-term:
The variance is due to payments which were received during the financial year.

Cash and Cash Equivalents:
The variance is due to projects are rolled-over to the 2024/25 financial year and savings on completed projects.

Operating Lease Reveivables:
'Operating lease receivables is made of the contract the municipality has with MTN.

Property, Plant and Equipment:
The variance is as a result of additions, disposals and deprecations to PPE of the municipality.

Intangible Assets:
The variance is due to the additions, disposals and amortisations during the financial year.

Long-term Receivables:
Due to the actuarial valuation performed during the current financial year.

Statutory Recivables:
The variance is due to the reclassification done during the current year.

Consumer Deposits:
The variance is due to the accumulating deposits of the consumers which was claimed during the financial year.

Payables from Exchange Transactions:
The variance is due to the fact that most suppliers were paid by 30 June 2024.

Unspent Conditional Grants and Receipts:
The municipality anticipated that it would spend all its grant allocations at the end of the financial year, however there is an underspending on RRAMS, FMG, Aids grant and Covid-19 grant.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Employee benefits liabilities:
The variance is as a result of the actuarial valuation performed at the end of the year.

Reserves:
The variance is due to the depreciation off-set, due to the revaluation model.

Accumulated Surplus / (Deficit):
Combination of reasons stated above

Reason for adjustment to original budget
Please refer to the adjustment budget for reasons on variances from the original budget.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	144 317 000	796 000	**145 113 000**	141 806 313	**(3 306 687)**	2.28%
Interest income	6 530 000	110 000	**6 640 000**	13 418 050	**6 778 050**	102.08%
Other receipts	676 000	-	**676 000**	1 831 029	**1 155 029**	170.86%
	151 523 000	**906 000**	**152 429 000**	**157 055 392**	**4 626 392**	
Payments						
Suppliers	(178 741 000)	7 966 000	**(170 775 000)**	(154 534 989)	**16 240 011**	9.51%
Transfer ans subsidies	-	(7 612 000)	**(7 612 000)**	-	**7 612 000**	100%
	(178 741 000)	**354 000**	**(178 387 000)**	**(154 534 989)**	**23 852 011**	
Net cash flows from operating activities	**(27 218 000)**	**1 260 000**	**(25 958 000)**	**2 520 403**	**28 478 403**	
Cash flows from investing activities						
Decrease/ (Increase) in Current Investments	-	-	**-**	600 000	**600 000**	0.0%
Decrease / (Increase) in Long-term Receivables	-	-	**-**	660 000	**660 000**	0%
Purchase of other asset	(8 700 000)	975 000	**(7 725 000)**	(4 094 378)	**3 630 622**	47%
Net cash flows from investing activities	**(8 700 000)**	**975 000**	**(7 725 000)**	**(2 834 378)**	**4 890 622**	
Net increase/(decrease) in cash and cash equivalents	(35 918 000)	2 235 000	**(33 683 000)**	(313 975)	**33 369 025**	
Cash and cash equivalents at the beginning of the year	87 100 000	37 313 000	**124 413 000**	113 413 460	**(10 999 540)**	8.84%
Cash and cash equivalents at the end of the year	**51 182 000**	**39 548 000**	**90 730 000**	**113 099 485**	**22 369 485**	

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between the approved budget and the actual amount on the various items disclosed in the Cash Flow Statement are explained below:

Interest income:
Variance is due to higher interest rate received than anticipated during the financial year.

Other Receipts:
VAT is receivable accounted for under other receipts.

VAT Receivable / Payable:
Vat included in other receipts.

Suppliers Paid:
The variance is due operational cost and contracted services projects which were completed with savings and variances

Purchase of Property, Plant and Equipment:
The variance is due to purchases of property, plant and equipment and intagible assets.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Reason for adjustment to original budget
Please refer to the adjustment budget for reasons on variances from the original budget.

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2024											
Financial Performance											
Investment revenue	6 530 000	110 000	6 640 000	-		6 640 000	13 418 050		6 778 050	202 %	205 %
Transfers recognised - operational	144 317 000	895 000	145 212 000	-		145 212 000	141 487 870		(3 724 130)	97 %	98 %
Other own revenue	370 000	-	370 000	-		370 000	495 697		125 697	134 %	134 %
Total revenue (excluding capital transfers and contributions)	**151 217 000**	**1 005 000**	**152 222 000**	**-**		**152 222 000**	**155 401 617**		**3 179 617**	**102 %**	**103 %**
Employee costs	(92 949 000)	6 898 000	(86 051 000)	-	-	(86 051 000)	(72 929 723)	-	13 121 277	85 %	78 %
Remuneration of councillors	(10 221 000)	-	(10 221 000)	-	-	(10 221 000)	(7 734 830)	-	2 486 170	76 %	76 %
Debt impairment	(10 000)	(400 000)	(410 000)			(410 000)	(314 343)	-	95 657	77 %	3 143 %
Depreciation and asset impairment	(5 282 000)	(626 000)	(5 908 000)			(5 908 000)	(4 985 766)	-	922 234	84 %	94 %
Materials and bulk purchases	(1 641 000)	(10 000)	(1 651 000)	-	-	(1 651 000)	(1 116 964)	-	534 036	68 %	68 %
Transfers and grants	(27 508 000)	(16 219 000)	(43 727 000)	-	-	(43 727 000)	(42 970 329)	-	756 671	98 %	156 %
Other expenditure	(42 956 000)	(136 000)	(43 092 000)	-	-	(43 092 000)	(22 763 399)	-	20 328 601	53 %	53 %
Total expenditure	**(180 567 000)**	**(10 493 000)**	**(191 060 000)**	**-**	**-**	**(191 060 000)**	**(152 815 354)**	**-**	**38 244 646**	**80 %**	**85 %**
Surplus/(Deficit)	**(29 350 000)**	**(9 488 000)**	**(38 838 000)**	**-**		**(38 838 000)**	**2 586 263**		**41 424 263**	**(7)%**	**(9)%**
Surplus/(Deficit) for the year	**(29 350 000)**	**(9 488 000)**	**(38 838 000)**	**-**		**(38 838 000)**	**2 586 263**		**41 424 263**	**(7)%**	**(9)%**
Capital expenditure and funds sources											
Total capital expenditure	7 565 000	(848 000)	6 717 000	-		6 717 000	4 094 378		(2 622 622)	61 %	54 %

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	(27 218 000)	1 260 000	(25 958 000)	-		(25 958 000)	2 520 403		28 478 403	(10)%	(9)%
Net cash from (used) investing	(8 700 000)	975 000	(7 725 000)	-		(7 725 000)	(2 834 378)		4 890 622	37 %	33 %
Net increase/(decrease) in cash and cash equivalents	**(35 918 000)**	**2 235 000**	**(33 683 000)**	**-**		**(33 683 000)**	**(313 975)**		**33 369 025**	**1 %**	**1 %**
Cash and cash equivalents at the beginning of the year	87 100 000	37 313 000	124 413 000	-		124 413 000	113 413 460		(10 999 540)	91 %	130 %
Cash and cash equivalents at year end	**51 182 000**	**39 548 000**	**90 730 000**	**-**		**90 730 000**	**113 099 485**		**(22 369 485)**	**125 %**	**221 %**

1.1 BASIS FOR PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

The municipality has the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

1.1.3 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality’s Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.1.4 Revenue Recognition

Accounting Policy 1.10 on Revenue from Exchange Transactions and Accounting Policy 1.10 on Revenue from Non-exchange

(continued)

Transactions describes the conditions under which revenue will be recorded by the management of the municipality.In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Accounting Policy 1.8 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

Impairment of Trade Receivables:

The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

1.1.5 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 1.3, and 1.5, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.1.6 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 1.5 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 10. and 11. to the Annual Financial Statements, if applicable.

1.1.7 Defined Benefit Plan Liabilities

As described in Accounting Policy 1.12, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

Accounting Policies

(continued)

1.1.8 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.1.9 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.1.5 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

1.1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been amended and/or issued but are not yet effective and have not been early adopted by the municipality:

GRAP 25 Employee Benefits (Effective date to be determined)

GRAP 104 Financial Instruments (Effective 1 April 2025)

GRAP7 The limit on a define benefit asset, minimum funding requirement and their interaction (Effective date to be determined)

GRAP 21 The effect of past decisions on materiality (Effective 1 April 2023)

1.2 NET ASSETS

1.2.1 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to the Revaluation Reserve. Subsequent adjustments to the Revaluation Reserve are made in accordance with GRAP 17 (Property, Plant and Equipment).

1.2.2 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.

The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.

Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.

(continued)

If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

Accounting Policies

(continued)

1.3 PROPERTY, PLANT AND EQUIPMENT

1.3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

1.3.2 Subsequent Measurement

Plant and Equipment

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Revaluation Model:

Buildings and Land

The municipality opted to adopt the application of the Revaluation Model for its land and buildings based on the conclusion that this is the more prudent approach for the municipality to follow. The assets are revaluated every 5 years.

Subsequent to initial recognition land and buildings are carried at a revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by experienced valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

1.3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. 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 rates are based on the following estimated useful lives:

Accounting Policies

(continued)

Assets Class	**Years**
Land and Buildings	
Land	Indefinite
Buildings	5 - 50
Other	
Computer Equipment	5 - 27
Emergency Equipment	5 - 27
Furniture and Fittings	4 - 30
Motor Vehicles	5 - 15
Office Equipment	5 – 27
Plant and Machinery	5 – 30
Security Assets	10 – 50
Roads and Pavements	5 – 50
Carpots	5 – 50

1.3.4 Land

Land is stated at fair value and is not depreciated as it is deemed to have an indefinite useful life.

1.3.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

1.3.6 Derecognition

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. Gains are not classified as Revenue.

1.4 HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

(continued)

1.4.1 Initial Recognition

Heritage Assets are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

1.4.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

1.4.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

1.5 INTANGIBLE ASSETS

1.5.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

For internally generated Intangible Assets, all research expenditure is recognised as an expense as it is incurred and costs incurred on development projects are recognised as Intangible Assets in accordance with GRAP 31 (Intangible Assets). Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

1.5.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

(continued)

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

Assets Class	Years
Computer Software	3 - 10
Computer Software Licenses	3 - 10

1.5.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

1.6 INVESTMENT PROPERTY

1.6.1 Initial Recognition

At initial recognition, the municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

1.6.2 Subsequent Measurement

The municipality reviewed its application of the Fair Value Model and concluded that based on a lack of commercial substance for such valuations, the more prudent approach for the municipality would be to carry these assets at their cost prices. The municipality has no intention of selling its land and buildings and thus the Cost Model would represent the value of all land and buildings more fairly. The change has resulted in the municipality's Annual Financial Statements providing reliable and more relevant information about the value of Buildings and Land, based on the intended use of these assets in line with all valuation method of all other assets.

