



MAKANA
MUNICIPALITY | EASTERN CAPE
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EC104 - Makana Local Municipality - 30 June 2023
Annual Financial Statements
for the year ended 30 June 2023

AUDITOR GENERAL
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Name:.....
Signature:.....

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity

The municipality operations are governed by the Municipal Finance Management Act 56 of 2003, Municipal Structure Act 117 of 1998, Municipal Systems Act 32 of 2000 and various other acts and regulations.

Nature of business and principal activities

Rendering of basic services to the community of Makana such as Water, Sanitation, Refuse collection, Electricity, Infrastructure, Local Economic Development and Community Services as set out in Constitution of South Africa

Mayoral committee

Executive Mayor

Cllr YP Vara

Speaker

Cllr M Matyumza

MPAC Chairperson (interim)

Cllr VN Jezi

Member of Mayoral Committee: Engineering Infrastructure

Cllr G Mene

Member of Mayoral Committee: Corporate Services

Cllr MR Xonxa

Member of Mayoral Committee: Finance

Cllr ZA Hoyi

Member of Mayoral Committee: Community services and Public Safety

Cllr T Vayo

Member of Mayoral Committee: Planning and Economic Development

Cllr M Nkwentsha

Councillors

Cllr AA Bentele replaced by Cllr NM Buwa

Cllr M Booyesen

Cllr C Clark

Cllr Z Cetu

Cllr A Deke

Cllr G Embling

Cllr MD Geelbooi

Cllr BPN Jackson

Cllr XG Madyo

Cllr Z Mantla

Cllr L Masinda

Cllr T Matebese

Cllr WE Matina

Cllr V Nesi

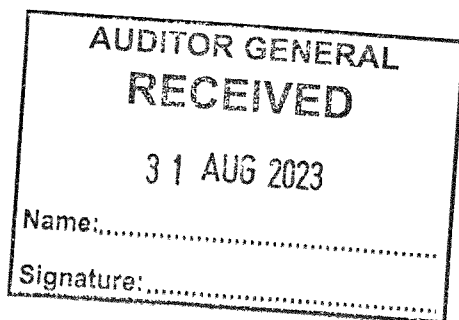
Cllr P Peter

Cllr WL Sixaba

Cllr LR Sizani

Cllr TS Yaka

Cllr S Zono



Grading of local authority

Category B

Chief Finance Officer (CFO)

Ms Nomfundo Ntsangani

Accounting Officers

Mr PM Kate

Registered office

City Hall
No 86 High Street
Grahamstown
6139

Postal address

City Hall
No 86 High Street

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Annual Financial Statements for the year ended 30 June 2023

General Information

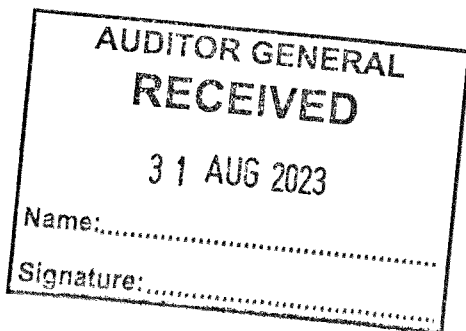
Grahamstown
6139

Bankers

First National Bank

Auditors

Auditor-General South Africa



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Annual Financial Statements for the year ended 30 June 2023

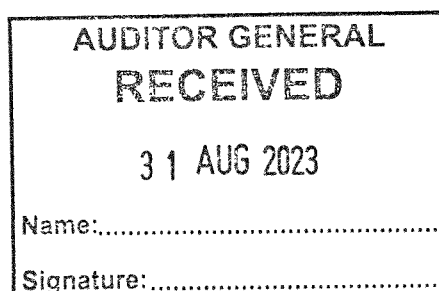
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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MEC	Member of the Executive Council
CIGFARO	Chartered Institute of Governance Finance, Audit & Risk Officers
MIG	Municipal Infrastructure Grant



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Accounting Officer's Responsibilities and Approval

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

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

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

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

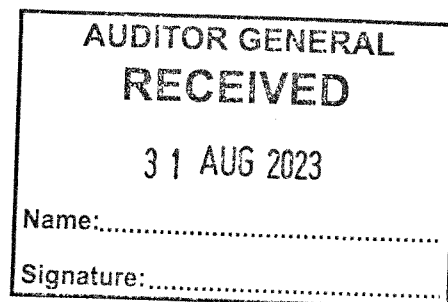
The accounting officers are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The accounting officers have reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality. The accounting officer is responsible for the financial affairs of the City, and is assisted by the City's Senior Management team.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the on 31 August 2023 and were signed on its behalf by:

Accounting Officer
Mr. PM Kate

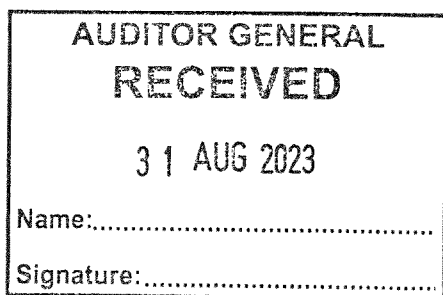


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Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note	2023	2022 Restated*
Assets			
Current Assets			
Inventories	2	8 575 189	6 698 554
Receivables from non-exchange transactions	3&4	20 752 523	24 564 131
Receivables from exchange transactions	5	73 741 517	66 241 652
Cash and cash equivalents	6	56 245 938	48 296 189
		159 315 167	145 800 526
Non-Current Assets			
Investment property	7	187 914 998	187 914 998
Property, plant and equipment	8	943 603 121	945 910 159
Intangible assets	9	435 712	435 713
Heritage assets	10	32 788 263	32 788 263
Other financial assets	11	3 493 381	3 342 948
		1 168 235 475	1 170 392 081
Total Assets		1 327 550 642	1 316 192 607
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	275 996 642	264 090 807
Value Added Tax payable	13	52 468 431	54 712 107
Consumer deposits	14	2 782 089	2 598 175
Unspent conditional grants and receipts	15	42 371 956	25 440 494
Other financial liabilities	16	2 015 787	1 827 874
Employee benefit obligation	17	3 612 654	3 069 949
Provisions	18	17 162 779	17 408 086
		396 410 338	369 147 492
Non-Current Liabilities			
Other financial liabilities	16	45 236 752	47 263 856
Employee benefit obligation	17	71 522 147	73 327 478
Provisions	18	34 521 937	31 073 683
		151 280 836	151 665 017
Total Liabilities		547 691 174	520 812 509
Net Assets		779 859 468	795 380 098
Accumulated surplus /(deficit)		779 859 457	795 380 092
Total Net Assets		779 859 457	795 380 092



* See Note 52

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Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand

	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	336 677 768	302 473 540
Rendering of services	21	1 807 531	2 463 526
Rental of facilities and equipment	22	240 124	321 168
Interest received on receivable from exchange transactions	23	44 102 203	27 735 831
Income from agency services	24	2 946 397	3 079 642
Other operating revenue	25	869 943	49 089
Interest received on cash and bank and other financial assets	26	3 837 845	767 214
Total revenue from exchange transactions		390 481 811	336 890 010
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	27	107 449 662	100 918 397
Interest received on receivable from non exchange property rates	29	7 899 696	5 351 511
Transfer revenue			
Government grants & subsidies	30	143 257 610	189 930 640
Public contributions and donations	32	3 105 222	17 632 947
Fines, Penalties and Forfeits	31	1 420 516	745 666
Licences and Permits	28	12 070	12 199
Total revenue from non-exchange transactions		263 144 776	314 591 360
Total revenue	19	653 626 587	651 481 370
Expenditure			
Employee related costs	33	(199 396 132)	(199 534 083)
Remuneration of councillors	34	(11 998 233)	(11 169 061)
Depreciation and amortisation	35	(31 656 048)	(33 638 074)
Finance costs	36	(16 652 380)	(10 237 175)
Lease rentals on operating lease	37	(389 160)	(325 935)
Debt Impairment and Write Off	38	(182 665 210)	(191 005 799)
Bulk purchases	40	(135 614 220)	(131 093 811)
Contracted services	41	(30 624 362)	(43 274 025)
Transfers and Subsidies	42	(990 060)	(990 060)
Inventory consumed	43	(27 696 034)	(25 187 605)
Operational expenditure	44	(42 155 872)	(40 496 810)
Total expenditure		(679 837 711)	(686 952 438)
Operating deficit		(26 211 124)	(35 471 068)
Loss /gain on disposal of assets and liabilities		(28 456)	1 656 058
Actuarial gains/losses	17	11 342 750	10 108 777
Impairment loss on non current assets	45	-	(3 493 778)
Inventories losses/write-downs		(623 809)	(3 844 275)
Impairment reversals debtors		-	43 294 175
		10 690 485	47 720 957
(Deficit) surplus for the year		(15 520 639)	12 249 889

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* See Note 52

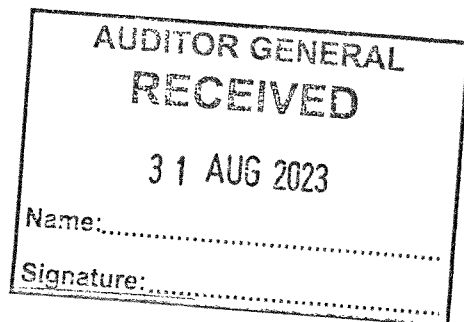
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Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	769 410 177	769 410 177
Adjustments		
Prior year adjustments 52	13 720 026	13 720 026
Balance at 01 July 2021 as restated*	783 130 203	783 130 203
Changes in net assets		
Surplus for the year	12 249 889	12 249 889
Total changes	12 249 889	12 249 889
Restated* Balance at 01 July 2022	795 380 096	795 380 096
Changes in net assets		
Surplus for the year	(15 520 639)	(15 520 639)
Total changes	(15 520 639)	(15 520 639)
Balance at 30 June 2023	779 859 457	779 859 457

Note



* See Note 52

EC104 - Makana Local Municipality - 30 June 2023

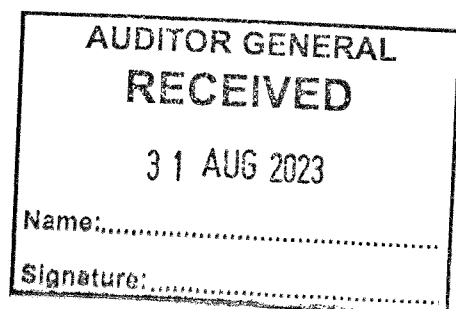
Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand

	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		390 481 811	336 890 010
Grants		150 424 286	189 930 640
Interest income		3 837 845	767 214
Other receipts		1	-
		<u>544 743 943</u>	<u>527 587 864</u>
Payments			
Finance costs		(16 652 380)	(10 237 175)
Other cash item		(489 398 543)	(445 487 484)
		<u>(506 050 923)</u>	<u>(455 724 659)</u>
Net cash flows from operating activities	47	<u>38 693 020</u>	<u>71 863 205</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(20 098 190)	(77 815 932)
Purchase of investment property	7	-	(1 809 051)
Purchase of other intangible assets	9	-	(364)
Proceeds from sale of financial assets		(150 433)	(3 342 948)
Net cash flows from investing activities		<u>(20 248 623)</u>	<u>(82 968 295)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(1 839 191)	(1 646 269)
Net cash flows from financing activities		<u>(1 839 191)</u>	<u>(1 646 269)</u>
Net increase/(decrease) in cash and cash equivalents		16 605 206	(12 751 359)
Cash and cash equivalents at the beginning of the year		48 296 189	18 927 998
Cash and cash equivalents at the end of the year	6	<u>64 901 395</u>	<u>6 176 639</u>

The accounting policies on pages 12 to 40 and the notes on pages 42 to 87 form an integral part of the annual financial statements.



* See Note 52

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Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	418 663 057	48 432 373	467 095 430	336 677 768	(130 417 662)
Rental of facilities and equipment	167 500	(650 000)	(482 500)	240 124	722 624
Interest received	28 843 116	-	28 843 116	44 102 203	15 259 087
Agency services	2 480 004	300 000	2 780 004	2 946 397	166 393
Other operational income	8 358 952	(2 204 504)	6 154 448	2 524 822	(3 629 626)
Interest received cash and cash equivalents and other financial assets	21 232 996	(1 598 000)	19 634 996	3 837 845	(15 797 151)

Total revenue from exchange transactions	479 745 625	44 279 869	524 025 494	390 329 159	(133 696 335)
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Revenue from non-exchange transactions

Taxation revenue

Property rates	114 787 480	(10 400 000)	104 387 480	107 449 662	3 062 182
Licences and Permits	6 213 000	-	6 213 000	12 070	(6 200 930)
Interest received on receivable from non exchange property rates	-	-	-	7 899 696	7 899 696

Transfer revenue

Government grants & subsidies	167 819 175	(1 276 529)	166 542 646	143 257 610	(23 285 036)
Public contributions and donations	-	-	-	3 105 222	3 105 222
Fines, Penalties and Forfeits	271 800	(1 420 896)	(1 149 096)	1 420 516	2 569 612

Total revenue from non-exchange transactions	289 091 455	(13 097 425)	275 994 030	263 144 776	(12 849 254)
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Total revenue	768 837 080	31 182 444	800 019 524	653 473 935	(146 545 589)
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Expenditure

Employee related costs	(235 988 800)	2 451 092	(233 537 708)	(199 396 132)	34 141 576
Remuneration of councillors	(14 358 196)	800 000	(13 558 196)	(11 998 233)	1 559 963
Depreciation and amortisation	(33 278 469)	(2 378 457)	(35 656 926)	(31 656 048)	4 000 878
Finance costs	(10 500 000)	(1 500 000)	(12 000 000)	(16 652 380)	(4 652 380)
Lease rentals on operating lease	(899 996)	100 000	(799 996)	(389 160)	410 836
Debt Impairment	(57 000 000)	(15 000 000)	(72 000 000)	(182 665 210)	(110 665 210)
Bulk purchases	(156 400 004)	(28 400 000)	(184 800 004)	(135 614 220)	49 185 784
Contracted Services	(43 210 454)	17 981 890	(25 228 564)	(30 624 362)	(5 395 798)
Transfers and Subsidies	-	-	-	(990 060)	(990 060)
Inventory consumed	(36 553 296)	(1 305 300)	(37 858 596)	(27 696 034)	10 162 562
Operational costs	(52 121 652)	13 273 500	(38 848 152)	(42 155 872)	(3 307 720)

Total expenditure	(640 310 867)	(13 977 275)	(654 288 142)	(679 837 711)	(25 549 569)
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Operating deficit	128 526 213	17 205 169	145 731 382	(26 363 776)	(172 095 158)
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Loss on disposal of assets and liabilities	-	-	-	(28 456)	(28 456)
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Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actuarial gains/losses	-	-	-	11 342 750	11 342 750	
Inventories losses/write-downs	-	-	-	(623 809)	(623 809)	
	-	-	-	10 690 485	10 690 485	
Surplus / (Deficit)	128 526 213	17 205 169	145 731 382	(15 673 291)	(161 404 673)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	128 526 213	17 205 169	145 731 382	(15 673 291)	(161 404 673)	

Material differences between budget and actual amounts

The excess of the actual expenditure over the final budget of 10% is and amounts below explained below:

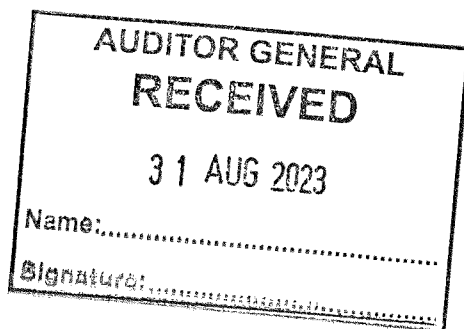
Debt impairment – the collection rate of the municipality was lower than anticipated, hence the impairment was unauthorised. The provision for impairment was not sufficient to cover the provision made for debt impairment.

Contracted Services – The budget provision made on contracted services was lesser than what the municipality spent.

Employee related costs - Not all positions that were budgeted for were filled. The budget provision also included budget for employees working for water treatments department that was capitalised in inventory cost.

Bulk purchases – Under spent due low consumption as of loadshedding

Inventory consumed- James Kleynhans dam was not in operation during this financial year which contributed to underspending in inventory consumed.



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Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	5 848 474	(1 305 300)	4 543 174	8 575 189	4 032 015	
Receivables from non-exchange transactions	(31 182 173)	(25 400 000)	(56 582 173)	20 752 523	77 334 696	
VAT receivable	-	-	-	(52 427 106)	(52 427 106)	
Receivables from exchange transactions	105 414 580	44 456 973	149 871 553	73 741 517	(76 130 036)	
Cash and cash equivalents	356 632 600	(3 098 000)	353 534 600	56 245 938	(297 288 662)	
	436 713 481	14 653 673	451 367 154	106 888 061	(344 479 093)	

Non-Current Assets

Investment property	171 728 982	(14 565 607)	157 163 375	187 914 998	30 751 623	
Property, plant and equipment	997 538 010	40 208 882	1 037 746 892	943 603 121	(94 143 771)	
Intangible assets	260 715	-	260 715	435 712	174 997	
Heritage assets	34 608 200	-	34 608 200	32 788 263	(1 819 937)	
Other financial assets	-	-	-	3 493 381	3 493 381	
	1 204 135 907	25 643 275	1 229 779 182	1 168 235 475	(61 543 707)	

Total Assets

1 640 849 388 40 296 948 1 681 146 336 1 275 123 536 (406 022 800)

Liabilities

Current Liabilities

Other financial liabilities	1 321 281	-	1 321 281	2 015 787	694 506	
Payables from exchange transactions	4 567 254	23 315 250	27 882 504	275 996 642	248 114 138	
VAT payable	-	-	-	41 325	41 325	
Consumer deposits	2 587 503	-	2 587 503	2 782 089	194 586	
Employee benefit obligation	-	-	-	3 612 654	3 612 654	
Unspent conditional grants and receipts	-	-	-	42 371 956	42 371 956	
Provisions	-	-	-	17 162 779	17 162 779	
	8 476 038	23 315 250	31 791 288	343 983 232	312 191 944	

Non-Current Liabilities

Other financial liabilities	51 541 321	-	51 541 321	45 236 752	(6 304 569)	
Employee benefit obligation	104 199 470	-	104 199 470	71 522 147	(32 677 323)	
Provisions	-	-	-	34 521 937	34 521 937	
	155 740 791	-	155 740 791	151 280 836	(4 459 955)	

Total Liabilities

164 216 829 23 315 250 187 532 079 495 264 068 307 731 989

Net Assets

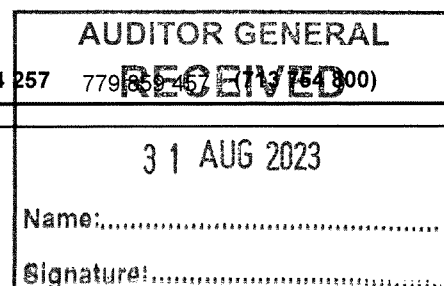
1 476 632 559 16 981 698 1 493 614 257 779 859 468 (713 754 789)

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus /(deficit)	1 476 632 559	16 981 698	1 493 614 257	779 859 468	(713 754 789)	
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EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Figures in Rand

Note(s)

2023

2022

1. Significant account policies

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

1.1 Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Allowance for slow moving, damaged and obsolete stock

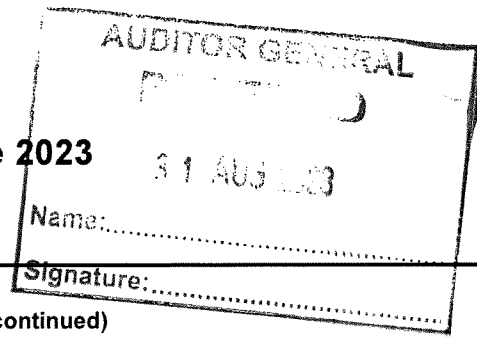
An allowance for stock to write stock down to the lower of cost or net realisable value.

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies



1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Useful lives of waste and water network and other assets

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

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Materiality

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

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

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Accounting Policies

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - buildings	60 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

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

1.7 Property, plant and equipment

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

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

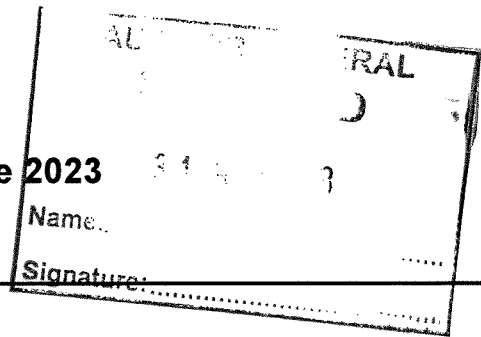
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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Accounting Policies



1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

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

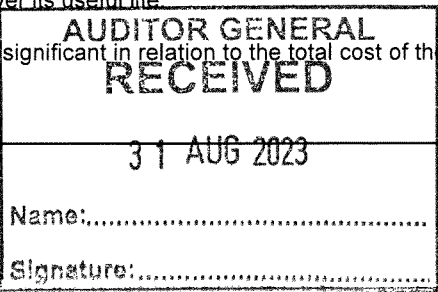
Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Not depreciated
Buildings	Straight-line	100-200
Furniture and Office Equipment	Straight-line	3-120
Motor vehicles	Straight-line	3-20
Office equipment	Straight-line	3-20
IT equipment	Straight-line	3-20
Computer equipment	Straight-line	3-20
Roads Infrastructure	Straight-line	5-120
Community	Straight-line	5-100
Work-in-progress	Straight-line	2-100
Sanitation Infrastructure	Straight-line	3-100
Sanitation Infrastructure	Straight-line	3-100
Plant and equipment	Straight-line	3-100

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

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



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Accounting Policies**1.7 Property, plant and equipment (continued)**

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

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

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

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

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

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

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

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

1.8 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.9 Intangible assets

An asset is identifiable if it either:

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

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Intangible assets (continued)

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

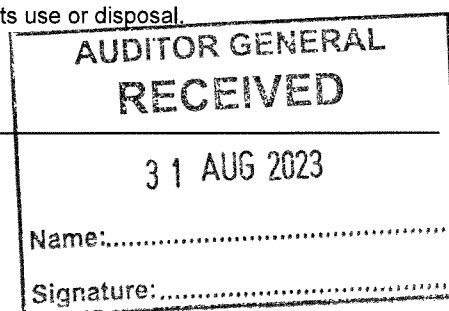
Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

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

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

Intangible assets are derecognised:

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



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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

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Accounting Policies

1.10 Heritage assets (continued)

Subsequent measurement

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

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

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

1.11 Financial instruments

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

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

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

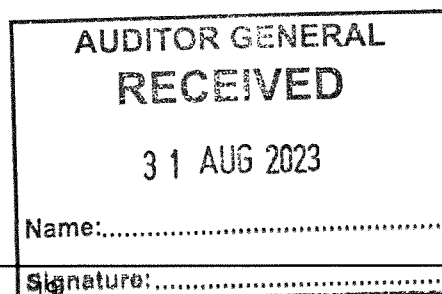
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

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

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

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



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Accounting Policies**1.11 Financial instruments (continued)**

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.11 Financial instruments (continued)

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

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

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

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

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

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

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

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

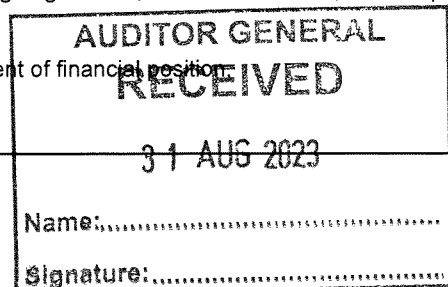
Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost
Vat Payable	Financial liability measured at amortised cost
Unspend conditional grant	Financial liability measured at amortised cost
Other financial liability ²	Financial liability measured at fair value

1.12 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.



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Accounting Policies**1.12 Statutory receivables (continued)**

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

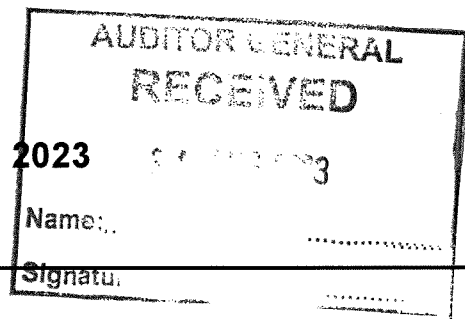
In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current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

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

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1.12 Statutory receivables (continued)

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

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

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

1.13 Leases

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

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

Operating leases - lessee

Operating lease payments are recognised as an expense. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.14 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

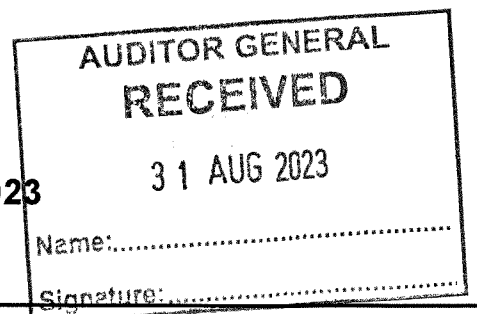
Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

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

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

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



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Accounting Policies

1.14 Inventories (continued)

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

1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

1.16 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

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Accounting Policies

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1.16 Impairment of cash-generating assets (continued)

Identification

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

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

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

Value in use

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

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

1.17 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

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

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Accounting Policies**1.18 Employee benefits**

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

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

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

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

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

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

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

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Accounting Policies

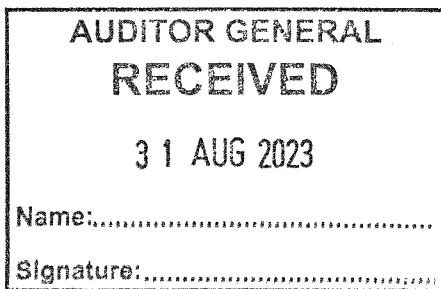
1.18 Employee benefits (continued)

Post-employment benefits

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

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

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



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Accounting Policies**1.18 Employee benefits (continued)****Post-employment benefits: Defined benefit plans**

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

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

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

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

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

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

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.18 Employee benefits (continued)

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

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

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

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

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

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

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

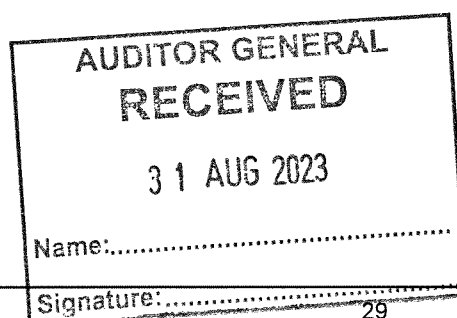
The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

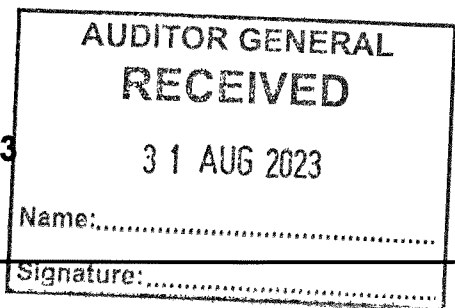
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

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

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

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





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1.18 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

1.19 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

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

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1.19 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 50.

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

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

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

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

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

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1.19 Provisions and contingencies (continued)

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

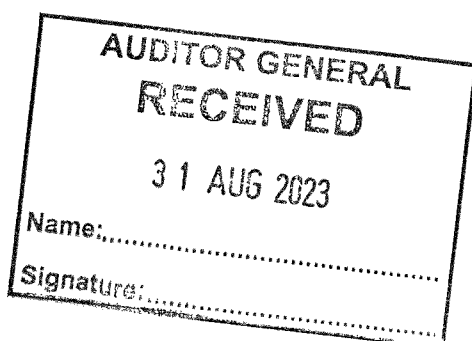
1.20 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

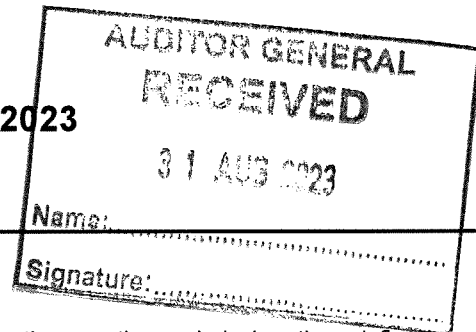
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.



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Accounting Policies



1.21 Revenue from exchange transactions

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

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

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

Measurement

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

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

Sale of goods

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

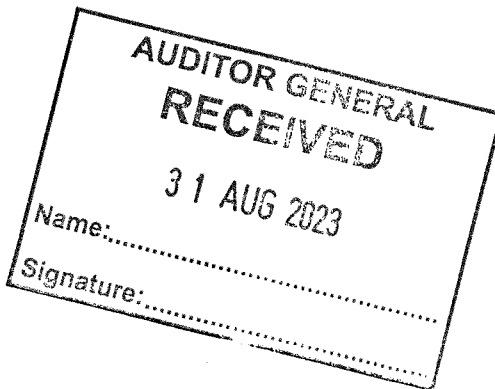
1.21 Revenue from exchange transactions (continued)

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

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

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

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



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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.22 Revenue from non-exchange transactions

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

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

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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

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

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

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

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

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

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

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

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

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

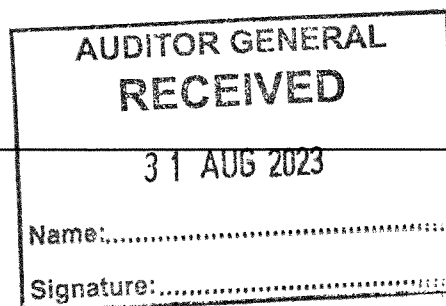
Recognition

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

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

Measurement

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



31 AUG 2023

Name:.....