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 5 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

1.6.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

(continued)

1.7 IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets.

All other assets are classified as Non-cash Generating Assets.

1.7.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

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 recoverable amount of the cash generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment of assets measured per the revaluation method reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

1.7.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

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

(continued)

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

1.8 FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

The fair values of quoted investments are based on current bid prices.

If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(continued)

1.8.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Investment Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

1.8.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial Assets at Amortised Cost.

1.8.3 Initial and Subsequent Measurement

1.8.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

(continued)

Financial Assets measured at Cost

Financial Assets at Cost are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

1.8.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

1.8.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

1.8.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

(continued)

1.8.4.2 Financial Assets at Cost

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 estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

1.8.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

1.8.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

1.9 INVENTORIES

1.9.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

1.9.2 Subsequent Measurement

1.9.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumable stores distributed at no charge or for a nominal charge are valued at the lower of cost and current replacement cost. The cost is determined using the weighted average Method.

Accounting Policies

(continued)

1.9.2.2 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

1.10 REVENUE RECOGNITION

1.10.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

1.10.2 Revenue from Exchange Transactions

1.10.2.1 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

1.10.2.2 Finance Income

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

1.10.2.3 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

The municipality has transferred to the buyer 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.

1.10.3 Revenue from Non-exchange Transactions

1.10.3.1 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

(continued)

1.10.3.2 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Unspent conditional grants are financial liabilities that are separately reflected on the statement of financial position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

Unspent conditional grants are recognised as a liability when the grant is received.

When grant conditions are met an amount equal to the conditions met are transferred to revenue in the statement of financial performance.

The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality’s interest, it is recognised as interest earned in the statement of financial performance.

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the statement of financial position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality’s interest, it is recognised as interest earned in Surplus or Deficit.

1.10.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

1.11 PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

(continued)

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

1.12 EMPLOYEE BENEFIT LIABILITIES

1.12.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

1.12.2 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period’s entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee’s employment term.

Accumulated leave is vesting.

1.12.3 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.12.4 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section56 employees, is recognised as it accrue to Section 56 employees. Municipal entities’ performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.12.5 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

(continued)

1.12.5.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.12.5.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

Accounting Policies

(continued)

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the statement of financial performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the statement of financial performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period’s entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee’s employment term.

Accumulated leave is vesting.

1.13 LEASES

1.13.1 The Municipality as Lessor

Rental revenue from Operating Leases is recognised on a Straight-line Basis over the term of the relevant lease.

1.14 GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;

Expect to be repaid in future; or

Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

(continued)

1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

1.16 UNAUTHORISED EXPENDITURE

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

Expenditure is accounted for as an expense in Surplus or Deficit 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 Surplus or Deficit.

1.17 IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality’s or Municipal Entities’ Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit 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 Surplus or Deficit.

1.19 MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing municipalities and municipal ntities.

1.20 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

1.21 STATUTORY RECEIVABLES

The municipality recognised and disclosed its Statutory Receivables in its books at year-end. The transactions relates to all the legislative transactions which were due to the municipality at year end.

Accounting Policies

(continued)

1.22 COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

The municipality discloses capital expenditure budgeted for but not yet committed.

1.23 RELATED PARTIES

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 of the Councillors and Senior Managers.

1.24 SEGMENT REPORTING

A segment is an activity of an entity:

-that generates ecomocis 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 on3, in the segment report. They are the segments identified or alternatively an aggregation of two or more of those segments where the aggregation criteria is met.

The municipality's segments are grouped in accordance with mSCOA functional classification. The material information of actual transactions that relates to segment reporting are derived from the statement of financial performance, which is the same basis applied on section 71 reporting.

1.25 EVENTS AFTER THE REPORTING DATE

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 Notes to the Annual Financial Statements.

1.26 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2023 to 30 June 2024.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

2. Inventories

Consumable stores	335 206	239 492

Reconciliation

Opening balance	239 492	357 534
Purchases	438 626	289 622
Issues	(342 911)	(316 106)
Inventory write-off	-	(91 558)
Closing balance	**335 207**	**239 492**

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

Stores issues amounted to R342,911 for the current year (2023: R316,106)

No Inventories have been pledged as collateral for liabilities of the municipality

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

3. Receivables from exchange transactions

Gross balances		
Service debtors	7 502 159	7 956 366
Prepayments and Advances	1 614 350	1 574 851
Other Debtors	288 095	589 580
	9 404 604	**10 120 797**
Less: Allowance for impairment		
Trade debtors	(390 803)	(95 523)
Prepayments and Advances	-	-
	(390 803)	**(95 523)**
Net balance		
Service Debtors	7 111 356	7 860 843
Prepayments and Advances	1 614 350	1 574 851
Other Debtors	288 095	589 580
	9 013 801	**10 025 274**
Service Debtors Ageing		
(0 -30 days)	209 485	590 610
31 - 60 days	139 780	63 829
61 - 90 days	314 815	174 436
91+days	6 447 276	7 031 968
	7 111 356	**7 860 843**
Prepayments and Advances Ageing		
(0 -30 days)	1 614 350	1 574 851
31 - 60 days	-	-
61 - 90 days	-	-
91+days days	-	-
	1 614 350	**1 574 851**
Other Debtors Ageing		
(0 -30 days)	288 095	589 580
31 - 60 days	-	-
61 - 90 days	-	-
91+days days	-	-
	288 095	**589 580**
Service Debtors By Type		
Provincial Departments	6 480 769	7 053 475
Councillors	395 065	233 259
Officials	5 979	19 430
Medical Aid Debtor	1 871	1 871
Private Business	618 475	648 331
	7 502 159	**7 956 366**

Summary of debtors by customer classification

Service debtors		
(0 -30 days)	209 485	590 610
31 - 60 days	139 780	63 829
61 - 90 days	314 815	174 436

Figures in Rand	2024	2023

3. Receivables from exchange transactions (continued)

91+days	6 838 079	7 127 491
	7 502 159	7 956 366
Less: Allowance for impairment	(390 803)	(95 523)
	7 111 356	**7 860 843**

Prepayments and Advances

(0 -30 days)	1 614 350	1 574 851
31 - 60 days	-	-
61 - 90 days	-	-
91+days	-	-
	1 614 350	1 574 851
Less: Allowance for impairment	-	-
	1 614 350	**1 574 851**

Other Debtors

(0 -30 days)	288 095	589 580
31 - 60 days	-	-
61 - 90 days	-	-
91+days	-	-
	288 095	589 580
Less: Allowance for impairment	-	-
	288 095	**589 580**

Total Debtors

(0 -30 days)	2 111 930	2 755 040
31 - 60 days	139 780	63 829
61 - 90 days	314 815	174 436
91+days	6 838 079	7 127 491
	9 404 604	10 120 796
Less: Allowance for impairment	(390 803)	(95 523)
	9 013 801	**10 025 273**

As at 30 June 2024 Receivables of R6,901,871 (30 June 2023 - R7,270,233) were past due on accounts older than 30 days, -R390,803 (30 June 2023 - R95,523) was assessed to be impaired in accordance with the municipal policy. The age analysis of these Receivables are as follows:

Total debtor past due and impaired

(0 -30 days)	-	-
31 - 60 days	139 780	63 829
61 - 90 days	314 815	174 436
91+days	6 447 276	7 031 968
	6 901 871	**7 270 233**

Reconciliation of allowance for impairment

Balance at beginning of the year	95 523	88 121
Contributions to allowance	295 280	7 402
Debt impairment written off against allowance	-	-
Reversal of allowance	-	-
	390 803	**95 523**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

4. Statutory Receivables

	2024	2023
Recovery of disaster grant DORA	389 000	389 000

	2024	2023
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Gross Balances	389 000	389 000
Provision for impairment	-	-
	389 000	**389 000**

	2024	2023
Total Statutory Receivables	389 000	389 000

An amount of R389 000 was gazetted in the 2019/20 Northern Cape Provincial Gazzette. The Disaster Grant was due from Department of Co-operative Governance, Human Settlements and Traditional Affiars and has not yet being received. The Northern Cape Provincial Government has not issued any gazettee reversing the allocation. Such amount has been recognised as a debtor, and management has considered to follow the legal route recover the money.

None of the statutory receivables is pledged as security.

5. Investments

	2024	2023
At amortised cost		
Fixed term deposit Fixed deposit at ABSA until 30 June 2024	10 400 000	11 000 000

	2024	2023
Reconciliation		
Opening Balance	11 000 000	9 750 000
Invested	10 400 000	1 250 000
Withdrawn	(11 000 000)	-
	10 400 000	**11 000 000**

2024	**Cashbook**	**Bank statement**	
ABSA	10 400 000	10 400 000	-

2023	**Cashbook**	**Bank statement**	
Nedbank	11 000 000	11 000 000	-

None of the investments is pledged as security.

6. VAT receivable

	2024	2023
VAT	1 640 078	2 631 927

	2024	2023
Reconciliation		
Opening Balance	2 631 927	2 974 152
Input VAT	7 996 313	7 023 894
Output VAT	(4 196)	17 615
VAT Accurals	(36 767)	(9 525)
Sars Refunds	(8 947 199)	(7 374 209)
	1 640 078	**2 631 927**

Figures in Rand	2024	2023

6. VAT receivable (continued)

The vat reconciliation note has been restated as follows:

	Restated	Previously reported
Input Vat	R7 023 894	R6 819 451
Output Vat	R 17 615	R 222 058

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

None of the VAT receivable is pledged as security.

Figures in Rand	2024	2023

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 297	3 300
Bank balances	5 937 581	7 055 270
Current Investments - Short-term deposits	107 158 607	106 354 890
	113 099 485	**113 413 460**

The list of municipal bank accounts

Bank accounts	Bank statement balances		Cash book balances	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
FNB - Kimberley Regional Office - Primary Account	7 106 967	7 167 567	5 937 581	7 055 270

7.1 Current Investment Deposits

	107 158 607	106 354 890
Total Current Investment Deposits	**107 158 607**	**106 354 890**

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 4.60% to 9.6% (2023: 4 % to 7.6 %) per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 4.6% to 9.6 % (2023: 4.9 % to 8.6 %) per annum.