Signature:.....

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

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

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

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

Value Added Tax

The Municipality is registered with the South African Revenue Services as a VAT vendor in accordance with section 15(2) of the Value Added Tax Act (No. 89 of 1991).

The Municipality accounts for Value Added Tax on the payment basis as per the VAT Act.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.23 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.24 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.25 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.26 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.27 Insurance fund

The insurance fund is accounted for at net of cost, and any liability thereto, and adjustments are made only where there are valid claims to the fund.

1.28 Comparative figures

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

1.29 Unauthorised expenditure

Unauthorised expenditure means:

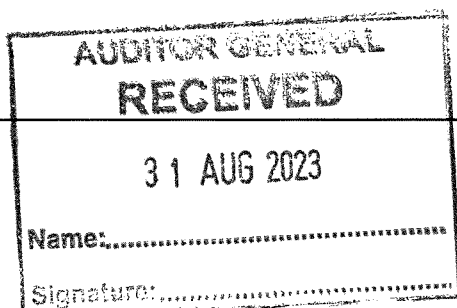
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

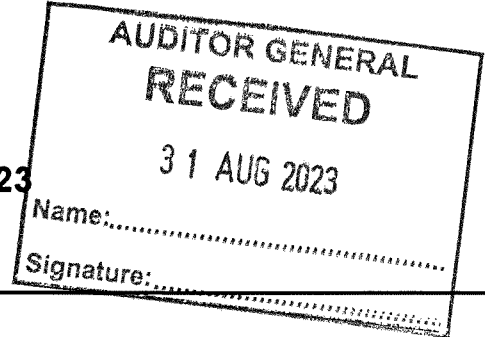
Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.30 Fruitless and wasteful expenditure

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

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





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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.31 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

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

1.32 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.33 Segment information

A segment is an activity of an entity:

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

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

Measurement

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

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

1.34 Budget information

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

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

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

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

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

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.34 Budget information (continued)

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

1.35 Related parties

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

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

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

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

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

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

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

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

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

1.36 Events after reporting date

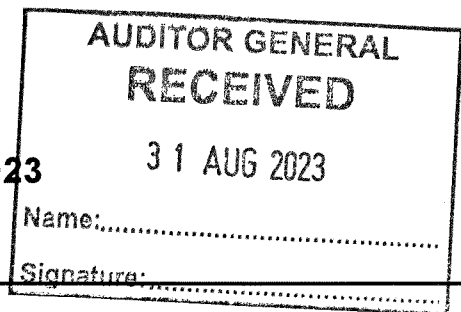
Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

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

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

AUDITOR GENERAL RECEIVED 31 AUG 2023
Name:.....
Signature:.....



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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.37 New standards and interpretations

Standards and interpretations effective and adopted in the current year

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

STANDARDS APPROVED AND EFFECTIVE FOR 2021/22 FINANCIAL YEAR

The following GRAP standards have been approved and effective to the municipality for the 2021/22 financial year and are unlikely to be a material impact:

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statements
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 The Effects of Changes in Foreign Exchange Rates
- GRAP 5 Borrowing Costs
- GRAP 9 Revenue from Exchange Transactions
- GRAP 10 Financial Reporting in Hyperinflationary Economies
- GRAP 11 Construction Contracts
- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 14 Events After the Reporting Date
- GRAP 16 Investment Property
- GRAP 17 Property Plant and Equipment
- GRAP 18 Segment Reporting
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
- GRAP 20 Related Party Disclosures
- GRAP 21 Impairment of Non -Cash Generating Assets
- GRAP 23 Revenue from Non- Exchange Transactions (Taxes and Transfers)
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 25 Employee Benefits
- GRAP 26 Impairment of Cash-Generating Assets
- GRAP 27 Agriculture
- GRAP 31 Intangible Assets
- GRAP 32 Service Concession Arrangements: Grantor
- GRAP 34 Separate Financial Statements
- GRAP 35 Consolidated Financial Statements
- GRAP 36 Investments in Associates and Joint Ventures
- GRAP 37 Joint Arrangements
- GRAP 38 Disclosure of Interests of Other Entities
- GRAP 100 Discounted Operations
- GRAP 103 Heritage Assets
- GRAP 104 Financial Instruments
- GRAP 105 Transfer of Functions Between Entities Under Common Control
- GRAP 106 Transfer of Functions Between Entities Not Under common Control
- GRAP 107 Mergers
- GRAP 108 Statutory Receivables
- GRAP 109 Accounting by Principals and Agents
- GRAP 110 Living and Non-Living resources

INTERPRETATIONS OF STANDARDS OF GRAP APPROVED AND EFFECTIVE FOR 2020/21 FINANCIAL YEAR

- IGRAP 1 Applying the Probability Test on Initial Recognition of Revenue
- IGRAP 2 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IGRAP 3 Determining whether an arrangement contains a lease
- IGRAP 4 Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
- IGRAP 5 Applying the restatement approach under the Standard of GRAP on financial reporting in hyperinflationary economies
- IGRAP 6 Loyalty Programmes
- IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions
- IGRAP 9 Distributions of Non-cash Assets to Owners

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.37 New standards and interpretations (continued)

IGRAP 10 Assets Received from Customers

IGRAP 13 Operating Leases – Incentives

IGRAP 14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IGRAP 15 Revenue – Barter Transactions Involving Advertising Services

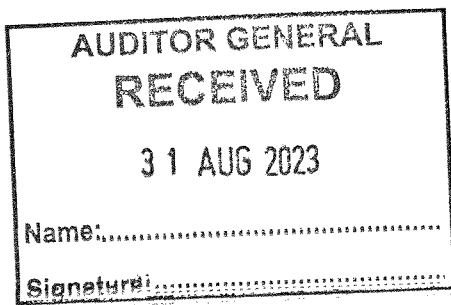
IGRAP 16 Intangible Assets – Website Costs

IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

IGRAP 18 Recognition and Derecognition of Land

IGRAP 19 Liabilities to Pay Levies

IGRAP 20 Accounting for Adjustments to Revenue

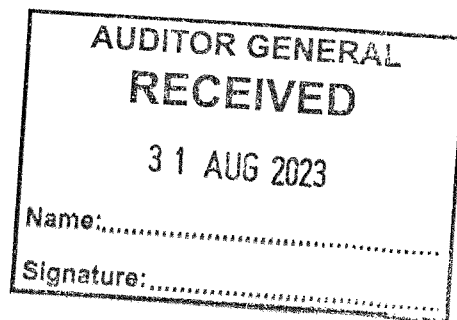


EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
2. Inventories		
Maintenance materials	1 342 124	1 359 892
Water for distribution	2 122 294	86 757
Unsold Properties Held for Resale	4 004 500	4 004 500
Consumables stores	1 106 271	1 247 405
	8 575 189	6 698 554
Water for distribution		
Opening balance	14 049 093	6 044 290
Undefined Difference	(11 926 799)	(5 957 533)
Closing balance	2 122 294	86 757
3. Receivables from non-exchange transactions		
Accrued Income	1 698 875	2 040 766
Other receivables from non-exchange	(1 833 368)	1 815 494
Consumer debtors - Rates	20 722 815	20 445 955
Traffic fines debtors	164 201	261 916
	20 752 523	24 564 131



EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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3. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Statutory receivables are accounted for as follows:

Traffic fines are issued to offenders in terms of the Criminal Procedures Act, hence this is therefore recognised as a statutory receivable. The receivable is calculated by determining the value of the fine to be paid on initial recognition, and accounting for subsequent measurement by taking into account reductions and discounts made to the value of the fine payable in terms of the court of law. No interest is charged on outstanding fines, and any additional penalties applied by the court is paid by the offender to the court directly, and is therefore not considered to be revenue for the municipality.

Property rates is levied in terms of the Municipal Property Rates Act, hence this is therefore recognised as a statutory receivable. The receivable is calculated by applying the Council approved rates against the valuation of individual properties within the municipality jurisdiction. Council approved rebates and exemptions are further applied to reduce the receivable. Interest is applied on outstanding debt.

The basis of impairment takes into account the following:

The estimate were determined in accordance with the debt impairment policy of the municipality, supplemented by experience of past practices and statistics in relation to uncollectable debt.

In assessing whether statutory receivables are impaired, management considered both individually receivables that may be impaired as well as groups of similar receivables that may be impaired.

The total debtors were further separated into groups of similar receivables with similar risk profiles and assessed for impairment.

Accrued Income

3.1 Accrued Income relates to MIG Interest receivable from Sarah Baartman

The MIG grant allocation of Makana Local Municipality was transferred to Sarah Baartman District Municipality in prior years to ensure proper management of the grants funds in terms of the MFMA and the conditions of the grant. A Service Level Agreement(SLA) was entered into between the SBDM and Makana Local Municipality to manage the proper disbursement of the MIG allocation as well as the approved rollover amount. The grant was fully spent during the 2018/19 financial year. In terms of the SLA, the interest that accrues on the funds administered by SBDM on behalf of Makana Local Municipality should be utilised for infrastructure projects of Makana Local Municipality. Claims amounting to 2023:R341 891.58 (2022:R1 252 049) were received in the current year.

Other receivables from non-exchange

3.2 Other receivables from non-exchange relates to contract guarantee

The contractor Mamlambo Construction failed to comply with contractual obligations. The contractor abandoned the site they were working on which was a material breach of the contractor which resulted in the Municipality calling upon its guarantee.

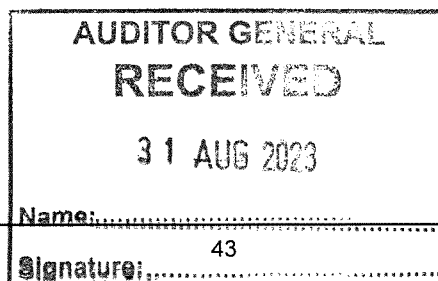
4. Receivables from non - exchange transactions disclosure

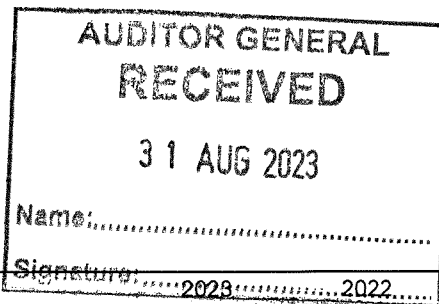
Gross balances

Consumer debtors - Rates	115 729 628	99 974 743
Traffic fines debtors	4 926 212	3 714 950
	120 655 840	103 689 693

Less: Allowance for impairment

Consumer debtors - Rates	(95 006 813)	(79 528 788)
Traffic fines debtors	(4 762 011)	(3 453 034)
	(99 768 824)	(82 981 822)





EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

4. Receivables from non - exchange transactions disclosure (continued)

Net balance

Consumer debtors - Rates	20 722 815	20 445 955
Traffic fines debtors	164 201	261 916
	20 887 016	20 707 871

Rates

Current (0 -30 days)	8 088 806	6 559 319
31 - 60 days	3 744 020	2 988 546
61 - 90 days	2 984 578	2 325 815
91 - 120 days	2 797 551	2 362 180
121 - 365 days	98 114 672	85 738 884
Allowance for impairment	(95 006 812)	(79 528 789)
	20 722 815	20 445 955

Traffic fines debtors

Fines	4 926 212	3 714 950
Less impairment	(4 762 011)	(3 453 034)
	164 201	261 916

Reconciliation of allowance for impairment for receivables from non exchange

Reconciliation of allowance for impairment

Contributions to allowance property rates	(15 478 025)	-
Debt written off property rates and fines	-	(111 700)
	(15 478 025)	(111 700)

5. Receivables from exchange transactions

Gross balances

Electricity	74 953 642	68 526 137
Water	514 846 776	376 462 485
Waste water	116 679 428	98 401 178
Refuse	83 420 119	67 741 641
Other	17 322 108	14 984 942
	807 222 073	626 116 383

Less: Allowance for impairment

Electricity	(48 657 355)	(41 938 873)
Water	(481 019 035)	(348 588 094)
Waste water	(109 718 643)	(91 135 689)
Refuse	(79 206 165)	(64 190 432)
Other	(14 879 358)	(14 021 643)
	(733 480 556)	(559 874 731)

Net balance

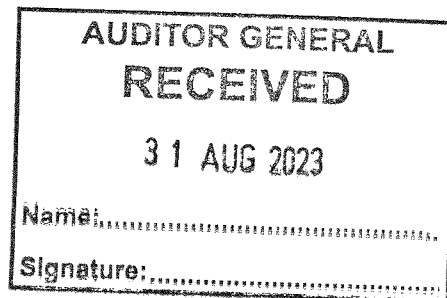
Electricity	26 296 287	26 587 264
Water	33 827 741	27 874 391
Waste water	6 960 785	7 265 489
Refuse	4 213 954	3 551 209
Other	2 442 750	963 299
	73 741 517	66 241 652

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
5. Receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	9 400 852	11 108 758
31 - 60 days	4 162 678	4 132 241
61 - 90 days	3 220 139	2 728 691
91 - 120 days	2 380 576	2 145 067
>121 days	55 789 398	48 411 383
Allowance for impairment	(48 657 356)	(41 938 876)
	26 296 287	26 587 264
Water		
Current (0 -30 days)	20 712 089	14 121 099
31 - 60 days	15 402 551	15 388 918
61 - 90 days	14 043 405	10 106 007
91 - 120 days	14 451 025	9 963 070
>121 days	450 237 706	326 883 391
Allowance for impairment	(481 019 035)	(348 588 094)
	33 827 741	27 874 391
Waste water management		
Current (0 -30 days)	2 930 325	3 110 808
31 - 60 days	2 130 986	2 152 289
61 - 90 days	1 985 505	2 249 059
91 - 120 days	1 942 935	1 896 828
>121 days	107 689 677	88 992 195
Allowance for impairment	(109 718 643)	(91 135 690)
	6 960 785	7 265 489
Waste management		
Current (0 -30 days)	2 024 407	1 756 785
31 - 60 days	1 733 826	1 458 160
61 - 90 days	1 637 426	1 310 941
91 - 120 days	1 605 664	1 334 500
>121 days	76 418 795	61 881 253
Allowance for impairment	(79 206 164)	(64 190 430)
	4 213 954	3 551 209
Other Debtors		
Current (0 -30 days)	144 106	178 642
31 - 60 days	99 298	158 906
61 - 90 days	84 541	149 607
91 - 120 days	118 698	136 611
>121 days	16 875 464	14 361 175
Allowance for impairment	(14 879 357)	(14 021 642)
	2 442 750	963 299
Reconciliation of allowance for impairment		
Balance at beginning of the year	(559 874 731)	(603 152 653)
Contributions to impairment allowance	(173 605 825)	-
Reversal of allowance	-	43 277 922
	(733 480 556)	(559 874 731)
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		



EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

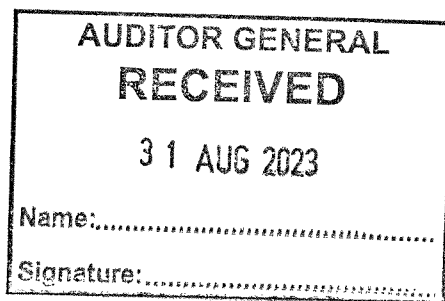
Figures in Rand	2023	2022
6. Cash and cash equivalents (continued)		
Current Account Bank	6 676 160	24 591 302
Short-term deposits	49 528 557	23 558 306
Traffic Fines Bank	41 221	146 581
	56 245 938	48 296 189

Cash and cash equivalents pledged as collateral

No cash and cash equivalents is pledged as collateral.