7.2 Notice Deposits

Deposits attributable to Unspent Conditional Grants	1 571 136	1 351 693
Deposits attributable to Capital Replacement Reserve	7 957 082	7 957 082
Deposits attributable to Payables	5 530 222	15 172 185
Deposits attributable to Current Provisions	13 396 888	11 840 926
Deposits attributable to Consumer Deposits	4 370	4 945
Deposits available for operations	78 698 909	70 028 059
Total Deposits attributable to Commitments of the Municipality	**107 158 607**	**106 354 890**

7.3 Bank Accounts

Cash in bank	5 937 581	7 055 270
Bank Overdraft	-	-
Total bank accounts	**5 937 581**	**7 055 270**

Primary Bank Account

FNB - Kimberley Regional Office - Primary Account:

Cash book balance at end of year	5 937 581	7 055 270

FNB - Kimberley Regional Office - Primary Account:

	-	-
Bank statement balance at end of year	7 106 967	7 167 567

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

Figures in Rand	2024	2023

7. Cash and cash equivalents (continued)

2024	**Cashbook**	**Bank statement**
ABSA	26 986 214	26 986 114
FNB	30 998 749	30 998 585
Nedbank	32 173 644	32 100 000
Standard Bank	17 000 000	17 000 000
	107 158 607	**107 084 699**

2023	**Cashbook**	**Bank statement**
ABSA	30 179 801	30 179 801
FNB	25 975 089	25 998 749
Nedbank	20 100 000	20 100 000
Standard Bank	30 100 000	30 100 000
	106 354 890	**106 378 550**

Cash on hand		
	3 297	3 300
Total Cash on hand in Cash Floats, Advances and Equivalents	**3 297**	**3 300**
Total cash and cash equivalents	**113 099 485**	**113 413 460**

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

8. Long-term Receivables

8.1 Employee Benefits		
Opening Balance	7 124 000	7 347 000
Interest cost	818 000	807 000
Payments made	(633 679)	(707 514)
Actuarial loss/(gain)	(969 321)	(322 486)
Total Long Term Receivables	**6 339 000**	**7 124 000**
Less: Current Portion transferred to Current Receivables:-Employee Benefits	(611 000)	(736 000)
Non-Current Potion of Long Term Receivables	**5 728 000**	**6 388 000**

Employee benefits receivables
The municipality managed an agency service on behalf of the Department of Roads and Public Works until 30 June 2011. The service has been transferred back to the department from 01 July 2011. As per the agreement, the municipality will continue payment of the post-service medical aid premiums of the retired employees to the service provider. The department will refund the employees portion of the instalment and the members will be responsible for the employee portion. Outstanding amounts are treated as receivables from non-exchange transactions. The receivables is valuated by actuaries on a yearly basis which forms part of the analysis as per the employee benefits, refer to note 13.

Notes to the Annual Financial Statements

Figures in Rand

9. 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	3 120 700	-	3 120 700	3 120 700	-	3 120 700
Buildings and Ancillary Assets	60 824 549	(5 077 090)	55 747 459	56 532 047	(3 331 718)	53 200 329
Plant and machinery	8 305 511	(5 832 916)	2 472 595	7 938 548	(5 657 872)	2 280 676
Furniture and fixtures	8 878 249	(7 810 875)	1 067 374	8 865 612	(7 638 012)	1 227 600
Motor vehicles	12 030 418	(8 489 874)	3 540 544	10 694 541	(8 450 295)	2 244 246
IT equipment	8 026 139	(5 782 944)	2 243 195	8 144 828	(5 576 960)	2 567 868
Work In Progress	2 182 806	-	2 182 806	5 673 145	-	5 673 145
Total	**103 368 372**	**(32 993 699)**	**70 374 673**	**100 969 421**	**(30 654 857)**	**70 314 564**

9. Property, plant and equipment (continued)

9.1 Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers received	Transfers	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Land	3 120 700	-	-	-	-	-	-	-	-	3 120 700
Buildings and Ancillary Assets	53 200 329	996 550	-	3 295 951	-	-	-	(1 745 372)	-	55 747 459
Plant and machinery	2 280 676	488 512	(2 096)	157 368	-	-	-	(451 865)	-	2 472 595
Furniture and fixtures	1 227 600	142 665	(496)	37 019	-	-	-	(339 414)	-	1 067 374
Motor vehicles	2 244 246	1 960 725	(1 323)	-	-	-	-	(663 104)	-	3 540 544
IT equipment	2 567 868	496 577	(4 675)	-	-	-	-	(816 576)	-	2 243 195
Work In Progress	5 673 145	-	-	-	(3 490 339)	-	-	-	-	2 182 806
	70 314 564	**4 085 029**	**(8 590)**	**3 490 338**	**(3 490 339)**	**-**	**-**	**(4 016 330)**	**-**	**70 374 673**

9. Property, plant and equipment (continued)

9.2 Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3 120 700	-	-	-	3 120 700
Buildings and Ancillary Assets	55 015 500	-	(145 954)	(1 669 217)	53 200 329
Plant and machinery	3 060 064	308 167	(42 912)	(1 044 643)	2 280 676
Furniture and fixtures	1 406 769	260 482	(1 735)	(437 916)	1 227 600
Motor vehicles	1 132 808	1 484 904	-	(373 466)	2 244 246
IT equipment	2 224 736	1 126 209	(5 937)	(777 140)	2 567 868
Work In Progress	2 452 024	3 221 121	-	-	5 673 145
	68 412 601	**6 400 883**	**(196 538)**	**(4 302 382)**	**70 314 564**

9.3 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use
There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

9.4 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation
No Property, Plant and Equipment were retired from active use and not classified as a Discontinued Operation during the financial year.

9.5 Assets pledged as security
The municipality did not pledge any of its assets as security.

9.6 Impairment of Property, Plant and Equipment
No impairment losses have been recognised on Property, Plant and Equipment of the municipality at the reporting date.

9.7 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed
There were changes in the estimated useful life of various assets during the financial year due to the reassement of useful live. The changes resulted in a decrease in current year depreciation by R967, 847. Effects on future periods is impractical to estimate as the municipality reassess its useful live at the end of the each financial year.

9.8 Land and Buildings carried at Fair Value
The municipality's Land and Buildings are accounted for according to the revaluation value model. Revaluation is done every five years.

Notes to the Annual Financial Statements

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9. Property, plant and equipment (continued)

9.9 Property, plant and equipment in the process of being constructed or developed

	2024	2023
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Buildings	2 182 806	5 673 145

	2024	2023
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Project 1: Disaster Management Center - Delayed The fire fighting project is completed and has been transfered to PPE.	2 182 806	5 673 145
	2 182 806	**5 673 145**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	-	5 534 674	138 471	5 673 145
Additions/capital expenditure	-	-	-	-
Transferred to completed items	-	(3 351 868)	(138 471)	(3 490 339)
	-	**2 182 806**	**-**	**2 182 806**

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	-	2 452 024	-	2 452 024
Additions/capital expenditure	-	3 082 650	138 471	3 221 121
	-	**5 534 674**	**138 471**	**5 673 145**

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

	2024	2023
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Information and Communication Infrastructure	18 014	16 866
Computer Equipment	9 890	7 065
Furniture and Office Equipment	432 377	272 535
Machinery and Equipment	256 142	394 923
Other Assets - Buildings	377 437	510 545
Transport Assets	244 491	136 121
	1 338 351	**1 338 055**

Notes to the Annual Financial Statements

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10. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3 513 903	(2 774 654)	739 249	4 049 621	(2 349 175)	1 700 446

10.1 Reconciliation of intangible assets - 2024

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	1 700 446	9 349	(1 111)	(969 435)	739 249

10. Intangible assets (continued)

10.2 Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	2 707 164	(1 006 718)	1 700 446

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (**see Note 27**).

All of the municipality’s Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

10.3 Significant Intangible Assets
There are no significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 31.

10.4 Intangible Assets with Indefinite Useful Lives and change in accounting estimates
The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

There are changes in the estimated useful life of some intangible assets during the financial year due to the reassement of useful live. The changes resulted in a decrease in current year depreciation by R2,200.

10.5 Impairment of Intangible Assets
No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

10.6 Work-in-Progress
The municipality had no capital projects for Intangible Assets which were not completed at year-end.

10.7 Delayed Projects
No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

10. Intangible assets (continued)

10.7 Expenditure incurred to repair and maintain intangible assets

Cumulative expenditure recognised in the carrying value of Intangible assets		
Licenses and franchises	2 660 398	3 068 850
Computer software, internally generated	143 850	139 717
	2 804 248	**3 208 567**

11. Heritage assets

	2024			2023		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Art Collections, antiquities and exhibits	631 417	-	631 417	631 417	-	631 417

11.1 Reconciliation of heritage assets 2024

	Opening balance	**Additions**	**Disposals**	**Transfers**	**Impairment losses recognised**	**Total**
Art Collections, antiquities and exhibits	631 417	-	-	-	-	631 417

11.2 Reconciliation of heritage assets 2023

	Opening balance	**Additions**	**Disposals**	**Transfers**	**Impairment losses recognised**	**Total**
Art Collections, antiquities and exhibits	631 417	-	-	-	-	631 417

All of the municipality’s Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

11. Heritage assets (continued)

11.3 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

11.4 Heritage Assets measured after recognition using the Cost Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

11.5 Work-in-Progress

The municipality had no capital projects for Heritage Assets which were not completed at year-end.

11.6 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

11.7 Expenditure incurred to repair and maintain heritage assets

Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance		
Contracted services	-	-

Figures in Rand	2024	2023

12. Operating lease asset (receivable)

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Non-current assets	-	8 804
Current assets	8 804	30 481
	8 804	**39 285**

Reconciliation of Operating Lease Receivables		
Balance at beginning of year	39 285	51 170
Operating Lease Revenue affected	(30 481)	(11 885)
	8 804	**39 285**

The following amounts are due as shown below:		
Up to 1 year	8 804	30 481
2 to 5 years	-	8 804
	8 804	**39 285**

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an decrease of -R30 481 (2023: decreased of -R11,885) in current year income.

12.1 Leasing Arrangements

The Municipality as Lessor:
Operating Leases relate to Property owned by the municipality with lease terms of 60 months (2019/20: 60 months), the new lease came into term on the 1 October 2019.

The operating lease contract contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Amounts receivable under Operating Leases

12.2 At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:		
Up to 1 year	259 738	240 797
2 to 5 years	-	259 738
	259 738	**500 535**

The following restrictions have been imposed by the municipality in terms of the lease agreements:
(i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.

(ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.

(iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

13. Employee benefit obligations

Defined benefit plan

13.1 Employee Benefit Liabilities		
Post-retirement Health Care Benefits Liability	29 194 000	28 511 999
Long Service Awards Liability	3 247 000	3 233 963
Total Employee Benefit Liabilities	32 441 000	31 745 962
Less: Current Portion of Employee Benefit Liabilities	**-**	**-**
Current - Post-retirement Health Care Benefits Liability	(2 341 000)	(2 347 000)
Current - Long Service Awards Liability	(264 000)	(307 000)
	29 836 000	**29 091 962**

Non-current liabilities	29 853 233	29 110 513
Current liabilities	13 396 888	11 840 926
	43 250 121	**40 951 439**

13.2 Post-retirement Health Care Benefits Liability

Liability		
Opening balance	28 511 999	29 999 999
Interest cost	3 309 000	3 329 000
Current service cost	446 000	589 000
Actual employer benefit payments	(2 250 665)	(2 217 253)
Actuarial loss/ (gain) recognised in the year	(822 335)	(2 800 747)
Liability correction	-	(388 000)
Balance at end of Year	29 193 999	28 511 999
Less: Current Portion of Liability	(2 341 000)	(2 347 000)
Non-Current Portion of Liability	**26 852 999**	**26 164 999**

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

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

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	70	69
In-Service Non-members (Employees)	14	16
Continuation Members (Retirees, widowers and orphans)	34	37
Total Members	**118**	**122**

The liability in respect of past service has been estimated as follows:

Liability correction	-	(388 000)
In-service Members (Employees)	6 666 000	5 933 000
In-service Non-members (Employees)	281 000	276 000
Continuation Members (Retirees, widowers and orphans)	22 247 000	22 691 000

13. Employee benefit obligations (continued)

Total Liability	**29 194 000**	**28 512 000**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:
- Bonitas
- Keyhealth
- LA Health
- Hosmed
- Samwumed

The Interest Cost for the year ending 30 June 2024 is estimated to be R3,309,000 whereas the cost for the ensuing year is estimated to be 3,243,000 (30 June 2023: R3,329,000 and R3,356,000 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	1	Yield Curve	Yield Curve
Health Care Cost Inflation Rate	1	Equal to CPI + 1	Equal to CPI + 1
Net Effective Discount Rate	1	Yield Curve Based	Yield Curve Based
Expected Rate of Salary Increase		5%	4.90%
Expected Retirement Age - Females		63	63
Expected Retirement Age - Males		63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Liability		
Opening balance	28 511 990	29 999 990
Interest cost	3 309 000	3 329 000
Current service cost	446 000	589 000
Actual employer benefit payments	(2 250 665)	(2 217 253)
Actuarial loss/(gain) recognised in the year	(822 335)	(2 800 747)
Liability correction	-	(388 000)
Total Recognised Benefit Liability	**29 193 990**	**28 511 990**

The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	29 193 990	28 511 990
Unfunded Accrued Liability	29 193 990	28 511 990
Total Benefit Liability	**29 193 990**	**28 511 990**

The history of fair values are as follows:	**2024**	**2023**	**2022**	**2021**	**2020**
Present Value of Defined Benefit Obligation	29 193 990	28 511 990	29 999 999	28 967 999	23 729 970

	2024	**2023**	**2022**	**2021**	**2020**
Experienced adjustments on Plan Liabilities	(640 000)	578 000	864 000	4 073 000	(1 569 000)

13. Employee benefit obligations (continued)

The experienced adjustments on plan liabilities has been restated as follows:

	Restated amounts	**Previously reported**
2020:	(1 569 000)	(7 362 030)
2021:	4 073 000	5 238 030
2022:	864 000	1 031 991
2023:	578 000	(1 100 009)

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	2024	2023
Increase:	-	-
Effect on the aggregate of the current service cost and the interest cost	1	4 234 000
Effect on the defined benefit obligation	1	32 417 000
Decrease:	-	-
Effect on the aggregate of the current service cost and the interest cost	(1)	(3 358 000)
Effect on the defined benefit obligation	(1)	(26 468 000)

The define benefit obligation has been restated as follows:

	Restated	**Previously Reported**
Closing Balance	R28 511 990	R28 899 990

The effect of a 15% movement in the withdrawal rate is as follows:

The municipality expects to make a contribution of R2,341,000 (2023: R2,347,000) to the Defined Benefit Plans during the next financial year.

Refer to Note 48, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

13.3 Long Service Awards Liability

	2024	2023
Opening Balance	3 233 963	3 431 963
Increases	281 074	390 669
Other Reductions	(268 074)	(588 669)
Balance at end of year	3 246 963	3 233 963
Less: Current Portion of Liability	(264 000)	(307 000)
Total Non-Current - Long Service Awards Liability	**2 982 963**	**2 926 963**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, 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.

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 Chanan 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.

Figures in Rand	2024	2023

13. Employee benefit obligations (continued)

At year end, 84 (2023: 85) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2024 is estimated to be R312,000 whereas the cost for the ensuing year is estimated to be R302,000 (30 June 2023: R342,000 whereas the cost for the ensuring year is estimated to be R312,000).

The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Cost Inflation Rate	CPI+1	CPI+1
Expected Rate of Salary Increase	5%	4.90%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening balance	3 233 963	3 431 963
Increases	281 074	390 669
Payments Made	-	-
Other reductions	(268 074)	(588 669)
	-	-
	3 246 963	**3 233 963**

The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	3 246 963	3 233 963
Unfunded Accrued Liability	3 246 963	3 233 963

The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	312 000	342 000
Interest cost	358 000	352 000
Expected return on reimbursement rights	-	-
Acturial losses / (gains)	(388 926)	(303 331)
Total Post-retirement Benefit included in Employee Related Costs	**281 074**	**390 669**

The history of fair values are as follows::	**2024**	**2023**	**2022**	**2021**	**2020**
	3 246 963	3 233 963	3 431 963	3 102 963	2 206 054

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase		
Effect on the aggregate of the current service cost and the interest cost	1	719 000
Effect on the defined benefit obligation	1	3 449 000
Decrease	**-**	**-**
Effect on the aggregate of the current service cost and the interest cost	(1)	(626 000)
Effect on the defined benefit obligation	(1)	(3 063 000)

The municipality expects to make a contribution of R264,000 (2023: R307,000) to the defined benefit plans during the next financial year.

Figures in Rand	2024	2023

13. Employee benefit obligations (continued)

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

Carrying value		
Present value of the defined benefit obligation - wholly unfunded	(29 853 233)	(29 110 513)
Present value of the defined obligation - current	(13 396 888)	(11 840 926)
	(43 250 121)	**(40 951 439)**
Non-current liabilities	(29 853 233)	(29 110 513)
Current liabilities	(13 396 888)	(11 840 926)
	(43 250 121)	**(40 951 439)**

The major categories of plan assets as a percentage of total plan assets are as follows:

13.4 Current Liabilities: Employee benefit obligation

Reconciliation - 2024	**Opening Balance**	**Additions**	**Payments made**	**Reversed/ Reductions during the year**	**Total**
Ex-gratia Pensions	11 420	-	-	(140)	11 280
Leave provision	8 760 200	9 046 308	(7 546 363)	-	10 260 145
Performance bonus provision	415 306	440 783	(335 627)	-	520 462
Employee benefit cost	2 347 000	-	(6 000)	-	2 341 000
Long service award	307 000	-	-	(43 000)	264 000
	11 840 926	**9 487 091**	**(7 887 990)**	**(43 140)**	**13 396 887**

Reconciliation - 2023	**Opening Balance**	**Additions**	**Payments made**	**Reversed/ Reductions during the year**	**Total**
Ex-gratia Pensions	31 100	-	-	(19 680)	11 420
Leave provision	9 741 071	7 849 579	(8 830 450)	-	8 760 200
Performance bonus provision	641 763	343 836	(430 832)	(139 461)	415 306
Employee benefit cost	2 161 000	186 000	-	-	2 347 000
Long service award	575 000	-	-	(268 000)	307 000
	13 149 934	**8 379 415**	**(9 261 282)**	**(427 141)**	**11 840 926**

13.5 The movement in Non-current Employee benefit obligations are reconciled as follows:

Staff Benefit:

Figures in Rand	2024	2023

13. Employee benefit obligations (continued)

Ex-Gratia Pension		
Opening balance	18 551	91 211
Increases	2 280	9 000
Payments made	(13 331)	(15 061)
Other reductions	-	(86 279)
Reversals	9 631	19 680
	17 131	**18 551**

Ex-gratia Pensions

Ex-gratia Pensions Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised

Leave Provision

Leave Provision Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Performance Bonus

Performance accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

14. Payables from exchange transactions

Trade payables	3 485 802	12 845 270
Bonus	2 038 524	2 040 026
Retentions	-	285 453
Third Party Payments	5 896	1 438
	5 530 222	**15 172 187**

The payables from exchange transactions were restated as follows:

	Restated	**Previously Reported**
Trade payables	R12 845 270	R12 844 706
Third Party Payments	R 1 438	R 2 000

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Rural Road Asset Management System Grant (RRAMS)	42 625	73 541
National Revenue Fund - Fuel Levy & Equitable Share	1 031 708	1 031 708
Provincial Government	199 686	221 038
Financial Management Grant (FMG)	296 702	24 991
Extended Public Woks Programme (EPWP)	415	415
	1 571 136	**1 351 693**

Movement during the year

Balance at the beginning of the year	1 351 693	1 360 210
Additions during the year	5 535 313	5 412 075
Income recognition during the year	(5 216 870)	(5 168 592)
Repayment of unspent grant	(99 000)	(252 000)
	1 571 136	**1 351 693**

The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

16. Consumer deposits

Rental Properties	4 370	4 945

Consumer deposits comprise deposits for properties rented out by the municipality.

No interest is paid on Consumer Deposits held.

17. Reserves

Opening balance	43 620 661	44 668 521
Transfers to/from Accumulated Surplus	(1 047 859)	(1 047 860)
	42 572 802	**43 620 661**

Reserves		
Revaluation Reserve	34 615 717	35 663 577
Capital Replacement Reserve	7 957 082	7 957 082
	42 572 799	**43 620 659**

The reserve reconciliation note was restated as follows:

	Restated	**Previously Reported**
Revaluation Reserve	R35 663 577	R36 711 437

Figures in Rand	2024	2023

17. Reserves (continued)

17.1 Reconciliation of the Capital Replacement Reserve

Revaluation surplus beginning of period	7 957 082	7 957 082
Movements in the reserve for the year	-	-
	7 957 082	**7 957 082**

The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/equipment.