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
First National Bank-Main Account-62031232531	6 544 696	24 228 006	6 676 153	24 459 051
First National Bank -Current Account- 62633129631	41 221	146 581	41 221	146 581
First National Bank -Call account -62233411884	5 450 875	5 261 434	5 450 875	5 261 434
First National Bank -Call Account - 62646088139	1 849 755	1 746 402	1 849 755	1 746 402
First National bank -12 Months Deposit-71538811574	418 000	418 000	418 000	418 000
First National Bank -Call Account - 74790017815	41 388 065	15 731 178	41 388 065	15 731 178
Standard Bank- 12 Months Deposit-088807667-004	425	425	425	425
Standard Bank- 12 Months Deposit-088812685-001/4/7	1 507	1 507	1 507	1 507
Standard Bank- Call Account-088822370-002	59 550	56 084	59 550	56 084
Standard Bank-12 Months Deposit- 08880566-002	163	163	163	163
Standard Bank-12 Months Deposit- 088812723-001	415	415	415	415
ABSA-Call account- 9095609301	171 376	162 588	170 376	162 588
Ned Bank -Call account-03/7881065141/00001	120 009	112 685	120 009	112 685
NedBank-Just invest-145027119998	19 930	19 930	19 930	19 930
NedBank-Just invest-90206079996	14 782	14 784	14 782	14 784
NedBank-Just invest-145027119992	32 712	32 711	32 711	32 711
Total	56 113 481	47 932 893	56 243 937	48 163 938



EC104 - Makana Local Municipality - 30 June 2023
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

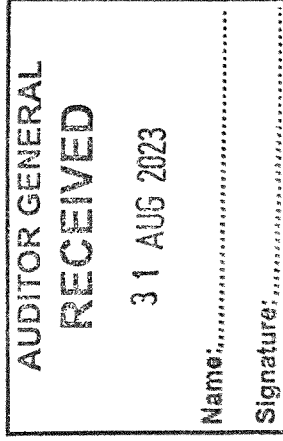
Figures in Rand

7. Investment property

	2023		2022	
Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment
Investment property	(1 959 702)	187 914 998	189 874 700	(1 959 702)
				187 914 998

Reconciliation of investment property - 2023

Investment property



Opening balance	Total
187 914 998	187 914 998

Reconciliation of investment property - 2022

Investment property

Opening balance	Additions	Depreciation	Total
189 724 049	1 809 051	(150 651)	187 914 998

Pledged as security

No Investment Property is pledged as collateral.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Investment properties comprise residential and commercial properties that are rented out, as well as vacant land held for a currently undetermined use.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

EC104 - Makana Local Municipality - 30 June 2023
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2023		2022	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Land	87 854 317	-	87 854 317	87 854 317
Buildings	111 914 815	(28 921 554)	82 993 261	111 914 815
Plant and machinery	6 445 144	(3 609 819)	2 835 325	7 047 831
Furniture and Office Equipment	8 261 457	(7 741 655)	519 802	8 232 477
Motor vehicles	31 930 398	(17 091 987)	14 838 411	31 175 867
Computer equipment	4 125 560	(2 634 084)	1 491 476	3 487 876
Roads Infrastructure	302 162 670	(121 361 750)	180 800 920	302 162 670
Community	114 596 497	(46 438 122)	68 158 375	114 596 497
Work-in-progress	137 095 572	-	137 095 572	108 876 173
Sanitation Infrastructure	153 171 346	(34 345 758)	118 825 588	153 171 346
Electrical Infrastructure	165 199 915	(67 495 083)	97 704 832	165 199 915
Water network	204 129 367	(66 148 034)	137 981 333	204 129 367
Landfill site	29 452 197	(16 948 288)	12 503 909	29 547 781
Total	1 356 339 255	(412 736 134)	943 603 121	1 327 396 932
				(381 486 773)
				945 910 159

Pledged as security

No Property Plant and Equipment is pledged as security:

Other information

**AUDITOR GENERAL
RECEIVED**

31 AUG 2023

Name:

Signature:

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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8. Property, plant and equipment (continued)

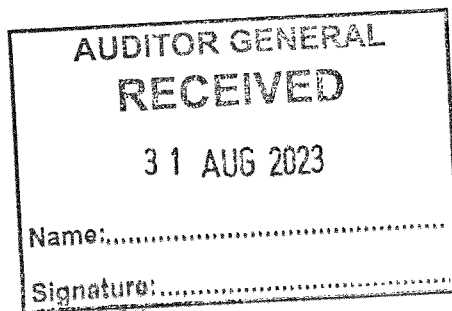
Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Renovation and Refurbishment of Two Alicedale Community Halls in Makana Local Municipality. Mr Bidla promise that they will be there alicedale to valuate the project and finalise to issue the Complete Certificate on the 5 September 2023.	2 155 885
Supply & Installation of Pumpset in Howisonport Pumpstation Contract was terminated due to non-delivery of the pumps.	4 906 067
Replacement of Ageing Asbestos Pipe in Makhanda Phase 3B. Extension 31 August 2023.	10 808 406
Supply & Installation of Smart Water Meters in Makana Phase 1 Contract terminated due to non delivery of the pumps	44 171
Refurbishment of Grahamstown 11Kv Electrical Network	4 111 755
Supply, Delivery, Installation and Commisioning of two new 110KVA Standby Generators for Makana Local Municipality. Termination of Contract Poor performance	1 116 300
Waainek Bulk Water refurbishment - Phase 2: Appointment of specialist Contractor to complete Cathodic Protection Work Luvuyo from PMU is promising that tomorrow is going to request to the consultant the extension letter, as there was delays by the specialists.	1 287 084
	24 429 668

Reconciliation of Work-in-Progress 2023

Opening balance
Transferred to completed items



Included within Infrastructure	Total
41 582 607	41 582 607
(3 807 150)	(3 807 150)
37 775 457	37 775 457

Reconciliation of Work-in-Progress 2022

Transferred to completed items

Included within Infrastructure	Total
(41 582 607)	(41 582 607)

Expenditure incurred to repair and maintain property, plant and equipment

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

Maintenance of Buildings and Facilities	8 147 393	7 008 178
Maintenance of Equipment	433 297	1 405 056
Maintenance of Unspecified Assets	1 244 405	1 495 560
	9 825 095	9 908 794

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

EC104 - Makana Local Municipality - 30 June 2023

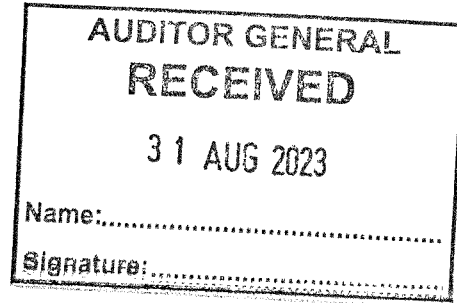
Annual Financial Statements for the year ended 30 June 2023

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2022



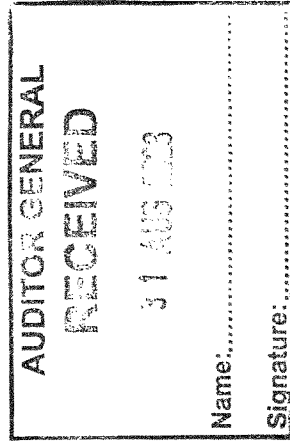
EC104 - Makana Local Municipality - 30 June 2023
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets

	2023		2022			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 928 276	(1 492 564)	435 712	1 928 276	(1 492 563)	435 713



EC104 - Makana Local Municipality - 30 June 2023
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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10. Heritage assets

	2023		2022	
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation
Historical buildings	32 788 263	-	32 788 263	32 788 263
			Accumulated impairment losses	Carrying value
			-	32 788 263

Reconciliation of heritage assets 2023

Historical buildings

Opening balance	Total
32 788 263	32 788 263

Reconciliation of heritage assets 2022

Historical buildings

Opening balance	Total
32 788 263	32 788 263

Pledged as security

No heritage assets are pledged as security.

11. Other financial assets

Residual interest at cost

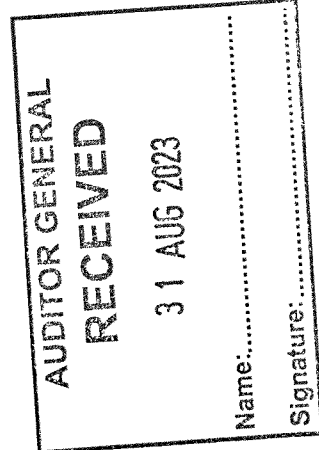
Eskom SOC Ltd
Eskom SOC Ltd - The amount held is a deposit to Eskom. The deposit bears interest at a linked rate.
The increase in the amount of the deposit related to interest accrued.

3 493 381	3 342 948
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Non-current assets

Residual interest at cost

3 493 381	3 342 948
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EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
12. Payables from exchange transactions		
Trade payables	205 383 993	187 098 175
Accruals	21 912 809	21 163 370
Payments received in advanced	20 856 972	23 115 906
Retentions	8 081 581	8 147 715
Retention gurantee	1 833 368	1 833 368
Unallocated Deposits	7 426 092	5 819 848
Accrued Bonus	4 304 893	4 261 388
Department of Local Government and Human Settlements	313 967	16 886
Salary Control	5 882 967	12 634 151
	275 996 642	264 090 807

Department of Local Government and Human Settlements

1.1 Department of Local Government and Human Settlements

Makana Local Municipality entered into an agreement with the Eastern Cape Department of Human Settlements for the construction of 178 houses including water tanks for the Makana Infill Housing Programme. The municipality acts as an implementing agent for procurement of Professional Service Providers to undertake the planning design and monitoring of the Makana Infill Housing Programme in this arrangement and receives money from the department which it then uses to pay the Service Providers.

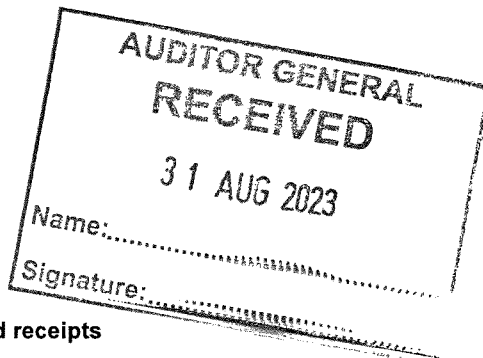
All funds received for Eastern Cape Department Human Settlement are subjected to conditions as stipulated on the contract. No commission is earned by the Municipality on implementation of this programme.

1.2 Retention Guarantee

The contractor Mamlambo Construction failed to comply with contractual obligations. The contractor abandoned the site they were working on which was a material breach of the contract which resulted in the Municipality requesting the service provider to pay back the money which will be paid to the supplier who will be appointed to complete the project.

13. VAT payable

Vat	52 468 431	54 712 107
14. Consumer deposits		
Electricity	2 604 692	2 592 495
Water	997 209	929 747
Regional services levies	550 924	453 253
Housing rental	(1 370 736)	(1 377 320)
	2 782 089	2 598 175



15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Water Services Infrastructure Grant	-	1 425 707
Municipal Infrastructure Grant	26 317 187	17 697 841
Integrated National Electrification Programme Grant	423 557	-
Human Settlements Grants	15 627 866	6 313 600
Unspent grants 9	3 346	3 346
	42 371 956	25 440 494

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
15. Unspent conditional grants and receipts (continued)		
Movement during the year		
Balance at the beginning of the year	34 480 302	19 853 740
Additions during the year	156 663 834	176 076 792
Income recognition during the year	(148 772 180)	(170 490 038)
	42 371 956	25 440 494

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

16. Other financial liabilities

At amortised cost

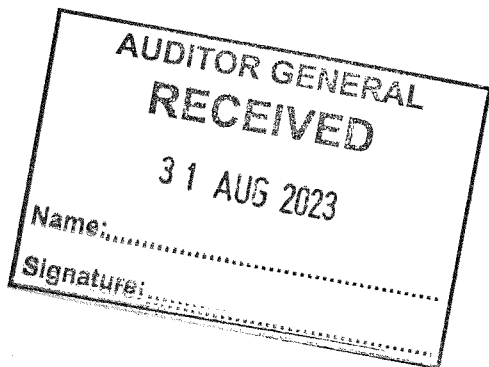
Other financial liability	47 252 539	49 091 730
Development Bank of South Africa (DBSA)		
Makana Local Municipality has restructured its loan with DBSA effectively on 30th of September 2015. The borrowed amount amounts to R 46 358 399 with interest rate of 10.5% p.a for a period of 20 years with the first installment which started on 31 January 2017.		

Non-current liabilities

At amortised cost	45 236 752	47 263 856
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Current liabilities

At amortised cost	2 015 787	1 827 874
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EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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17. Employee benefit obligations

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

Carrying value

Present value of the defined benefit obligation-partly or wholly funded - Medical Aid	(70 917 244)	(72 014 134)
Present value of the long service awards - partly or wholly funded - Long service awards	(4 217 557)	(4 383 293)

(75 134 801)	(76 397 427)
---------------------	---------------------

Non-current liabilities	(71 522 147)	(73 327 478)
Current liabilities	(3 612 654)	(3 069 949)

(75 134 801)	(76 397 427)
---------------------	---------------------

Post Retirement Medical aid:

The Municipality offers employees and continuation members the opportunity of belonging to one of several accredited medical schemes.

The Municipality has agreed to subsidize the medical aid contributions of continuation pensioners in the following way:

Eligible employees will receive a post-employment subsidy of 61.80% of the contribution payable should they become a member of a medical scheme at retirement.

All continuation members and their eligible dependents receive a 70% subsidy.

Upon a member's death-in-retirement the surviving dependents will continue to receive the same subsidy. Upon a member's death-in-service the surviving dependents will not continue to receive a subsidy.

Upon retirement, an employee may continue membership of the accredited medical scheme.

In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's post employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age.