17.2 Reconciliation of Revaluation Reserve

Revaluation surplus beginning of period	35 663 577	36 711 437
Transfers to/from Accumulated Surplus	(1 047 860)	(1 047 860)
	34 615 717	**35 663 577**

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

18. Accumulated surplus

Reconciliation of Accumulated Surplus:

Opening Balance	116 407 940	107 143 614
Correction of Prior Period Error	-	375 559
Depreciation Offsets	1 047 860	1 047 860
Accumulated Surplus As Per Financial Performance	2 586 263	7 840 907
	120 042 063	**116 407 940**

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

19. Revenue

Rental of facilities and equipment	195 237	195 237
Other Income	68 151	59 119
Actuarial Gains	232 309	2 867 871
Interest received - investment	13 418 050	9 986 289
Government grants & subsidies	141 487 870	137 339 592
	155 401 617	**150 448 108**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities and equipment	195 237	195 237
Other income	68 151	59 119
Acturial Gains	232 309	2 867 871
Interest received - investment	13 418 050	9 986 289
	13 913 747	**13 108 516**

Figures in Rand	2024	2023

19. Revenue (continued)

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

Transfer revenue		
Government grants & subsidies	141 487 870	137 339 592

20. Rental of facilities and equipment

Premises		
Rental of facilities and equipment	195 237	195 237

Rental income generated are at market related premiums.

21. Other revenue

Other income	68 151	59 119

The other revenue has been restated as follows:

Restated	**Previously reported**
R59 119	R2 926 990

22. Investment revenue

Interest revenue		
Bank - Investment account	13 122 104	9 893 355
Bank - Operating account	295 946	92 934
	13 418 050	**9 986 289**

Figures in Rand	2024	2023

23. Government grants & subsidies

Operating grants

National Revenue Fund: Equitable share	136 271 000	132 171 000
National Government: Rural Road Asset Management System Grant (RRAMS)	2 663 916	2 623 598
National Governments: Extended Public Woks Programme (EPWP)	959 000	1 072 585
National Governments: Financial Management Grant (FMG)	703 289	975 009
Departmental Agencies and Accounts: SETA	119 313	142 074
Provincial Government	771 352	355 326
	141 487 870	**137 339 592**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	5 216 870	5 168 592
Unconditional grants received	136 271 000	132 171 000
	141 487 870	**137 339 592**

23.1 National Revenue Fund - Fuel Levy & Equitable Share

Balance unspent at beginning of year	1 031 708	1 031 708
Current year receipts	136 271 000	132 171 000
Conditions met - transferred to Revenue	(136 271 000)	(132 171 000)
	1 031 708	**1 031 708**

This grant has been used to fund operational expenses within the municipality. Included in the Equitable share allocation is the Covid-19 share allocation of R1 469 000 which was received during the 2020/21 FY. The unspent amount is of Covid-19.

23.2 Rural Road Asset Management System Grant (RRAMS)

Balance unspent at beginning of year	73 541	252 138
Current-year receipts	2 707 000	2 697 000
Conditions met - transferred to revenue	(2 663 916)	(2 623 597)
Repayment of unspent grant	(74 000)	(252 000)
	42 625	**73 541**

Conditions still to be met - remain liabilities (see note 15).

The purpose of the grant is to assist the municipality in monitoring the conditions of the municipal roads within the district.

23.3 Provincial Government

Balance unspent at beginning of year	221 038	76 364
Current-year receipts	750 000	500 000
Conditions met - transferred to revenue	(771 352)	(355 326)
	199 686	**221 038**

Conditions still to be met - remain liabilities (see note 15).

The grants were used for operation and maintenance of clean up amenities, Tourisim Grant and HIV/AIDS awareness (AIDS Grant) from provincial government.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

23. Government grants & subsidies (continued)

23.4 Financial Management Grant (FMG)

Balance unspent at beginning of year	24 991	-
Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(703 289)	(975 009)
Repayment of unspent grant	(25 000)	-
	296 702	**24 991**

Conditions still to be met - remain liabilities (see note 15).

The purpose of the grant is to assist the municipality in building in house capacity, promote and support reform to financial management and implementation of the Municipal Financial Management Act (MFMA) 56 of 2003.

23.5 Extended Public Woks Programme (EPWP)

Balance unspent at beginning of year	415	-
Current-year receipts	959 000	1 073 000
Conditions met - transferred to revenue	(959 000)	(1 072 585)
	415	**415**

Conditions still to be met - remain liabilities (see note 15).

The purpose of the grant is to expand job creation programs in the Frances Baard District.

23.6 SETA: Skills grant

Current-year receipts	119 313	142 074
Conditions met - transferred to revenue	(119 313)	(142 074)
	-	**-**

Conditions still to be met - remain liabilities (see note 15).

This grant has been used to fund training within the municipality No funds have been withheld.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

24. Employee related costs

	2024	2023
Basic	48 230 440	49 086 416
Bonus	3 893 308	4 102 209
Medical aid - company contributions	2 660 912	2 777 521
UIF	227 994	243 540
Other payroll levies	16 012	16 330
Leave pay provision charge	2 579 977	228 922
Pension	6 449 223	6 657 988
Overtime payments	193 981	175 425
Long-service awards	312 000	342 000
Car allowance	3 104 141	3 237 795
Housing benefits and allowances	482 981	519 160
Cellular and Telephone	321 688	337 600
Group life insurance	1 159 786	1 259 968
Post retirement benefits movement - Current Service Cost	446 000	589 000
Post retirement benefits movement - Interest cost	2 851 280	2 883 000
	72 929 723	**72 456 874**

The employee related cost note has been restated as follows:

	Restated	**Previously reported**
Basic	R49 086 416	R49 488 415
Medical Aid	R 2 777 521	R 2 731 210
Pension	R 6 657 988	R 6 378 470
Housing benefits and allowances	R 519 160	R 495 889
Group life insurance	R 1 259 968	R 1 207 068
Leave pay provision charge	R 228 922	R 742 588
Car Allowance	R 3 237 795	R 2 724 129

No advances were made to employees.

24.1 Remuneration of municipal manager - Ms ZM Bogatsu

	2024	2023
Annual Remuneration	1 207 239	1 129 440
Allowance	236 932	240 322
Performance Bonuses	63 724	277 359
Contributions to UIF, Medical and Pension Funds	2 262	18 324
Leave Payout	-	177 442
	1 510 157	**1 842 887**

24.2 Remuneration of chief finance officer - Ms. O Moseki (Acting)

	2024	2023
Annual Remuneration	1 218 543	1 077 127
Allowance	179 837	179 181
Performance Bonuses	114 199	213 358
Contributions to UIF, Medical and Pension Funds	250 920	248 855
	1 763 499	**1 718 521**

24.3 Remuneration of Executive Director: Administration - Ms. K.G Gaborone

	2024	2023
Annual Remuneration	-	44 021
Leave Payout	-	59 876
Contributions to UIF, Medical and Pension Funds	-	617
	-	**104 514**

Figures in Rand	2024	2023

24. Employee related costs (continued)

The remuneration balance for Ms. K.G. Gaborone for 2022/23 has been restated as follows:

Restated	Previous Reported
R104 514	R44 638

24.4 Remuneration of Executive Director: Planning & Development - Mr F Netshivhodza (Acting)

	2024	2023
Annual Remuneration	1 076 567	951 568
Allowance	179 837	179 181
Performance Bonuses	76 133	170 019
Contributions to UIF, Medical and Pension Funds	217 863	216 258
Long Service Awards	36 322	-
	1 586 722	**1 517 026**

Figures in Rand	2024	2023

24. Employee related costs (continued)

24.5 Remuneration of Executive Director: Administration - Mr T Ndlazi (Acting)

Annual Remuneration	117 862	111 821
Allowance	29 973	29 864
Contributions to UIF, Medical and Pension Funds	31 938	32 391
	179 773	**174 076**

24.6 Remuneration of Executive Director: Infrastructure Services- Mr R.R Setshogoe (Acting)

Annual Remuneration	930 313	822 334
Allowance	150 797	150 141
Performance Bonuses	81 571	102 012
Contributions to UIF, Medical and Pension Funds	191 878	189 927
	1 354 559	**1 264 414**

Total Remuneration of Section 56 Employees

Annual Remuneration	6 394 710	6 621 438

The presentation for the remuneration of section 56 employees note has been adjusted to better present the information. As such comparative amounts have also been presented in line with the current year. There has been changes in the prior year balance:

	Restated	**Previously Reported**
Total Remuneration	R6 621 438	R6 561 561

Figures in Rand	2024	2023

25. Remuneration of councillors

Executive Mayor	1 040 254	993 847
Mayoral Committee Members	3 604 570	4 343 718
Speaker	842 114	795 242
Other Councillors	2 247 892	2 057 413
	7 734 830	**8 190 220**

25.1 Remuneration Councillors: Reconciliation 2024	**Basic salary**	**Allowance**	**Total**
Executive Mayor	990 646	49 608	1 040 254
Speaker	792 506	49 608	842 114
Mayoral Committee Members	2 806 824	454 329	3 261 153
MPAC Chairperson	343 417	-	343 417
Other Councillors	1 982 991	264 901	2 247 892
	6 916 384	**818 446**	**7 734 830**

25.2 Remuneration Councillors: Reconciliation 2023	**Basic salary**	**Allowance**	**Total**
Executive Mayor	949 447	44 400	993 847
Speaker	750 842	44 400	795 242
Mayoral Committee Members	3 468 232	223 470	3 691 702
MPAC Chaiperson	652 016	-	652 016
Other Councillors	1 835 413	222 000	2 057 413
	7 655 950	**534 270**	**8 190 220**

Additional information

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

26. Depreciation and amortisation

Property, plant and equipment	4 016 331	4 302 382
Intangible assets	969 435	1 006 719
	4 985 766	**5 309 101**

26.1 Depreciation: Property, Plant and Equipment Reconciliation		
Buildings	1 745 372	1 673 025
Other assets	2 270 959	2 624 669
	4 016 331	**4 297 694**

27. Debt impairment

Debt impairment	314 343	7 402

Debt impairment is for debtors which the municipality foresee not collecting its remaining debt on the debtors list.

28. Contracted services

Outsourced Services	3 158 313	5 342 638
Consultants and Professional Services	3 593 378	3 430 028
Contractors	5 420 545	5 492 945
Total Contracted Services	**12 172 236**	**14 265 611**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

29. Inventory consumed

Consumables	-	34 840
Materials and Supplies	1 116 964	1 050 923
	1 116 964	**1 085 763**

30. Transfer and subsidies paid

Capital Grants		
Local Municipalities	24 505 801	14 441 738
Non-Profit Institutions	-	-
	24 505 801	**14 441 738**
Operational Grants		
Local Municipalities	16 754 112	15 525 357
Households	1 435 956	605 345
Non-Profit Institutions	274 460	-
	18 464 528	**16 130 702**
	42 970 329	**30 572 440**

Capital Grants		
Local Municipalities	24 505 801	14 441 738
Non-Profit Institutions	-	-
	24 505 801	**14 441 738**
Operational Grants		
Departmental Agencies and Accounts	-	-
Local Municipalities	16 754 112	15 525 357
Households	1 435 956	605 345
Non-Profit Institutions	274 460	-
	18 464 528	**16 130 702**

The allocations made to non-profit institutions consist of donations made to NGO's.