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

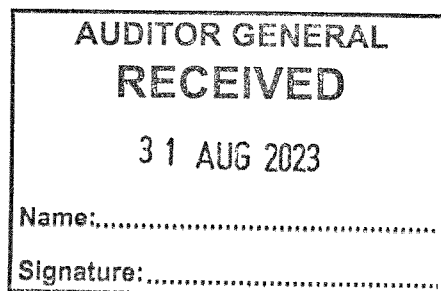
The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In service members	414	388
Continuation members	49	52

Net expense recognised in the statement of financial performance

Current service cost	(3 913 516)	(2 627 867)
Interest cost	(9 069 107)	(8 305 758)
Actuarial (gains) losses	11 342 750	10 108 777

(1 639 873)	(824 848)
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EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

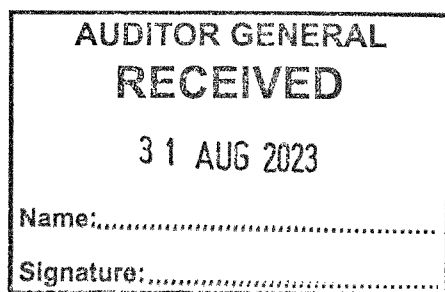
Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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17. Employee benefit obligations (continued)

The amounts recognised in the Statement of Financial Position are as follows:

Opening balance	(72 014 405)	(74 148 875)
Current service cost	(3 913 516)	(2 627 867)
Interest service cost	(9 069 107)	(8 305 758)
Benefits paid	2 737 033	2 959 318
Actuarial gains (losses)	11 342 750	10 108 777
	(70 917 245)	(72 014 405)



EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

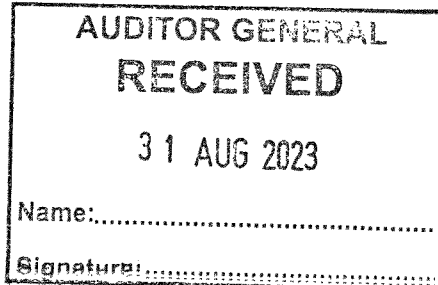
Figures in Rand 2023 2022

17. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	13.51 %	12.80 %
Healthcare costs inflation	9.03 %	9.31 %
Net discount rate - health care cost inflation	4.11 %	3.19 %
Consumer price inflation rate	7.53 %	7.81 %
Continuation of membership at retirement	90.00 %	90.00 %
Proportion with a spouse dependent at retirement	90.00 %	90.00 %



It is the relative levels of the discount rate and health care cost inflation to one another that are important, rather than the nominal values. The assumption regarding the relative levels of these two rates is our expectation of the long-term average.

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2022 the duration of liabilities was 13.5 years.

At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2023 is 13.51% per annum, and the yield on the inflation-linked bonds of a similar term was about 5.10% per annum, implying an underlying expectation of inflation of 7.53% per annum $([1 + 13.51\% - 0.5\%] / [1 + 5.10\%] - 1)$.

A healthcare cost inflation rate of 9.03% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 4.11% per annum $([1 + 13.51\%] / [1 + 9.03\%] - 1)$. This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- (i) Bonitas
- (ii) KeyHealth
- (iii) LA Health
- (iv) Samwumed
- (v) Hosmed

Medical inflation rate	1% decrease	Impact	1% increase	Impact
Accrued liability	59,984,223	11.76%	77,622,589	14.19%
Current cost	2,582,208		3,698,252	
Interest cost	7,906,945		10,288,074	

As per the table above, a 1% increase in the medical inflation rate results in a 14.19% increase in the accrued liability whilst a 1% decrease in the medical inflation rate will result in a 11.76% decrease in the accrued liability. Inversely, a 1% increase in the discount rate results in a 11.05% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 13.48% increase in the accrued liability.

Discount rate	1% decrease	Impact	1% increase	Impact
Accrued liability	77,137,075	13.48%	77,622,589	11.05%
Current cost	3,643,395		3,698,252	
Interest cost	9,466,659		10,288,074	

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

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17. Employee benefit obligations (continued)

Provision for Long Service Awards

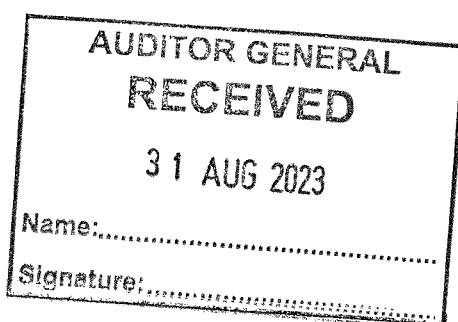
A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2023 may become entitled to in future, based on an actuarial valuation performed at that date. The Municipality offers employees Long Service Awards for every five years of continuous service completed, from 5 years to 45 years of service, inclusive.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2022 by 1 Pangaea Expertise and Solutions (Pty) Ltd, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.

The Long Service Awards plans are defined benefit plans. As at year end, 414 employees were eligible for Long Service Awards. (2022: 540 employees)

Long Service Awards

Opening accrued liability
Plus Service Cost
Plus Interest / Finance Cost
Settlements
Actuarial (Gain)/Loss
Expected Employer Benefit Payments



Year ending	Year ending
30/06/2023	30/06/2022
(4 383 012)	(4 324 534)
(426 836)	(431 549)
(378 550)	(279 690)
926 805	748 221
44 047	(95 460)
-	-
(4 217 546)	(4 383 012)

General description of the type of plan

The Municipality offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive.

Principal assumptions used as at the balance sheet date

Net discount rates used	3.96 %	1.99 %
Consumer price inflation	5.26 %	6.30 %
Discount rate	10.47 %	9.44 %
Salary increase rate	6.26 %	7.30 %

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2022 the duration of liabilities was 5.45 years. At this duration the discount rate determined by using the Bond Exchange Zero.

Coupon Yield Curve as at 30 June 2023 is 10.47% per annum, and the yield on inflation-linked bonds of a similar term was about 4.47% per annum. This implies an underlying expectation of inflation of 5.26% per annum $([1 + 10.47\% - 0.5\%] / [1 + 4.47\%] - 1)$.

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 6.26% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.96% per annum $([1 + 10.47\%] / [1 + 6.26\%] - 1)$.

Sensitivity Analysis

The table below summarises the results of the sensitivity analysis.

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

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17. Employee benefit obligations (continued)

The table below indicates the effect of a 1% movement in the key assumptions:

Assumption	1% decrease	Impact	1% increase	Impact
Accrued liability	3,334,399	4.5%	3,659,242	4.81%
Current cost	316,627		350,312	
Interest cost	321,250		355,162	

As per the table above, a 1% increase in the salary increase rate results in a 4.81% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 4.50% decrease in the accrued liability.

18. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Reversed during the year	Total
Environmental rehabilitation	31 073 683	3 543 839	(95 585)	34 521 937
Leave provision	17 408 086	(245 307)	-	17 162 779
	48 481 769	3 298 532	(95 585)	51 684 716

Reconciliation of provisions - 2022

	Opening Balance	Additions	Movement during the year	Total
Environmental rehabilitation	26 497 734	1 842 947	2 733 002	31 073 683
Leave provision	19 134 601	-	(1 726 515)	17 408 086
	45 632 335	1 842 947	1 006 487	48 481 769

Non-current liabilities	34 521 937	31 073 683
Current liabilities	17 162 779	17 408 086
	51 684 716	48 481 769

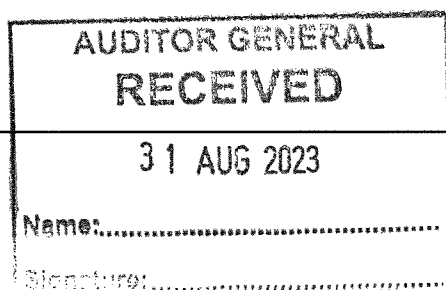
Environmental rehabilitation provision

Makana Local Municipality has an obligation to restore three Landfill Sites situated in Grahamstown, Riebeck East, Alicedale.

The Landfill Sites are currently licensed and are used for general waste disposal (non-hazardous) purpose. The valuation for Landfill sites were done by One Pangea with their team of Engineers and Environmental specialists.

Leave Provision

Makana Municipality is using 48 days as the maximum bracket for the leave provision calculation, the municipality is required by the GRAP standards to do a disclosure and calculate the provision as at the end of the financial year. Leave days are only paid to employees subject to termination of employment, the leave days are added on a monthly basis to a maximum of 24 days in a financial period. Leave days available is decreased due to number of leave days taken by the employee.



31 AUG 2023

Name:

Signature:

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

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19. Revenue

Rendering of services	1 807 531	2 463 526
Service charges	336 677 768	302 473 540
Rental of facilities and equipment	240 124	321 168
Interest received from receivables from exchange transactions	44 102 203	27 735 831
Agency services	2 946 397	3 079 642
Licences and Permits	12 070	12 199
Other operational income	869 943	49 089
Interest received from cash and bank and other financial assets	3 837 845	767 214
Property rates	107 449 662	100 918 397
Interest received on receivable	7 899 696	5 351 511
Government grants & subsidies	143 257 610	189 930 640
Public contributions and donations	3 105 222	17 632 947
Fines, Penalties and Forfeits	1 420 516	745 666
	653 626 587	651 481 370

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

Service charges	336 677 768	302 473 540
Rendering of services	1 807 531	2 463 526
Rental of facilities and equipment	240 124	321 168
Interest received on receivables from exchange transactions	44 102 203	27 735 831
Agency services	2 946 397	3 079 642
Other operational income	869 943	49 089
Interest received from cash and bank and other financial assets	3 837 845	767 214
	390 481 811	336 890 010

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

Taxation revenue		
Property rates	107 449 662	100 918 397
Licences or permits	12 070	12 199
Interest received on receivable from non exchange property rates	7 899 696	5 351 511
Transfer revenue		
Government grants & subsidies	143 257 610	189 930 640
Public contributions and donations	3 105 222	17 632 947
Fines, Penalties and Forfeits	1 420 516	745 666
	263 144 776	314 591 360

20. Service charges

Sale of electricity	148 545 646	149 644 976
Sale of water	138 402 968	108 471 312
Solid waste	16 529 306	15 408 474
Sewerage and sanitation charges	33 199 848	28 948 778
	336 677 768	302 473 540

21. Revenue earned from rendering of services

Rendering of services	1 807 531	2 321 434
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22. Rental of facilities and equipment

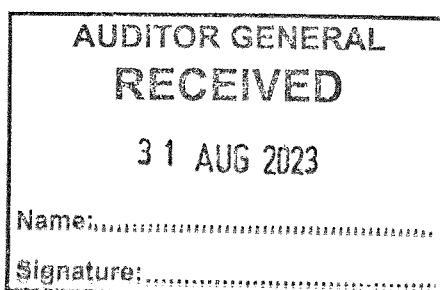
Facilities and equipment		
Rental of facilities	240 124	321 168

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
23. Interest earned on receivables from exchange transactions		
Interest earned on outstanding debtors from exchange transactions	44 395 950	10 131 487
24. Income from agency services		
Driver's Licenses	2 946 397	3 079 642
25. Other operational revenue		
Administrative Handling Fees	309 536	(290 098)
Receivables:Affiliates/Related Parties/Associated Companies	178 783	-
Incidental Cash Surpluses	8 413	11 495
Inspection Fees	131 182	121 952
Operational Revenue:Sale of Property	242 029	205 740
	869 943	49 089
26. Interest received cash and bank and other financial assets		
Interest revenue		
Cash and bank and other financial assets	3 837 845	767 214
27. Property rates		
Rates received		
Residential	38 542 774	34 942 717
Commercial	16 788 617	16 850 500
State	27 139 184	25 957 613
Public benefit infrastructure	32 122	33 347
Small holdings and farms	4 147 422	3 832 131
Public benefit organisation	982 888	862 176
Other	16 639 256	15 291 193
Industrial	3 177 399	3 148 720
	107 449 662	100 918 397
Valuations		
Agriculture	2 285 435 300	2 290 651 200
Bed and Breakfast	75 373 200	75 699 200
Commercial	838 342 100	857 798 800
Educational	1 108 457 000	1 579 558 614
Industrial	304 257 400	373 843 920
Municipal	648 083 900	648 891 400
Other	763 129 920	749 216 186
Residential	5 999 075 600	6 001 094 700
State	1 610 501 000	1 128 181 400
	13 632 655 420	13 704 935 420



Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis.

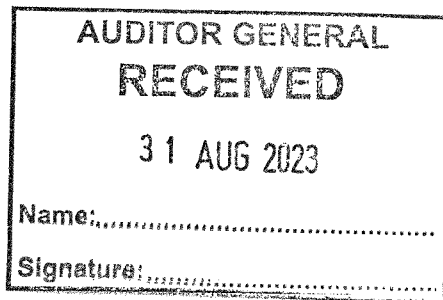
The new general valuation will be implemented on 01 July 2024.

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
28. Licences and permits (non-exchange)		
Licences or Permits	12 070	14 899
Road and Transport - Motor Vehicle Licence	-	(2 700)
	12 070	12 199
29. Interest from non-exchange receivables		
Interest received on receivable from non exchange property rates	7 899 696	5 351 511

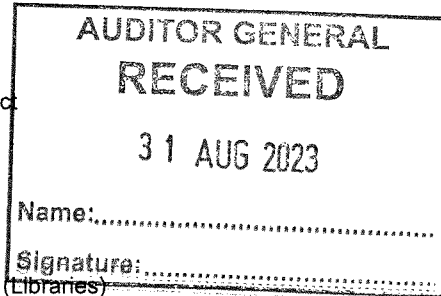


EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
30. Government grants & subsidies		
Operating grants		
Equitable share	113 634 568	103 061 185
Expanded Public Works Program Grant	1 333 000	1 159 000
Financial Management Grant	3 000 000	3 000 000
Municipal Disaster Relief Grant	-	2 200 000
LG Seta Grant	381 213	312 150
Fire Grant	503 618	108 220
Human Settlements (Eluxolweni - Fingo) Project	74 099	-
	118 926 498	109 840 555
Capital grants		
Municipal Infrastructure Grant	14 178 654	23 416 972
Water Services Infrastructure Grant	4 976 015	49 273 113
Department Sport, Recreation, Arts & Culture (Libraries)	4 000 000	4 000 000
Integrated Electrification Grant (INEP)	1 176 443	3 400 000
	24 331 112	80 090 085
	143 257 610	189 930 640



Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	35 904 887	86 449 085
Unconditional grants received	114 519 399	103 481 555
	150 424 286	189 930 640

Equitable Share

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

Expanded Public Works Program

Current-year receipts	1 330 000	1 159 000
Conditions met - transferred to revenue	(1 330 000)	(1 159 000)
	-	-

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

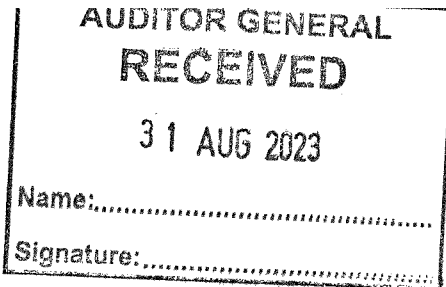
The Expanded Public Works Programme is a government programme aimed at the alleviation of poverty and unemployment. This programme ensures the full engagement on Labour Intensive Methods of Construction to workers for skills development.