31. Gains and losses on disposal of assets

Property, Plant and Equipment	(9 702)	(205 417)
Disposal of inventory	-	(91 558)
	(9 702)	**(296 975)**

The loss on disposal of PPE and inventory is assets/goods which were no longer in use for the municipality and were donated to either local municipalities or NGO's.

32. Acturial Gain / Losses

Actuarial Gain	232 309	2 867 871

The actuarial gains and losses relate to the employee benefit obligations. Refer to employee benefit obligations note 13.

Figures in Rand	2024	2023

33. General expenses

Advertising, Publicity and Marketing	496 308	578 532
External Audit Fees	2 156 627	2 451 617
Bank Charges, Facility and Card Fees	67 973	71 208
Cleaning Services	10 757	10 349
Legal costs	174	441
Entertainment	20 888	18 620
Fines and penalties	-	137 592
Insurance Underwriting	825 108	685 618
Registration Fees	130 429	99 504
External computer service	590 121	445 144
Licences	21 365	20 192
Wet Fuel	-	1 700
Printing, Publications and Books	11 808	10 409
Event Promoters	197 456	210 463
Uniform and Protective Clothing	52 938	84 822
Maintenance of equipment	909 662	794 725
Maintenance of buildings and facilities	394 115	520 127
Business and Advisory	4 666 021	6 815 822
Security services	1 170 092	1 060 165
Maintenance of computer software	2 804 248	3 208 566
Employee Wellness	49 614	4 351
Professional Bodies, Membership and Subscription	1 052 704	875 972
Communication	39 447	36 153
Transport and freight	2 799	1 371
Disability Training	612 804	589 709
Travel and Subsistence	1 052 554	1 053 735
Municipal Services	2 260 902	2 225 625
Catering Services	886 825	874 499
Exhibit installations	472 907	135 210
Bursaries (employees)	237 263	307 278
Resettlement costs	167 906	2 917
Transport provided as part of Departmental activities	220 071	295 558
Burial Services	-	4 800
Stage and sound crew	164 000	6 531
Graphic designers	7 628	12 064
Skills Development Levy	637 195	663 737
Workmen's Compensation Fund	362 988	373 300
	22 753 697	**24 688 426**

The general expenses has been restated as follows:

	Restated	**Previously reported**
Business and Advisory	R6 815 822	R6 843 311
Bursaries (Employees)	R307 278	R279 789

Calculation of Cash Flow:		
Expenditure for Operational Costs	22 753 697	24 688 426

Trave and subsistence		
Accomodation	465 112	389 620
Daily allowance	158 101	144 297
Food and beverage (served)	61 860	54 532
Transport without operator	367 481	465 286
Transport with operator	-	-

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

33. General expenses (continued)

	1 052 554	**1 053 735**

No other extra-ordinary expenses were incurred.

34. Cash generated from operations

	2024	2023
Surplus	2 586 263	7 840 907
Adjustments for:		
Depreciation and amortisation	4 985 766	5 309 101
Loss on disposal of assets	9 702	296 975
Debt impairment	314 343	7 402
Movements in operating lease assets and accruals	30 481	11 885
Contribution to Employee Benefits	5 537 665	3 771 253
Expenditure incurred from Post-retirement Employee Benefits	(2 250 665)	(2 217 253)
Contribution to Long Service Awards Liability	13 000	(198 000)
Contribution to Provisions - Current	(7 105 720)	(8 506 293)
Contribution to Provisions - Non-Current	11 911	(57 299)
Expenditure incurred from Employee Benefits - Current	6 105 820	4 624 982
Expenditure incurred from Provisions - Non-current	(13 331)	(15 061)
Changes in working capital (Decrease/Increase):		
Inventories	(95 714)	118 042
Receivables from exchange transactions	1 011 473	(1 900 964)
Debt Impairment	(314 343)	(7 402)
Current Portion Long-term Receivables	125 000	(60 000)
Payables from exchange transactions	(9 641 965)	8 339 456
Decrease/(Increase) in VAT Receivable	991 849	342 225
Unspent conditional grants and receipts	219 443	(8 517)
Increase/(Decrease) in Consumer deposits	(575)	1 955
Loss on inventories	-	(91 558)
	2 520 403	**17 601 836**

35. Auditors' remuneration

	2024	2023
Fees	2 156 627	2 451 617

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

36. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Land and Buildings	-	-
• Other	-	-
	-	**-**
Not yet contracted for and authorised by accounting officer		
• Land and Buildings	315 000	1 000 000
• Other Property Plant and Equipment	4 152 000	6 565 400
• Intangible assets	6 250 000	-
	10 717 000	**7 565 400**
Total capital commitments		
Already contracted for but not provided for	-	-
Not yet contracted for and authorised by accounting officer	10 717 000	7 565 400
	10 717 000	**7 565 400**

Total commitments

Total commitments		
Authorised capital expenditure	10 717 000	7 565 400

This committed expenditure relates to property, plant and equipment and Intangible assets and will be financed by internally generated funds.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

37. Contingencies

37.1 Contigent liabilities

Case 1 - State Attorney	100 000	100 000
Case 2 - Opinion - Appointed Adv C. Towell	77 533	77 533
	177 533	**177 533**

The municipality was engaged in the following transaction / event during the year under review involving Contingent Liabilities:

2024 Litigation and Claims

Case 1
State Attorney

Damages to infrastructure. filed plea:

MTN claims that they suffered damages as a result of employees of the municipality that were working in a project which led to the damage of their fibre cables.

Case 2
(i) Opinion. Appointed Adv.C.Towell:

In this matter the former senior manager for administration filed a High Court application requesting the court to review the decision of council that resolved that she be granted leave without pay for being absent from work without authorization. We are awaiting matter to be set down for hearing.

2023 Litigation and Claims

Case 1
State Attorney

Damages to infrastructure. filed plea:

(i) MTN claims that they suffered damages as a result of employees of the Municipality that were working in a project which led to the damage of their fibre cables.

Case 2
(i) Opinion. Appointed Adv.C.Towell:

In this matter the former senior manager for administration filed a High Court application requesting the court to review the decision of council that resolved that she be granted leave without pay for being absent from work without authorization. We are awaiting matter to be set down for hearing.

37.2 Contingent assets

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

38. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Councillors	Refer to general information
Members of key management	Refer to employee related note

All Related Party Transactions are conducted at arm's length, unless stated.

38.1 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

38.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by Frances Baard District Municipality, during the financial year under review.

38.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Note 24 and 25, to the Annual Financial Statements.

38.4 Purchases from Related Parties

No transactions were entered into with businesses in which councillors, management and/or those charged with governance have an interest for the 2023/24 financial year

39. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 120 042 062 and that the municipality's total assets exceed its liabilities by R 162 614 864.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The municipality’s cash flow forecast for the year to 30 June 2025 has been reviewed and management is satisfied that the municipality can continue in operational existence for the foreseeable future. The accumulated surplus and cash & cash equivalents as at 30 June 2023 was taken into consideration during the review.

40. Events after the reporting date

Management has requested for disposal of some of the property, plant and equipment assets as at 30 June 2023. The finance committee which sat on the 13 August 2024 and mayoral committee which sat on the 21 August 2024 recommended for those disposal. Council approved the disposal of some of the property,plant and equipment assets during its sitting on the 23 September 2024.

Notes to the Annual Financial Statements

Figures in Rand

41. Unauthorised expenditure

Opening balance as previously reported	387 874	-
Add: Unauthorised expenditure - current	-	387 874
Add: Unauthorised expenditure - prior period	-	-
Less: Amount recovered - current	-	-
Less: Amount recovered - prior period	(100 461)	-
Less: Amount authorised - current	-	-
Less: Amount authorised - prior period	(287 413)	-
Closing balance	**-**	**387 874**

Unauthorised expenditure is presented exclusive of VAT.

Unauthorised expenditure awaiting write off/recovery

Amount written off

Overspending of depreciation	287 413	-

Amount to be recovered

Overspending on Bid: 04/22	100 461	-

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

	Disciplinary steps taken/criminal proceedings		
Overspending on Bid: 04/22	Overspending is under investigation	-	100 461
Depreciation	Overspending is under investigation	-	287 413
		-	**387 874**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

42. Fruitless and wasteful expenditure

Opening balance as previously reported	138 799	1 207
Add: Fruitless and wasteful expenditure identified - current	-	137 592
Add: Fruitless and wasteful expenditure identified - prior period	-	-
Less: Amount recovered - current	-	-
Less: Amount recovered - prior period	-	-
Less: Amount written off - current	-	-
Less: Amount written off - prior period	-	-
Closing balance	**138 799**	**138 799**

Fruitless and wasteful expenditure is presented exclusive of VAT

Fruitless and Wasteful Expenditure awaiting write off/recovery.

Notes to the Annual Financial Statements

Figures in Rand

42. Fruitless and wasteful expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings		
Fines/Penalties for late payment to SARS	Under investigation	-	137 592

Notes to the Annual Financial Statements

Figures in Rand

42. Fruitless and wasteful expenditure (continued)

Amount written-off

Opening Balance	1 207	-

43. Irregular expenditure

Opening balance as previously reported	-	-
Add: Irregular expenditure - current	-	-
Add: Irregular expenditure - prior period	-	-
Less: Amount recovered - current	-	-
Less: Amount recovered - prior period	-	-
Less: Amount written off - current	-	-
Less: Amount written off - prior period	-	-
Closing balance	**-**	**-**

44. 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/she records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Service	**Supplier**	**Nature**		
Testing of water samples	SIMLAB	Emergency/Impractical/Impossible	203 859	132 082
Calibration and maintenance of polludrone ambient air pollution monitoring system	Envirocon Instruments	Sole supplier	45 764	-
Catering: Economic Summit (Net working session)	Julies Malay Kitchen and Photo Shop	Emergency/Impractical/Impossible	61 075	-
Procurement of trailer mounted diesel generator for DIkgatlong LM	Tencon Trading	Emergency/Impractical	-	1 562 033
Annual maintenance charge of the of the Teammate software licence.	Wolters Kluwer	Sole supplier	20 716	19 396
Competency assessment for senior managers	Gijima Holdings	Impractical	-	36 120
Catering: Economic Summit	Thepa Trading 646	Emergency/Impractical/Impossible	145 630	-
Venue: Economic Summit	Amor De Dios	Emergency/Impratical/Impossible	160 000	-
			637 044	**1 749 631**

45. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Receivables From Exchange Transactions - Other Services Charges	-	7 484 275	7 484 275
Receivables from Exhange Transactions - Other Debtors	-	288 095	288 095
Investments	-	10 400 000	10 400 000
Cash and cash equivalents - Call Deposits	-	107 158 607	107 158 607
Cash and cash equivalent - Bank Balances	-	5 937 581	5 937 581
Cash and cash equivalents - Cash Floats and Advances	3 297	-	3 297
	3 297	**131 268 558**	**131 271 855**

Financial liabilities

	At amortised cost	Total
Payables from Exchange Transactions - Trade Creditors	3 485 802	3 485 802

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

45. Financial instruments disclosure (continued)

2023

Financial assets

	At fair value	At amortised cost	Total
Receivables from Exchange Transactions - Other Services Charges	-	7 938 482	7 938 482
Receivables from Exchange Transactions - Other Debtors	-	589 580	589 580
Investments	-	11 000 000	11 000 000
Cash and cash equivalents - Call Deposits	-	106 354 890	106 354 890
Cash and cash equivalents - Bank Balance	-	7 055 270	7 055 270
Cash and cash equivalents - Cash Floats and Advances	3 300	-	3 300
	3 300	**132 938 222**	**132 941 522**

Financial liabilities

	At amortised cost	Total
Rentention	285 453	285 453
Payables from Exchange Transactions - Trade Creditors	12 844 706	12 844 706
	13 130 159	**13 130 159**

The line for payables from exchange transactions - bonus and third party payments has been removed from the financial instruments.