Financial Management Grant

Current-year receipts	3 000 000	3 000 000
Conditions met - transferred to revenue	(3 000 000)	(3 000 000)
	-	-

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

This grant is utilised for Interns' salaries to advance the implementation of the MFMA, training of officials to meet the minimum competency requirements, and for Asset Management and Financial System enhancements and training.



EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023 2022

30. Government grants & subsidies (continued)

Municipal Disaster Relief Grant

Current-year receipts	-	2 000 000
Conditions met - transferred to revenue	-	(2 000 000)
	<u>-</u>	<u>-</u>

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

This grant is utilised for COVID-19 related expenditure with regard to Personal Protective Equipment and Cleaning Materials for Decontamination and Sanitising of Municipal Buildings.

LG Seta Grant

Current-year receipts	381 213	312 150
Conditions met - transferred to revenue	(381 213)	(312 150)
	<u>-</u>	<u>-</u>

This is an unconditional grant

The levy grant scheme aims to expand the knowledge and competencies of the labour force resulting in improvements in employability and productivity.

Fire Grant

Balance unspent at beginning of year	108 220	108 220
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This is an unconditional grant

Fire safety grants fund critically needed resources to equip and train emergency personnel, enhance efficiencies and support community resilience.

Municipal infrastructure grant

Balance unspent at beginning of year	21 589 011	4 628 948
Current-year receipts	(22 798 000)	40 590 000
Conditions met - transferred to revenue	-	(23 629 937)
	<u>(1 208 989)</u>	<u>21 589 011</u>

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

This grant is utilised for infrastructure development to construct roads and bridges, sportsfields, community halls and streetlighting as part of the upgrading of informal settlement areas.

Water Services Infrastructure Grant

Balance unspent at beginning of year	12 549 149	12 522 386
Current-year receipts	3 000 000	35 000 000
Conditions met - transferred to revenue	-	(34 973 237)
	<u>15 549 149</u>	<u>12 549 149</u>

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

The purpose of the grant is to provide for Water Services.

Department Sport, Recreation, Arts & Culture (Libraries)

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
30. Government grants & subsidies (continued)		
Current-year receipts	4 000 000	4 000 000
Conditions met - transferred to revenue	(4 000 000)	(4 000 000)
	-	-

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

The purpose of the grant is to provide for Library Services.

Integrated National Electrification Programme Grant

Current-year receipts	1 600 000	3 400 000
Conditions met - transferred to revenue	(1 176 443)	(3 400 000)
	423 557	-

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

The purpose of the grant is to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings and the installation of relevant bulk infrastructure.

Department of Human Settlements

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

Makana Local Municipality entered into an agreement with the Eastern Cape Department of Human Settlements for the construction of 178 houses including water tanks for the Makana Infill Housing Programme. The municipality acts as an implementing agent for procurement of Professional Service Providers to undertake the planning design and monitoring of the Makana Infill Housing Programme in this arrangement and receives money from the department which it then uses to pay the Service Providers.

All funds received for Eastern Cape Department Human Settlement Grant are subjected to conditions as stipulated in the contract. No commission is earned by the Municipality on implementation of this programme.

31. Fines, Penalties and Forfeits

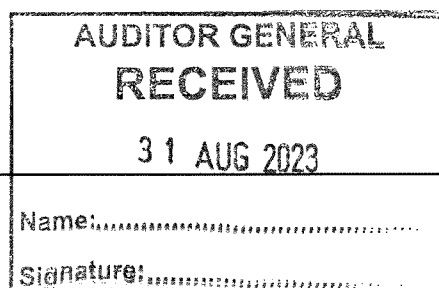
Illegal Connections Fines	73 516	31 506
Law Enforcement Fines	1 347 000	714 500
Pound Fees Fines	-	(340)
	1 420 516	745 666

32. Public contributions and donations

Donations from Department of Forestry, Fisheries and Environment	3 105 222	14 783 898
Donations from Sarah Baartman	-	2 849 049
	3 105 222	17 632 947

The municipality received donations of a truck from Department of Forestry, Fisheries and Environment.

The municipality received donations of from Sarah Baartman



EC104 - Makana Local Municipality - 30 June 2023

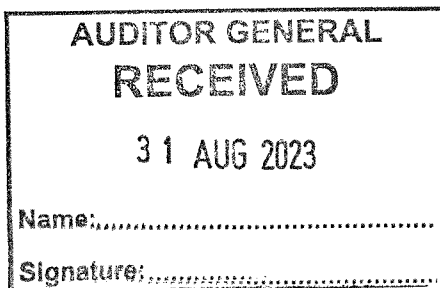
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

33. Employee related costs

Basic	121 900 761	121 406 100
Bonus	10 096 355	9 589 145
Medical aid - company contributions	11 800 723	11 110 467
Unemployment Income Fund	1 046 517	1 075 250
Bargaining Council	65 543	65 927
Leave pay	1 012 180	(269 376)
Standby Allowance	1 878 970	1 969 102
Overtime payments	9 289 108	12 307 643
Long-service awards	702 978	739 846
Acting allowances	1 159 020	1 706 463
Car allowance	3 441 553	3 328 996
Housing benefits and allowances	527 635	486 325
Employee benefits movement	12 982 623	10 933 625
Scarcity Allowance	958 282	840 350
Cellular and Telephone	376 977	406 095
Pension	22 156 907	23 838 125
	199 396 132	199 534 083



Remuneration of Municipal Manager - MA Mene

Annual Remuneration	462 725	1 234 907
Car Allowance and other allowances	75 084	225 252
Performance Bonuses	82 240	82 240
Contributions to Other, UIF, Medical and Pension Funds	6 888	12 336
Other	240 052	-
	866 989	1 554 735

Municipal Manager- MA Mene Resigned in October 2022.

Remuneration of Municipal Manager- P Kate

Annual Remuneration	707 787	-
Car Allowance and other allowances	320 550	-
Performance Bonuses	54 966	-
Contributions to UIF, Medical and Pension Funds	11 610	-
	1 094 913	-

Municipal Manager- P Kate Appointed in November 2022.

Remuneration of Chief Finance Officer - N Ntsangani

Annual Remuneration	982 336	-
Car Allowance and other allowances	247 655	-
Contributions to UIF, Medical and Pension Funds	14 069	-
	1 244 060	-

Appointed in July 2022

Remuneration of Acting Chief Finance Officer - CL Mani

Acting Allowance	-	178 477
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Acting Chief financial Officer- CL Mani From 1 January 2022.

Remuneration of Chief Financial Officer - GJ Goliath

EC104 - Makana Local Municipality - 30 June 2023

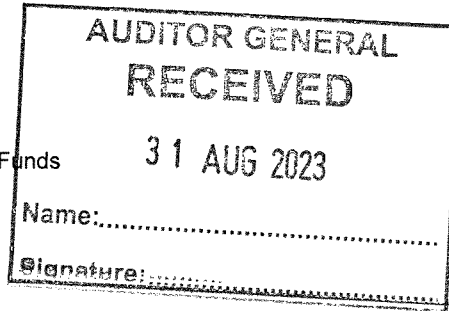
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

33. Employee related costs (continued)

Annual Remuneration	19 601	538 950
Car Allowance and other allowances	-	93 300
Contributions to UIF, Medical and Pension Funds	373	6 979
Other	-	138 240
	19 974	777 469



Resigned in December 2021

Remuneration of Director Corporate Services and Shared Services - XP Kalashe

Annual Remuneration	711 232	878 201
Car Allowance and other allowances	313 136	298 000
Contributions to UIF, Medical and Pension Funds	8 189	7 223
	1 032 557	1 183 424

Director : Corporate services and Shared Services-XP Kalashe Appointed 1 May 2021.

Remuneration of Director Engineering and Infrastructure Services - SA Gidana

Annual Remuneration	1 098 632	1 043 494
Car Allowance and other allowances	172 439	171 000
Performance Bonuses	50 000	-
Contributions to UIF, Medical and Pension Funds	15 164	13 914
	1 336 235	1 228 408

Director : Engineering and Infrastructure Services- S A Gidana Appointed 1 March 2021.

Remuneration of Finance and Economics Development and Local Development - MJ Meiring

Annual Remuneration	-	664 606
Car Allowance and other allowances	-	118 300
Contributions to UIF, Medical and Pension Funds	-	10 228
Other	-	125 035
	-	918 169

Director : Local Development Development - MJ Meiring (Contract Expired 31 July 2020 , was re-appointed on 1 January 2021 Died March 2022).

Remuneration of Acting LED Director - V Douse (April 2022) & S Jonas

Acting Allowance	80 018	105 703
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S Jonas acted as the Acting LED Director for the following periods September to December 2022 and June 2023.

Acting LED Director - V Douse

Acting Allowance	52 429	-
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V Douse acted as the Acting LED Director for the following periods July and August 2022.

Remuneration of Director Public Safety & Community Services - K Makgoka

Annual Remuneration	1 037 019	985 054
Car Allowance and other allowances	103 715	101 112

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
33. Employee related costs (continued)		
Performance Bonuses	23 765	23 765
Contributions to UIF, Medical and Pension Funds	10 713	10 193
	1 175 212	1 120 124

Appointed in July 1st 2018.

Remuneration of Director LED - Ms NC Eddie

Annual Remuneration	524 123	-
Contributions to UIF, Medical and Pension Funds	6 181	-
	530 304	-

Director: LED - Ms NC Eddie Appointed on 1st January 2023 Resigned on 31 May 2023.

34. Remuneration of councillors

Executive Mayor	949 489	949 495
Mayoral Committee Members	3 579 258	3 300 924
Speaker	768 279	713 410
Chief Whip	416 302	143 408
Councillors	6 284 905	6 061 824
	11 998 233	11 169 061

In-kind benefits

The Executive Mayor, Chief Whip, Speaker and Mayoral Committee Members are full-time. The Mayor is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

Additional information

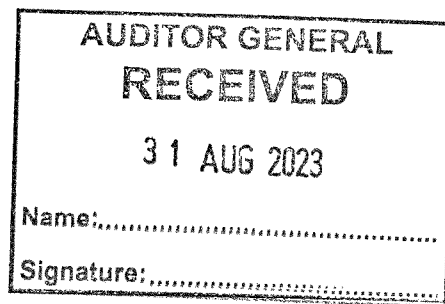
The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

35. Depreciation and amortisation

Property, plant and equipment	31 656 048	32 859 120
Investment property	-	778 954
	31 656 048	33 638 074

36. Finance costs

Non-current borrowings	5 085 901	5 231 087
Trade and other payables	8 022 640	5 006 088
Non current provisions	3 543 839	-
	16 652 380	10 237 175



The finance cost include interest incurred on loan from DBSA, time value of money in respect of provision for rehabilitation of landfill sites, employee benefits obligations and other various interest paid for late payments to trade creditors.

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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37. Lease rentals on operating lease

Equipment

Contractual amounts	-	(47 010)
Plant and equipment		
Contractual amounts	389 160	372 945
	389 160	325 935

38. Debt impairment

Debt impairment provision	182 665 210	191 005 799
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39. Bad debt write off

Total bad debts written off	-	(137 454 540)
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Council approved for the above bad debts write off.

40. Bulk purchases

Electricity - Eskom	135 614 220	131 093 811
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Electricity losses

	Number- (KHW) 2023	Number - (KHW) 2022
Units purchased	94 371 074	103 531 559
Units sold	(75 699 344)	(85 510 743)
Total loss in units	18 671 730	18 020 816
Loss calculated for (in rand value)		
Total losses	26 831 868	26 241 082
Own use	(7 051 939)	(7 839 410)
Total loss after own use	19 779 929	18 401 672

Water losses

	Lost Units	Value
Unaccounted water losses - 2022	941 478	3 595 177

41. Contracted services

Outsourced Services

Administrative and Support Staff	99 648	-
Alien Vegetation Control	843	-
Business and Advisory	8 026 956	17 694 074
Catering Services	852	-
Internal Auditors	113 458	318 846
Personnel and Labour	526 163	2 360 790
Security Services	7 519 689	9 744 274

Consultants and Professional Services

Business and Advisory	1 437 035	796 500
Legal Cost	2 797 254	2 796 096

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31 AUG 2023

Name:.....

Signature:.....

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

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41. Contracted services (continued)**Contractors**

Catering Services	46 704	-
Employee Wellness	19 356	-
Event Promoters	291 497	-
Maintenance of Buildings and Facilities	8 246 589	7 067 177
Maintenance of Equipment	288 805	962 351
Maintenance of Unspecified Assets	1 209 513	1 533 917
	30 624 362	43 274 025

42. Transfer and subsidies**Other subsidies**

Social Assistance :Grant In Aid	990 060	990 060
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The Municipality committed itself to quarterly payments from 1 July 2010.

43. Inventory

Inventory consumed	27 696 034	25 187 605
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44. General expenses

Advertising	356 266	551 280
Auditors remuneration	5 081 227	5 677 155
Bank charges	541 675	723 832
Commission paid	4 326 243	49 905
Fines and penalties	-	841 241
Hire Charges	608 391	1 028 409
Insurance	1 680 198	1 618 245
Conferences and seminars	290 000	-
IT expenses	1 528 059	1 475 515
Skills Development Levies	1 619 507	1 650 357
Fuel and oil	3 757 002	3 150 784
Postage and courier	100 506	901 883
Printing and stationery	256 554	299 237
Protective clothing	66 071	809 439
Subscriptions and membership fees	33 660	4 416 530
Telephone and fax	1 773 767	1 512 571
Travel - local	973 726	558 125
Assets expensed	13 352	-
Utilities - Other	5 868 298	4 312 587
Indigent costs	5 061 065	4 805 720
Water costs levies	368 769	293 937
Sundry operational costs	54 972	-
Seminars, Conferences, Workshops and Events	99 327	158 080
Motor Vehicle Licence and Registrations	7 697 237	5 661 978
	42 155 872	40 496 810

45. Impairment loss**Impairments**

Property, plant and equipment	-	3 493 778
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EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
46. Auditors' remuneration		
Fees	5 081 227	5 677 155
47. Cash generated from operations		
(Deficit) surplus	(15 520 639)	12 249 889
Adjustments for:		
Depreciation and amortisation	31 656 048	33 638 074
Gain (loss) on sale of assets and liabilities	28 456	(1 656 058)
Loss on discontinued operations	-	(43 294 175)
Impairment deficit	-	3 493 778
Debt impairment	182 665 210	191 005 799
Movements in retirement benefit assets and liabilities	(1 262 626)	(2 075 982)
Movements in provisions	3 202 947	(1 726 515)
Inventory losses or write-downs	(623 809)	(3 844 275)
Changes in working capital:		
Inventories	(1 876 635)	(116 680)
Consumer debtors	(190 165 075)	(186 160 415)
Other receivables from non-exchange transactions	3 811 608	(166 523)
Payables from exchange transactions	11 905 835	58 420 701
Value Added Tax	(2 243 676)	4 017 139
Unspent conditional grants and receipts	16 931 462	8 293 950
Consumer deposits	183 914	(215 502)
	38 693 020	71 863 205

48. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At fair value	At amortised cost	Total
Other financial assets	-	3 493 381	3 493 381
Trade and other receivables from exchange transactions	-	200 700 210	200 700 210
Trade and other receivables from non-exchange transactions	-	45 434 703	45 434 703
Cash and cash equivalents	48 971 295	-	48 971 295
	48 971 295	249 628 294	298 599 589

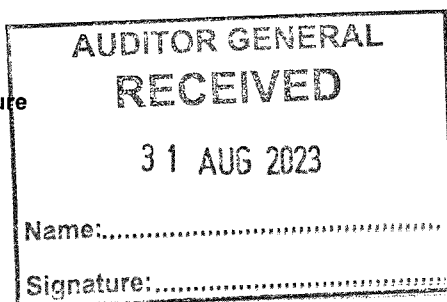
Financial liabilities

	At amortised cost	Total
Other financial liabilities	47 252 539	47 252 539
Trade and other payables from exchange transactions	275 187 584	275 187 584
Consumer Deposits	2 775 080	2 775 080
	325 215 203	325 215 203

2022

Financial assets

	At fair value	At amortised cost	Total
Other financial assets	-	3 342 948	3 342 948



EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
48. Financial instruments disclosure (continued)		
Trade and other receivables from exchange transactions	- 22 128 505	22 128 505
Trade and other receivables from non-exchange transactions	- 28 649 702	28 649 702
Cash and cash equivalents	48 113 138	48 113 138
	48 113 138	102 234 293

Financial liabilities

	At amortised cost	Total
Other financial liabilities	49 091 730	49 091 730
Trade and other payables from exchange transactions	262 459 355	262 459 355
Consumer Deposits	2 588 308	2 588 308
	314 139 393	314 139 393

49. Commitments

Authorised capital expenditure

Not yet contracted for and authorised by accounting officers

• Property, plant and equipment	56 255 289	11 544 683
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Total capital commitments

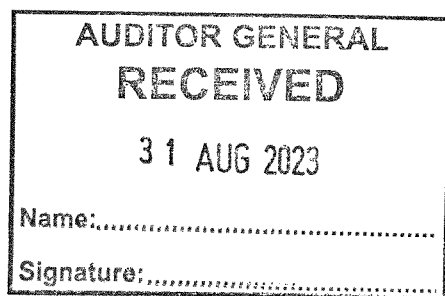
Not yet contracted for and authorised by accounting officers	56 255 289	11 544 683
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Total commitments

Total commitments

Authorised capital expenditure	56 255 289	11 544 683
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This committed expenditure relates to plant and equipment and will be financed by grants and funds internally generated, etc.



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50. Contingencies

There is no reimbursement from any third parties for potential obligations of the municipality.

Contingent liabilities

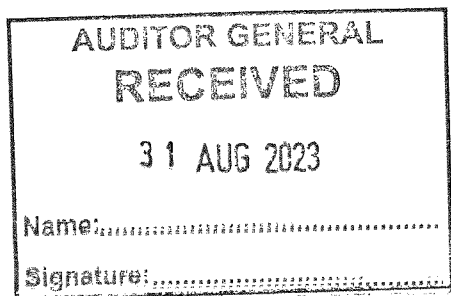
DWS VS Makana municipality, lawsuit due to unpaid water invoice.	22 415 051	22 415 051
L Boucher ET AL vs Makana municipality et al. Lawsuit for damages and death.	1 920 000	1 920 000
Brinkman Mndayi vs Makana municipality et al. Lawsuit relating to service rendered.	902 104	902 104
Mthombo Resorts vs Makana municipality, breach of contract and lease .	9 300 000	9 300 000
Katazile Kolosa vs Makana Local Municipality-Damages lawsuit	900 000	900 000
Olwathile Onosi vs Makana Local Municipality-Damages lawsuit	3 128 456	3 128 456
Melikhaya Pongolo vs Makana Municipality - MV accident	-	250 000
UPM and Ayanda Kota	-	1 000 000
	38 565 611	39 815 611

Contingent assets

Subsequent to the disciplinary hearing in respect of the fruitless and wasteful expenditure referred to in Note 57, civil proceedings have commenced against the employees concerned to recover an amount of R -. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.

Contingent assets

Makana Municipality vs S.C & J.A Bryan	-	254 107
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EC104 - Makana Local Municipality - 30 June 2023

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51. Related parties

Relationships

Accounting Officers

Members of key management

Refer to accounting officers' report note

Municipal Manager - MA Mene resigned in October 2022

Municipal Manager- P Kate Appointed in November 2022

Chief Financial officer - G Goliath (resigned 31/12/2021)

Acting Chief Financial Officer - CL Mani (1/1/2022 - 30/6/2022)

Chief Finance Officer - N Ntsangani appointed July 2022

Director Community & Social Services - Kellelo Makgoka

Director Local Economic Development - M Meiring

Acting Director Local Economic Development - Sinaye Jonas

Acting Director Local Economic Development - Vuyokazi Douse

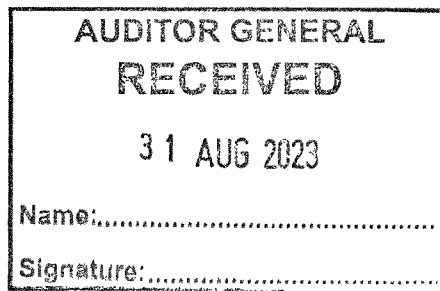
Director Corporate and Shared Services - Xolela Kalashe

Director Engineering and Infrastructure - Asanda Gidana

Director: LED - Ms NC Eddie Appointed on 1st January 2023 Resigned on 31 May 2023

Close family members of persons in the service of the state Makana Development Trust

During the financial year 2023 and 2022, there were no services procured from Makana development trust.



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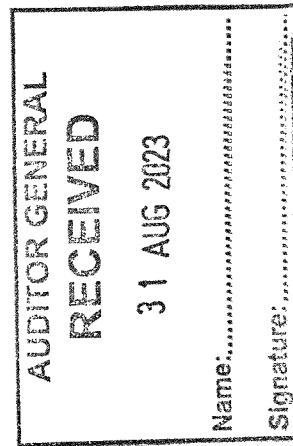
51. Related parties (continued)

Remuneration of key executive management

Remuneration of mayoral committee members and councillors

2023

Name	Back Pay	Basic salary	Cellphone Allowance	Travel Allowance	Other Benefits Received	Total
Cllr YP Vara	23 857	663 400	40 800	221 133	19 117	968 307
Cllr M Matyumza	19 552	530 720	40 800	176 907	300	768 279
Cllr VN Jezi	33 233	259 631	40 800	86 544	300	420 508
Cllr G Mene	13 327	497 551	40 800	165 850	300	717 828
Cllr MR Xonxa	13 327	497 551	40 800	165 850	3 670	721 198
Cllr ZA Hoyi	13 327	497 551	40 800	165 850	5 833	723 361
Cllr T Vayo	14 851	491 498	40 800	163 833	11 527	709 158
Cllr M Nkwentsha	14 851	497 551	40 800	165 850	300	719 352
Cllr AA Bentele	3 430	42 983	8 432	14 328	300	69 473
Cllr M Booyesen	6 122	209 941	40 800	68 789	300	325 952
Cllr C Clark	6 454	209 941	40 800	69 981	300	327 476
Cllr Z Cetu	5 103	277 574	40 800	92 525	5 770	421 772
Cllr A Deke	2 643	209 941	40 800	69 981	300	323 665
Cllr EG Embling	4 930	209 941	40 800	69 981	300	325 952
Cllr MD Geelbooi	2 643	209 941	40 800	69 981	300	323 665
Cllr BPN Jackson	6 454	209 941	40 800	69 981	300	327 476
Cllr XG Madyo	6 454	209 941	40 800	69 981	300	327 476
Cllr Z Mantla	2 643	209 941	40 800	69 981	300	323 665
Cllr L Masinda	4 930	209 942	40 800	69 981	300	323 953
Cllr T Matebese	2 643	209 941	40 800	69 981	300	323 665
Cllr WE Matina	4 930	209 941	40 800	69 981	7 404	323 056
Cllr V Nesi	6 454	209 941	40 800	69 981	300	333 665
Cllr P Peter	4 930	209 941	40 800	69 981	300	327 476
Cllr WL Sixaba	2 643	209 941	40 800	69 981	300	325 952
CllrLR Sizani	6 454	209 941	40 800	69 981	300	323 665
Cllr TS Yaka	4 930	209 941	40 800	69 981	300	327 476
Cllr S Zono	4 930	209 941	40 800	69 981	519	325 952
						326 171



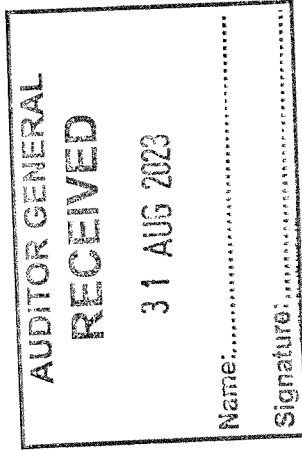
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 Annual Financial Statements for the year ended 30 June 2023

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51. Related parties (continued)
 Cllr N Buwa

900	167 941	32 558	55 980	-	257 379
223 594	7 992 949	1 101 790	2 663 135	59 840	12 041 308



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Annual Financial Statements for the year ended 30 June 2023

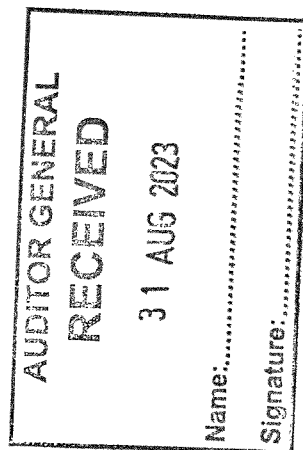
Notes to the Annual Financial Statements

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51. Related parties (continued)

2022

Name	Back Pay	Basic salary	Cellphone Allowance	Travel Allowance	Other Benefits Received	Total
Cllr YP Vara	-	579 358	40 827	190 058	13 808	824 051
Cllr M Matyumza	-	489 478	40 827	163 160	3 600	697 065
Cllr VN Jezi	20 277	119 188	23 800	39 729	2 100	205 094
Cllr G Mene	47 983	257 536	23 800	85 845	2 100	417 284
Cllr MR Xonxa	27 706	439 469	40 827	146 490	3 600	658 092
Cllr ZA Hoyi	47 983	257 536	23 800	85 845	2 100	417 284
Cllr T Vayo	47 983	257 536	23 800	85 845	6 330	421 894
Cllr M Nkwenisha	27 706	342 670	40 800	114 223	3 600	528 999
Cllr r AA Bentele	20 277	119 188	23 800	39 729	2 100	205 094
Cllr M Booyesen	20 277	119 188	23 800	39 729	2 100	205 094
Cllr C Clark	-	204 323	40 800	68 107	3 600	316 830
Cllr Z Cetu	28 644	141 129	23 800	47 043	2 100	242 716
Cllr A Deke	-	38 958	7 779	12 986	686	60 409
Cllr EG Embling	20 277	119 188	23 800	39 729	2 100	205 094
Cllr MD Geelbooi	-	38 958	7 779	12 986	686	60 409
Cllr XG Madyo	-	204 323	40 800	68 108	3 600	316 831
Cllr Z Mantla	-	38 958	7 779	12 986	686	60 409
Cllr L Masinda	-	119 188	23 800	39 729	2 100	205 094
Cllr T Matebese	20 277	164 690	14 090	-	-	178 780
Cllr V Nesi	-	204 323	40 800	68 108	3 600	316 831
Cllr P Peter	20 277	119 188	23 800	39 729	2 100	205 094
Cllr WL Sixaba	-	38 958	7 779	12 986	686	60 409
Cllr TS Yaka	20 277	119 188	23 800	39 729	2 100	205 094
Cllr S Zono	20 277	167 222	14 090	55 741	1 243	238 296
Cllr NC Masoma	-	70 559	14 090	23 520	1 243	109 412
Cllr BW Fargher	-	70 559	14 090	23 520	1 243	109 412
Cllr M Gajela	-	204 322	40 800	68 108	3 600	316 830
Cllr B Jackson	-	70 559	14 090	23 520	1 243	109 412
Cllr TF Bruinjies	-	70 559	14 090	23 520	2 146	110 315
Cllr T Jela/Gaushe	-	167 222	14 090	55 740	1 243	238 295
Cllr PG Matyumza	-	167 222	14 090	55 740	1 243	238 295



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Annual Financial Statements for the year ended 30 June 2023

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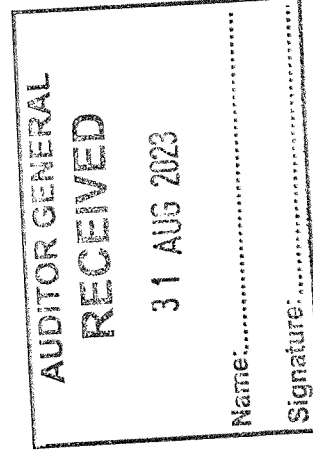
51. Related parties (continued)

Clr AJ Meyer	-	94 079	14 090	-	1 243	109 412
Clr M Moya	-	70 559	14 090	23 520	1 243	109 412
Clr L Nase	-	167 222	14 090	55 741	1 243	238 296
Clr L Sakata	-	70 559	14 090	23 520	1 243	109 412
Clr T Seyisi	-	905 551	14 090	30 184	1 243	951 068
Clr S Sodladla	-	70 559	14 090	23 520	1 243	109 412
Clr NM Pieters	-	70 559	14 090	23 520	1 243	109 412
Clr S Dyantye	-	94 079	14 090	-	1 243	109 412
Clr MH Mpahlwa	11 348	345 810	17 490	44 134	1 543	420 325
Clr S Bashe	-	94 079	14 090	-	1 243	109 412
Clr LR Sizani	-	204 323	40 800	68 108	5 317	318 548
Clr WE Matina	20 277	119 188	23 800	39 729	2 100	205 094
Clr L Mxube	20 777	68 108	13 600	22 703	1 200	126 388
Clr EJ Walton	20 777	68 108	13 600	22 703	1 200	126 388
Clr P Machanick	20 777	68 108	13 600	22 703	1 200	126 388
Clr MJ Bradshshaw	20 777	68 108	13 600	22 703	1 200	126 388
Clr K Mashiane	20 777	68 108	13 600	22 703	1 200	126 388
Clr T Matebese	-	38 958	7 779	12 986	686	60 409
	525 731	8 159 174	1 026 506	2 224 754	106 376	12 042 541

52. Prior-year adjustments

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

Statement of financial position



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Notes to the Annual Financial Statements