The following restatements were done:

Restated	Previously Reported
R13 130 159	R15 172 185

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

45. Financial instruments disclosure (continued)

Financial Instruments at Fair Value: 30 June 2024	**Level 1**	**Level 2**	**level 3**	**Total**
Cash and Cash Equivalents	-	3 297	-	3 297
Total Financial Assets	-	3 297	-	3 297
Total Financial Instruments	**-**	**3 297**	**-**	**3 297**

Financial Instruments at Fair Value: 30 June 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and Cash Equivalents	-	3 300	-	3 300
Subtotal	-	3 300	-	3 300
Total Financial Instruments	**-**	**3 300**	**-**	**3 300**

46. Risk management

46.1 Capital Risk Management

Gearing Ratio

The gearing ratio is not applicable because the municipality does not have long-term debt.

	-	-

46.2 Financial risk management

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk managment policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not edposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creasting or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilites are generated by day-to-day operational activities and are not held to manage the risks facina the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal Audit, responsible for intiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

46.3 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:
- Liquidity Risk;
- Credit Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

46. Risk management (continued)

46.3.1 Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality’s reputation.

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

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 45.3.4 to the Annual Financial Statements.

46.3.2 Credit risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality’s exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality’s maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Trade Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Councillors and Department of Roads and Public Works for which there is uncertainty about the collectivity. Councillors have been included in the Provision for Impairment of Consumer Debtors.

Counterparty and Location	Credit Limit 30 June 2024	Carrying Amount 2024	Credit Limit 30 June 2023	Carrying Amount 2023
Department of Safety & Liaison	-	55 234	-	55 234

Figures in Rand			2024	2023

46. Risk management (continued)

Department of Roads and Public Works	-	-	-	365 931
Department of Transport	-	6 407 654	-	6 632 310
Councillors	-	395 065	-	246 710
Officials	-	5 979	-	5 979
Lateral Unison Insurance Brokers (Pty) Ltd	-	12 620	-	-
Medical Aid	-	1 871	-	1 871
Railex	-	30 000	-	130 461
Sedibeng Water	-	499 986	-	499 986
Orange Development (Pty) Ltd	-	75 866	-	-
	-	**7 484 275**	**-**	**7 938 482**

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Maximum Credit and Interest Risk Exposure

	2024	2023
Receivables from Exchange Transactions	9 013 801	10 025 274
Investments	10 400 000	11 000 000
Bank, Cash and Cash Equivalents	113 099 485	113 413 460
Maximum Credit and Interest Risk Exposure	**132 513 286**	**134 438 734**

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Capital Risk Management

46.3.3 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

Interest rate risk Management

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

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

46. Risk management (continued)

The municipality's exposure to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 46.3.4 below:

Cash and Cash Equivalents:
If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:
•Surplus for the year ended 30 June 2024 would have decreased by R-5,254,644 (30 June 2023: R2,945,389). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

The surplus for 30 June 2023 has been restated as follows:

Restated	Previously Reported
R2 945 389	R3 097 888

Notes to the Annual Financial Statements

46. Risk management (continued)

46.3.4 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the municipality, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 46.3.4 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Reconciliation	Average effective interest rate	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years
30 June 2024		-	-	-	-	-	-
Non-interest Bearing	0.00%	5 056 938	5 056 938	-	-	-	-
- Payables from Exchange transactions		5 056 938	5 056 938	-	-	-	-
		5 056 938	**5 056 938**	**-**	**-**	**-**	**-**
30 June 2023		-	-	-	-	-	-
Non-interest Bearing	0.00%	14 482 416	14 482 416	-	-	-	-
- Payables from Exchange transactions		14 482 416	14 482 416	-	-	-	-
		14 482 416	**14 482 416**		**-**	**-**	**-**

The amounts for bonus and third party payments has been removed amounting to R2,040,026 and R1,438 respectively.

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Average effective interest rate	Total	6 months or less	6-12 months	1 - 2 years	2 - 5 years	over 5 years
30 June 2024		**-**	**-**	**-**	-	-	-
		-	-	-	-	-	-
Non-interest Bearing	0.00%	**9 017 098**	**9 017 098**	**-**	-	-	-
		-	-	-	-	-	-
- Trade Receivables from Exchange Transactions		9 013 801	9 013 801	-	-	-	-
- Cash and Cash Equivalents		3 297	3 297	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Variable Interest Rate Instruments	9.60%	**113 096 188**	**113 096 188**	**-**	-	-	-
- Call Deposits		107 158 607	107 158 607	-	-	-	-
- Bank Account		5 937 581	5 937 581	-	-	-	-
		-	-	-	-	-	-
Fixed Interest Rate Instruments		**10 400 000**	-	**10 400 000**	-	-	-

46. Risk management (continued)

- Fixed Deposits	9.60%	10 400 000	-	10 400 000	-	-	-
		132 513 286	**122 113 286**	**10 400 000**	**-**	**-**	**-**
30 June 2023		**-**	**-**	**-**	**-**	**-**	**-**
Non-interest Bearing	0.00%	**10 021 549**	**10 021 549**	**-**	-	-	-
- Trade Receivables from Exchange Transactions		10 018 249	10 018 249	-	-	-	-
- Cash and Cash Equivalents		3 300	3 300	-	-	-	-
Variable Interest Rate Instruments	8.60%	**113 410 160**	**113 410 160**	-	-	-	-
- Call Deposits		106 354 890	106 354 890	-	-	-	-
- Bank Account		7 055 270	7 055 270	-	-	-	-
Fixed Interest Rate Instruments		**11 000 000**	-	**11 000 000**	-	-	-
- Fixed Deposits	10.30	11 000 000	-	11 000 000	-	-	-
		134 431 709	**123 431 709**	**11 000 000**	**-**	**-**	**-**

Figures in Rand	2024	2023

47. Additional disclosure in terms of Municipal Finance Management Act

47.1 Contributions to organised local government

Current year subscription / fee	1 039 551	864 569
Amount paid - current year	(1 039 551)	(864 569)
	-	-

The municipality made the above contributions to SALGA.

47.2 Audit fees

Current year subscription / fee	2 156 627	2 451 617
Amount paid - current year	(2 156 627)	(2 451 617)
	-	-

Any unpaid balances are included as part of creditors.

47.3 PAYE, Skills Development Levy and UIF

Opening balance	5 555	5 555
Current year subscription / fee	44 730 506	30 018 869
Amount paid - current year	(44 730 506)	(30 018 869)
	5 555	**5 555**

Any unpaid balances are included as part of creditors.

47.4 Pension and Medical Aid Deductions

Opening balance	5 928	5 928
Current year subscription / fee	49 615 548	33 395 461
Amount paid - current year	(49 615 548)	(33 395 461)
	5 928	**5 928**

Any unpaid balances are included as part of creditors.

47.5 VAT

VAT receivable	1 640 078	2 631 927

Refer to note 6

47.6 Non-compliance with the Municipal Finance Management Act

None

48. Multi-employer retirement benefit information

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

Notes to the Annual Financial Statements

48. Multi-employer retirement benefit information (continued)

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.
The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R2,217,253 (2023: R2,068,464) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

48.1 Defined Contribution schemes

The municipality contribute to the Municipal Workers Pension Fund and Cape Retirement Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by the municipality are charged against expenditure on the basis of current service costs. The contribution rate paid by the members (9%) and the municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future.

49. In-kind donations and assistance

Mr. G Botha served on the audit committee for the 2023/24 financial year, he is a government employee and therefore is not entitled to receive any compensation for duties performed as a member of the audit committee.

50. Private Public Partnerships

The municipality was not a party to any Private Public Partnerships during the year under review.

51. Declaration of suppliers

Supplier	**Capacity**	2024	2023
Chanic Holdings PTY (LTD)	N. Damon - Spouse HR Department at Transnet	-	1 121 858
Nkadivho Development Consultant Bid01/23	Dept. Of Home Affairs - Spouse is an administration officer	350 000	-
Cash asset trading	Dept. of Sports arts and Culture - Wife work as assistant librarian	390 488	-
Mosima IT Solutions	DR. T.C. Motaung - Spouse Department of Health Medical Officer	-	918 621
		740 488	**2 040 479**

52. Segment information

General information

Identification of segments

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has seven primary reportable segments:

-Executive and Counci: consist of mayor and council, and the department of the municipal manager.
-Finance and Administration: consist of finance, and administration.
-Internal Audit: consist of internal audit services.
-Community and Social Services: consist of the fire-fighting and disaster services.
-Housing: consist of housing services.
-Environmental Protection: consist of ennvironmental health and safety services.
-Planning and Development: consist of project and advisory services and, planning and development services.

No individually material operating segments have been aggregated to form the above reportable operating segments.

The Municipality operates within the following local geographical area:

Dikgatlong Local Municipality
Magareng Local Municipality
Phokwane Local Municipality
Sol Plaatje Municipality

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

Notes to the Annual Financial Statements

Figures in Rand

52. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Housing	Environmental Protection	Planning and Development	Total
Revenue								
Revenue from non-exchange transactions	-	-	-	-	-	-	-	-
Transfers and subsidies	279 880	137 093 602	-	-	-	-	4 114 388	141 487 870
	-	-	-	-	-	-	-	-
Revenue from exchange transactions	-	-	-	-	-	-	-	-
Other Revenue	-	68 151	-	-	-	-	-	68 151
Rental of facilities and equipment	-	195 237	-	-	-	-	-	195 237
Interest, Dividends and Rent on Land Earned	-	13 418 050	-	-	-	-	-	13 418 050
Acturial Gains	-	232 309	-	-	-	-	-	232 309
Total segment revenue	**279 880**	**151 007 349**	**-**	**-**	**-**	**-**	**4 114 388**	**155 401 617**
Entity's revenue								**155 401 617**
Expenditure								
Employee related costs	14 273 673	27 135 468	1 272 129	5 277 853	2 957 582	6 341 902	15 671 117	72 929 724
Remuneration of councillors	7 734 830	-	-	-	-	-	-	7 734 830
Depreciation and amortisation	346 537	3 892 781	6 671	380 682	18 348	64 944	275 804	4 985 767
Debt Impairment	314 343	-	-	-	-	-	-	314 343
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	-
Contracted services	940 500	4 136 036	60 437	1 556 890	423 550	584 812	4 499 551	12 201 776
Inventory consumed	159 546	883 228	7 080	4 969	8 137	17 642	36 410	1 117 012
Transfers and subsidies paid	274 460	3 716 647	-	1 258 600	-	3 824 109	33 896 513	42 970 329
Operational costs	2 501 404	6 706 239	113 905	128 330	50 493	145 319	906 153	10 551 843
Loss on disposal of Property, Plant and Equipment	578	5 538	563	29	5	2 538	452	9 703
Total segment expenditure	**26 545 871**	**46 475 937**	**1 460 785**	**8 607 353**	**3 458 115**	**10 981 266**	**55 286 000**	**152 815 327**
Total segmental surplus/(deficit)	**(26 265 991)**	**104 531 412**	**(1 460 785)**	**(8 607 353)**	**(3 458 115)**	**(10 981 266)**	**(51 171 612)**	**2 586 290**

52. Segment information (continued)

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Housing	Environmental Protection	Planning and Development	Total
Assets								
Intangible Assets	15 598	716 395	4 017	52	-	-	3 187	739 249
Property Plant and Equipment	70 760	66 211 745	15 220	3 377 965	91 659	138 179	469 145	70 374 673
Heritage Assets	-	631 417	-	-	-	-	-	631 417
Operating lease receivable	-	-	-	-	-	-	-	-
Long-Term Receivables	-	5 728 000	-	-	-	-	-	5 728 000
Statutory	-	389 000	-	-	-	-	-	389 000
Inventories	-	335 206	-	-	-	-	-	335 206
Receivables from exchange transactions	-	9 013 801	-	-	-	-	-	9 013 801
Investments	-	10 400 000	-	-	-	-	-	10 400 000
Vat Receivables	-	1 640 078	-	-	-	-	-	1 640 078
Current Portion Long-Term Receivables	-	611 000	-	-	-	-	-	611 000
Operating Lease	-	8 804	-	-	-	-	-	8 804
Cash and Cash equivalents	-	113 099 485	-	-	-	-	-	113 099 485
Total segment assets	**86 358**	**208 784 931**	**19 237**	**3 378 017**	**91 659**	**138 179**	**472 332**	**212 970 713**
Total assets as per Statement of financial Position								**212 970 713**
Liabilities								
Payables from exchange transactions	-	5 530 222	-	-	-	-	-	5 530 222
Consumer deposits	-	4 370	-	-	-	-	-	4 370
EEmployee benefit obligation	-	13 396 888	-	-	-	-	-	13 396 888
Unspent conditional grants and receipts	-	1 571 136	-	-	-	-	-	1 571 136
Employee benefit obligation	-	29 853 233	-	-	-	-	-	29 853 233
Total segment liabilities	**-**	**50 355 849**	**-**	**-**	**-**	**-**	**-**	**50 355 849**
Total liabilities as per Statement of financial Position								**50 355 849**

Notes to the Annual Financial Statements

Figures in Rand

52. Segment information (continued)

52. Segment information (continued)

2023

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Housing	Environmental Health	Planning and Development	Total
Revenue								
Revenue from non-exchange transactions	-	-	-	-	-	-	-	-
Transfers and subsidies	355 326	133 288 083	-	-	-	-	3 696 183	137 339 592
Revenue from exchange transactions	-	-	-	-	-	-	-	-
Other Income	-	59 119	-	-	-	-	-	59 119
Rental from Fixed Assets	-	195 237	-	-	-	-	-	195 237
Interest, Dividends and Rent on Land Earned	-	9 986 289	-	-	-	-	-	9 986 289
Acturial Gains	-	2 867 871	-	-	-	-	-	2 867 871
Total segment revenue	**355 326**	**146 396 599**	**-**	**-**	**-**	**-**	**3 696 183**	**150 448 108**
Entity's revenue								**150 448 108**
Expenditure								
Employee related costs	14 098 899	26 430 230	2 784 702	4 761 833	3 052 306	5 750 807	15 578 097	72 456 874
Remuneration of councillors	8 190 220	-	-	-	-	-	-	8 190 220
Depreciation and amortisation	199 762	3 828 354	1 750	916 265	19 411	73 027	270 532	5 309 101
Debt Impairment	7 402	-	-	-	-	-	-	7 402
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	-
Contracted services	1 352 166	4 707 413	68 155	1 476 709	870 896	166 212	5 624 060	14 265 611
Inventory consumed	134 344	836 303	1 764	2 799	37 671	46 108	26 774	1 085 763
Transfer and subsidies paid	-	187 997	-	552 725	-	3 525 357	26 306 361	30 572 440
Operational costs	2 380 953	6 806 809	106 169	131 665	62 038	173 569	761 613	10 422 816
Loss on disposal of Property, Plant and Equipment	178	283 692	-	1 257	-	108	11 740	296 975
Total segment expenditure	**26 363 924**	**43 080 798**	**2 962 540**	**7 843 253**	**4 042 322**	**9 735 188**	**48 579 177**	**142 607 202**
Total segmental surplus/(deficit)	**(26 008 598)**	**103 315 801**	**(2 962 540)**	**(7 843 253)**	**(4 042 322)**	**(9 735 188)**	**(44 882 994)**	**7 840 906**

52. Segment information (continued)

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Housing	Environmental Health	Planning and Development	Total
Assets								
Intangible Assets	6 249	1 684 708	6 354	52	-	-	3 187	1 700 550
Property Plant and Equipment	390 058	62 377 277	2 221	6 539 585	98 332	181 320	725 771	70 314 564
Heritage Assets	-	631 417	-	-	-	-	-	631 417
Long-Term Receivables	-	6 388 000	-	-	-	-	-	6 388 000
Operating Lease	-	8 804	-	-	-	-	-	8 804
Cash and cash equivalent	-	113 413 460	-	-	-	-	-	113 413 460
Investment	-	11 000 000	-	-	-	-	-	11 000 000
Current portion Long-Term Receivables	-	736 000	-	-	-	-	-	736 000
Inventory	-	239 492	-	-	-	-	-	239 492
Operating Lease	-	30 481	-	-	-	-	-	30 481
Statutory Receivables	-	389 000	-	-	-	-	-	389 000
Vat Receivables	-	2 631 927	-	-	-	-	-	2 631 927
Receivables from exchange transactions	-	10 025 274	-	-	-	-	-	10 025 274
Total segment assets	**396 307**	**209 555 840**	**8 575**	**6 539 637**	**98 332**	**181 320**	**728 958**	**217 508 969**
Total assets as per Statement of financial Position								**217 508 969**
Liabilities								
Payables from exchange transactions	-	15 172 187	-	-	-	-	-	15 172 187
consumers deposits	-	4 945	-	-	-	-	-	4 945
Employee benefit obligation	-	11 840 926	-	-	-	-	-	11 840 926
Unspent conditional grant and receipts	-	1 351 693	-	-	-	-	-	1 351 693
Employee benefit obligation	-	29 110 513	-	-	-	-	-	29 110 513
Total segment liabilities	**-**	**57 480 264**	**-**	**-**	**-**	**-**	**-**	**57 480 264**
Total liabilities as per Statement of financial Position								**57 480 264**

52. Segment information (continued)

53. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	2 586 263	7 840 907

Revenue from Non-exchange Transactions		
Transfer and Subsidies	(3 724 130)	3 001 408
Revenue from Exchange Transactions		
Other Income	(51 849)	60 881
Rental from Fixed Assets	(54 763)	4 763
Interest, Dividends and Rent on Land Earned	6 778 050	(2 829 265)
Gains on Disposal of Property, Plant and Equipment	-	-
Acturial Gains	232 309	(2 867 871)
Expenditure		
Employee Related Cost	13 121 277	(16 051 127)
Remuneration of Councillors	2 486 170	(2 096 780)
Depreciation and Amortisation	922 234	287 413
Impairment Losses	95 657	(2 598)
Inventory Consumed	534 036	(818 237)
Grants and Subsidies	756 671	(3 353 560)
Operational Costs	18 903 303	(13 820 574)
Loss on Disposal of Property, Plant and Equipment	12 298	(968 859)
Fair Value Gains/Losses	1 413 000	-
	41 424 263	**(39 454 406)**

54. Operating deficit

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

54. Operating deficit (continued)

Loss on sale/ disposal of property, plant and equipment	(9 702)	(205 417)
Loss on disposal of inventory	-	(91 558)
Amortisation on intangible assets	969 435	1 006 719
Depreciation on property, plant and equipment	4 016 331	4 302 382
Employee costs	80 664 553	80 647 094

55. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments. The prior period error was mainly neccessitated by unadjusted prior period errors identified by management and the auditors during the audit.

Statement of financial position

2022

	Note	As previously reported	Correction of error	Restated
Employee benefit obligation		29 498 513	(388 000)	29 110 513
Property Plant and Equipment		70 486 528	12 441	70 498 969
		99 985 041	**(375 559)**	**99 609 482**

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Current Assets		-	-	-	-
Receivables from exchange transactions		10 018 249	7 025	-	10 025 275
Statutory Receivables		389 000	-	(389 000)	-
Non-Current Assets		-	-	-	-
Statutory Rceivables		-	-	389 000	389 000
Property Plant and Equipment		70 486 528	(171 964)	-	70 314 565
		-	-	-	-
		-	-	-	-
		80 893 777	**(164 939)**	**-**	**80 728 840**

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Restated
Interest received		9 979 265	7 024	9 986 289
Depreciation		5 304 413	4 688	5 309 102
Loss on disposal of Property Plant and Equipment		142 141	154 834	296 976
		-	-	-
Surplus for the year		**15 425 819**	**166 546**	**15 592 367**