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52. Prior-year adjustments (continued)				
2022				
	Note	As previously reported	Correction of error	Restated
Inventories		7 180 194	(481 640)	6 698 554
Receivables from exchange transactions		27 750 236	38 491 416	66 241 652
Receivables from non - exchange transactions		21 819 264	2 744 867	24 564 131
Cash and cash equivalents		34 480 307	13 815 882	48 296 189
Heritage assets		32 788 263	-	32 788 263
Investment property		187 355 041	559 957	187 914 998
Property, plant and equipment		935 919 276	(6 093 645)	929 825 631
Intangible assets		98 098	337 615	435 713
Other financial assets		-	3 342 948	3 342 948
Employee benefit obligation current liability		(2 324 050)	(745 899)	(3 069 949)
Employee benefit obligation non - current liability		(69 690 355)	(3 637 123)	(73 327 478)
Unspent conditional grants and receipts		(34 480 302)	9 039 808	(25 440 494)
Payables from exchange transactions		(248 601 757)	(15 489 050)	(264 090 807)
Consumer deposits		(2 692 244)	94 069	(2 598 175)
Value Added Tax		(32 920 418)	(21 791 689)	(54 712 107)
Provisions - Current Liability		(20 859 266)	3 451 180	(17 408 086)
Provisions - Non - Current Liability		(45 862 639)	14 788 956	(31 073 683)
Accumulated deficit/surplus		(780 765 707)	13 720 026	(767 045 681)
		9 193 941	52 147 678	61 341 619

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Restated
Service charges		(285 584 677)	(16 888 863)	(302 473 540)
Rendering of services		(2 321 434)	(142 092)	(2 463 526)
Interest received (trading)		(10 131 487)	(17 604 344)	(27 735 831)
Other operating revenue		(4 898 332)	4 849 243	(49 089)
Interest received bank and other financial assets		(676 986)	(90 228)	(767 214)
Property rates		(98 976 050)	(1 942 347)	(100 918 397)
Interest received on receivables from non exchange transactions		(4 952 096)	(399 415)	(5 351 511)
Government grants & subsidies		(192 829 843)	2 899 203	(189 930 640)
Public contributions and donations		-	(17 632 947)	(17 632 947)
Fines ,Penalties and Forfeits		(122 266)	(623 400)	(745 666)
Employee related costs		214 975 574	(15 441 491)	199 534 083
Remuneration of councillors		11 204 692	(35 631)	11 169 061
Depreciation and amortisation		35 337 328	(1 699 254)	33 638 074
Finance costs		10 023 478	213 697	10 237 175
Lease rentals on operating lease		1 529 047	(1 203 112)	325 935
Debt impairment		148 274 744	42 731 055	191 005 799
Bulk purchases		136 420 304	(5 326 493)	131 093 811
Contracted services		50 455 724	(7 181 699)	43 274 025
Inventory consumed		-	25 187 605	25 187 605
Transfers and subsidies		462 745	527 315	990 060
Operational costs		43 999 163	(3 502 353)	40 496 810
Loss /gain on disposal of assets and liabilities		(1 759 274)	103 216	(1 656 058)
Actuarial gains/losses		(10 613 330)	504 553	(10 108 777)
Inventory write downs		-	3 844 275	3 844 275
Impairment reversals debtors		-	(43 294 175)	(43 294 175)
Surplus for the year		39 817 024	(52 147 682)	(12 330 658)

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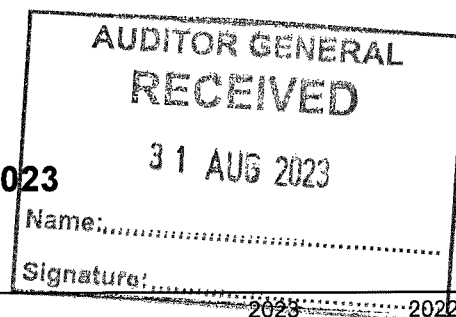
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53. Risk management

Financial risk management

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

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by a central treasury department under policies approved by the . Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Credit risk

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

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

Financial instrument	2023	2022
Other financial asset - Eskom Deposit	3 493 381	3 342 948
Trade and other receivables from exchange transactions	200 700 210	22 128 505
Trade and other receivables from non - exchange transactions	45 434 703	28 649 702
Cash and cash equivalents	65 050 019	48 113 138

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. During 2023 and 2022, the municipality's borrowings at variable rate were denominated in Rand.

54. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 779 859 457 and that the municipality's total liabilities exceed its assets by R 779 859 457.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officers continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note XX of these annual financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

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55. Events after the reporting date

There were no material events that required an adjustment to the annual financial statements after the reporting date.

56. Unauthorised expenditure

Opening balance as previously reported	779 268 401	677 599 401
Add: Unauthorised expenditure - current	-	101 669 000
Closing balance	779 268 401	779 268 401

Unauthorised expenditure: Budget overspending – per municipal department:

Disciplinary steps taken/criminal proceedings

No disciplinary action or steps taken/criminal proceedings.

57. Fruitless and wasteful expenditure

Opening balance as previously reported	7 825 768	5 509 499
Add: Fruitless and wasteful expenditure identified - current	1	2 316 269
Less: Amount written off	(3 119 022)	-
Closing balance	4 706 747	7 825 768

Fruitless and wasteful expenditure is presented inclusive of VAT

Disciplinary steps taken/criminal proceedings

No disciplinary action or steps taken/criminal proceedings.

58. Irregular expenditure

Opening balance as previously reported	370 142 383	323 913 443
Add: Irregular expenditure - current	36 972 207	46 228 940
Closing balance	407 114 590	370 142 383

Disciplinary steps taken/criminal proceedings

No disciplinary action or steps taken/criminal proceedings.

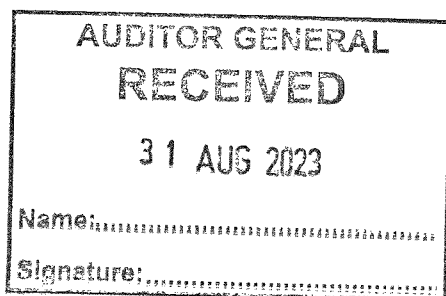
59. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	7 826 119	7 645 184
Current year subscription / fee	3 724 667	2 394 916
Amount paid - current year	(8 832 120)	(2 213 981)
	2 718 666	7 826 119

Audit fees

Opening balance	2 284 830	747 735
Current year subscription / fee	7 093 315	7 739 337
Amount paid - current year	(8 909 106)	(6 202 242)
	469 039	2 284 830



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

PAYE and UIF

Opening balance	5 617 090	2 242 944
Current year subscription / fee	29 808 840	30 280 364
Amount paid - current year	(33 158 947)	(26 906 218)
	2 266 983	5 617 090

VAT

VAT receivable	(52 427 106)	(54 736 301)
VAT payable	41 325	(24 194)
	(52 385 781)	(54 760 495)

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

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor BPM Jackson	1 834	3 586	5 420
Councillor M Petros	2 983	9 580	12 563
Councillor R Xonxa	165	-	165
	4 982	13 166	18 148

30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor RM Embling	1 643	-	1 643
Councillor BPM Jackson	828	-	828
Councillor P Machanick	766	-	766
Councillor XG Madyo	552	-	552
Councillor M Petros	-	73 632	73 632
Councillor LR Sizani	859	-	859
Councillor R Xonxa	241	-	241
	4 889	73 632	78 521

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

AUDITOR GENERAL RECEIVED 31 AUG 2023 Name:..... Signature:.....
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59. Additional disclosure in terms of Municipal Finance Management Act (continued)

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.

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been approved by the Accounting Officer.

Incident

In terms of SCM regulations 36 (a)(i): In an emergency	206 062	4 205 883
In terms of SCM regulations 36 (a)(ii): Sole Service Provider	646 444	63 753
In terms of SCM regulations 36 (a)(v): Impractical to follow the normal SCM process	8 651 260	5 195 960
	9 503 766	9 465 596

60. Segment information

General information

Identification of segments

In accordance with GRAP 18, Segment Reporting, a segment as an activity of the municipality that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity); whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and for which separate financial information is available.

The municipality is organised and reports to council on the basis of core functions: Community and Social services, Engineering and Technical services, Local Economic Development and Planning.

The municipality has identified various activities within the municipality that meets the definition of a segment. The segments were organised around the type of service delivered. Council uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

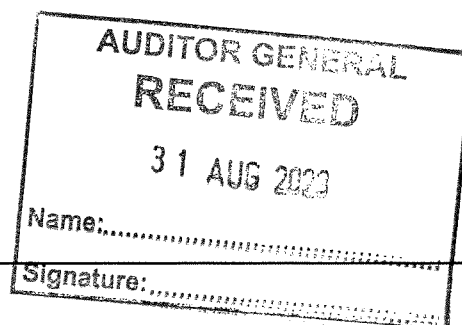
Aggregated segments

The municipality operates throughout the Eastern Cape Province. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Eastern Cape were sufficiently similar to warrant aggregation.

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

These reportable segments as well as the goods and/or services for each segment are set out below:

- Segment 1 COMMUNITY AND SOCIAL SERVICES
- Segment 2 ENGINEERING AND TECHNICAL SERVICES
- Segment 3 TOWN PLANNING AND LOCAL ECONOMIC DEVELOPMENT
- Segment 4 UNALLOCATED



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60. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Community and Social services

Engineering and Technical services

Local Economic Development and Planning

Unallocated segments

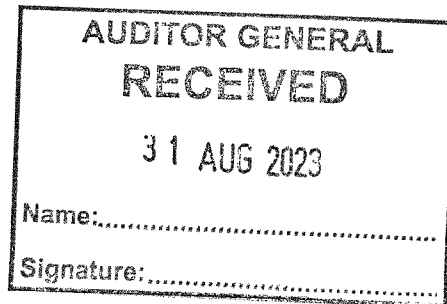
Goods and/or services

Library Services, Police force, Cemeteries, Environmental Protection, Recreational facilities, Social Services

Provision and maintenance of water, Electricity, Sewer and refuse and infrastructure

Economic development of the Municipality

Administrative functions



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Notes to the Annual Financial Statements

Figures in Rand

60. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Community and Social Services	Engineering and Technical Services	Local Economic Development and Planning	Unallocated	Total
Revenue					
Revenue from non-exchange transactions	13 626 733	78 989 095	3 641 533	167 029 415	263 286 776
Revenue from exchange transactions	21 900 505	359 651 080	-	8 563 631	390 115 216
Gains and losses	-	-	-	(623 809)	(623 809)
Total segment revenue	35 527 238	438 640 175	3 641 533	174 969 237	652 778 183
Entity's revenue					652 778 183

Expenditure

Total expenditure

Total segmental surplus/(deficit)

Assets

Current Assets

Non-current Assets

Total segment assets

Total assets as per Statement of financial Position

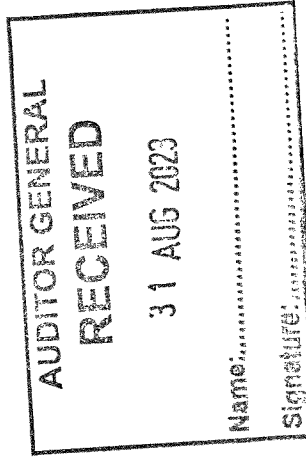
Liabilities

Current Liabilities

Non-current Liabilities

Total segment liabilities

Total liabilities as per Statement of financial Position



55 852 098	211 546 729	20 881 420	361 626 658	649 906 905
(20 324 860)	227 093 446	(17 239 887)	(186 657 421)	2 871 278

112 525 908	1 400 113 722	(4 693 982)	(972 975 910)	534 969 738
39 207 462	419 032 998	510 515 341	216 413 370	1 185 169 171
151 733 370	1 819 146 720	505 821 359	(756 562 540)	1 720 138 909
				1 720 138 909

8 963 900	326 450 573	(416 110)	250 701 694	585 700 057
-	-	-	155 782 460	155 782 460
8 963 900	326 450 573	(416 110)	406 484 154	741 482 517
				741 482 517

EC104 - Makana Local Municipality - 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

60. Segment information (continued)

2022

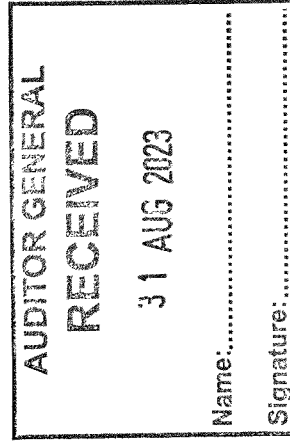
	Community and Social Services	Engineering and Technical Services	Local Economic Development and Planning	Unallocated	Total
Revenue					
Revenue from non-exchange transactions	13 446 456	125 001 507	3 302 709	155 552 215	297 302 887
Revenue from exchange transactions	16 208 878	290 858 248	-	(357 040)	306 710 086
Gains and Losses	-	(3 465 540)	-	11 839 813	8 374 273
Total segment revenue	29 655 334	412 394 215	3 302 709	167 034 988	612 387 246
Entity's revenue					612 387 246

Expenditure					
Total expenditure	55 888 712	202 284 876	22 383 627	326 378 589	606 935 804
Total segmental surplus/(deficit)	(26 233 378)	210 109 339	(19 080 918)	(159 343 601)	5 451 442

Assets					
Current assets	83 025 944	1 076 195 804	(2 350 554)	(878 937 541)	277 933 653
Non current assets	37 731 528	400 133 360	506 086 656	215 552 079	1 159 503 623
Total segment assets	120 757 472	1 476 329 164	503 736 102	(663 385 462)	1 437 437 276
Total assets as per Statement of financial Position					1 437 437 276

Liabilities					
Current liabilities	7 880 056	278 310 660	2 702 612	242 955 069	531 848 397
Non current liabilities	-	-	-	157 809 564	157 809 564
Total segment liabilities	7 880 056	278 310 660	2 702 612	400 764 633	689 657 961
Total liabilities as per Statement of financial Position					689 657 961

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



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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

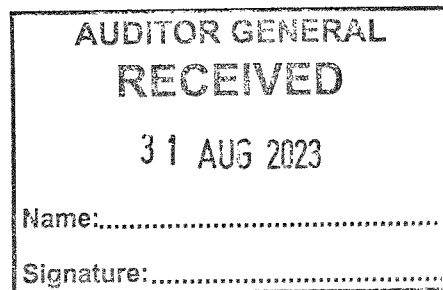
2023

2022

61. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of 15% (25% over approved budget) for the Health function was due to expenditures above the level approved by legislative action in response to the earthquake. There were no other material differences between the final budget and the actual amounts.



**EC104 - Makana Local Municipality - 30 June 2023
Appendix A**

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable 30 June 2022	Balance at 30 June 2022	Received during the period	Redeemed written off during the period	Balance at 30 June 2023	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Development Bank of South Africa							
DBSA @ 10.5%	31-Aug -2035	49 091 730	-	1 839 191	47 252 539	-	-
Total external loans		49 091 730	-	1 839 191	47 252 539	-	-
Development Bank of South Africa							
		49 091 730	-	1 839 191	47 252 539	-	-
		49 091 730	-	1 839 191	47 252 539	-	-

**AUDITOR GENERAL
RECEIVED**

31 AUG 2023

Name:

Signature:

AUDITOR GENERAL
RECEIVED

31 AUG 2023

Name:.....

Signature:.....