WALTER SISULU LOCAL MUNICIPALITY
MUNICIPALITY

WALTER SISULU
LOCAL MUNICIPALITY
Botho Humanity Ubuntu

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2024

WALTER SISULU LOCAL MUNICIPALITY

Index

Contents	Page

WALTER SISULU LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

GENERAL INFORMATION

NATURE OF BUSINESS

Walter Sisulu Local Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South Africa Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Walter Sisulu Local Municipality Municipality includes the following areas:

Malestwai	Burgersdorp	Venterstad
James Calata	Steynsburg	

MAYOR

Cllr V Davids

SPEAKER

Cllr N Mathetha

MEMBERS OF COUNCIL

Councillor	Position	Councillor	Position
Cllr V Davids	Mayor	Cllr W Nodwele	Ward 1 Councillor
Cllr N Mathetha	Speaker	Cllr B Hukwe	Ward 2 Councillor
Cllr E Pretorius	Executive Committee	Cllr M Nel	Ward 3 Councillor
Cllr M Botha	Executive Committee	Cllr V Busakwe	Ward 4 Councillor
Cllr Y Zweni	Executive Committee	Cllr Z Wele	Ward 5 Councillor
Cllr E Theron	PR Councillor	Cllr W Moeti	Ward 6 Councillor
Cllr VA Schoeman	PR Councillor	Cllr K Mathunya	Ward 7 Councillor
Cllr M Jan	PR Councillor	Cllr B George (terminated 21 February 2024)	Ward 8 Councillor
Cllr S Bangisa	PR Councillor	Cllr Z Betana (commenced 26 April 2024)	Ward 8 Councillor
Cllr K Mnembe	PR Councillor	Cllr I London	Ward 9 Councillor
Cllr RG Tau	PR Councillor	Cllr T Matlotlo	Ward 10 Councillor
		Cllr N Moyo	Ward 11 Councillor

MUNICIPAL MANAGER

K Gashi

CHIEF FINANCIAL OFFICER

Y Ngqele

REGISTERED OFFICE

1 Jan Greyling Street, Burgersdorp, 9744

WALTER SISULU LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

GENERAL INFORMATION

AUDITORS

Office of the Auditor-General South Africa

PRINCIPAL BANKERS

First National Bank, Aliwal North

ATTORNEYS

Mbabane Maswazi & Mkosana Inc
Tshangana Le Roux Inc.
Mabona Bhungane Mthimkhulu Attorneys
Rampai Attorneys
Siyathemba Sokutu Attorneys
Magqabi Seth Zitha Incorporated
TL Luzipho Attorneys
Mbabane and Maswazi Incorporated
Horn and Kumm

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Consitution of the Republic of South Africa (Act no 108 of 1996)
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and regulations issued in terms of the Act)
SALGA Collective Agreements
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act (Act no 58 of 1962)
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax (Act 89 of 1991)

WALTER SISULU LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2024, which are set out on pages 1 to 100 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2025 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

K Gashi **Municipal Manager**	31-Aug-24 **Date**

WALTER SISULU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Notes	2024 R	2023 R
ASSETS			
Non-Current Assets		**958,510,219**	**973,398,810**
Property, Plant and Equipment	2	841,521,632	855,559,837
Biological assets	3	10,554,738	10,453,139
Investment Property	4	101,893,596	102,279,676
Intangible Assets	5	1,555,548	2,121,453
Heritage Assets	6	2,984,705	2,984,705
Current Assets		**166,600,031**	**131,555,187**
Inventory	7	576,586	505,355
Receivables from Exchange Transactions	8	57,875,975	54,034,297
Receivables from Non-exchange Transactions	9	15,661,151	1,977,757
VAT Receivable	19	214,230	335,927
VAT Accrual	19	89,469,110	69,329,601
Cash and Cash Equivalents	10	2,802,979	5,372,250
Total Assets		**1,125,110,249**	**1,104,953,998**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**396,787,587**	**77,410,630**
Long-term Borrowings	11	958,145	1,307,801
Non-current Provisions	14	46,113,012	42,095,830
Non-current Employee Benefits	12	35,386,000	34,007,000
Payables from exchange transactions	17	314,330,430	-
Current Liabilities		**462,230,701**	**720,443,272**
Consumer Deposits	13	2,455,928	2,451,053
Current Employee Benefits	15	17,433,689	16,028,581
Payables from exchange transactions	16	212,668,380	662,604,008
Current portion of non-current payables	17	179,106,858	-
VAT Accrual	19	47,895,332	36,705,946
Unspent conditional grants	18	2,325,132	2,325,132
Current Portion of Long-term Borrowings	11	345,382	328,551
Total Liabilities		**859,018,288**	**797,853,903**
Net Assets		**266,091,955**	**307,100,093**
Accumulated Surplus/(Deficit)		266,091,955	307,100,093
Total Net Assets and Liabilities		**1,125,110,243**	**1,104,953,995**

WALTER SISULU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2024

	Notes	2024 R	2023 R
REVENUE			
Revenue from Non-exchange Transactions		**276,244,667**	**184,033,545**
Taxation Revenue		**51,194,627**	**56,184,460**
Property Rates	20	41,429,644	47,659,465
Property rates - Interest received	31	9,764,983	8,524,995
Transfer Revenue		**104,923,738**	**116,066,356**
Government Grants and Subsidies - Capital	21	19,300,200	33,174,664
Government Grants and Subsidies - Operating	21	85,623,538	82,064,688
Contributed Property, Plant and Equipment		-	827,005
Other Revenue		**120,126,302**	**11,782,729**
Actuarial Gains	23	1,616,592	4,469,509
Fair Value Adjustments	24	101,599	5,259,108
Fines, Penalties and Forfeits	22	1,308,907	1,154,033
Other Income	27	-	900,079
Concessionary loans received	17	85,343,830	-
Debt forgiven	17	31,755,375	-
Revenue from Exchange Transactions		**269,136,966**	**186,325,960**
Service Charges	28	227,823,893	152,994,685
Rental of Facilities and Equipment	29	1,562,574	1,907,877
Interest Earned - External Investments	30	862,602	1,621,380
Interest Earned - Outstanding Debtors	31	30,521,084	23,498,174
Licences and Permits	25	1,591,363	393,478
Agency Services	26	2,231,599	2,352,006
Other income	27	4,543,850	3,558,360
Total Revenue		**545,381,633**	**370,359,505**
EXPENDITURE			
Employee related costs	32	132,945,214	117,764,806
Remuneration of Councillors	33	9,946,335	9,277,328
Debt Impairment	8 & 9	80,418,144	56,626,319
Depreciation and Amortisation	34	31,975,814	32,648,562
Impairments	35	-	1,884,813
Finance Charges	36	75,905,444	45,965,885
Bulk Purchases	37	154,282,217	132,638,416
Other Expenditure	38	70,374,830	55,091,426
Repairs and Maintenance	39	27,268,123	12,909,076
Loss on Disposal of Assets	2&4	3,273,649	19,721,794
Total Expenditure		**586,389,771**	**484,528,426**
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(41,008,138)**	**(114,168,921)**

2023 amounts have been restated. Refer to note 40.

WALTER SISULU LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2022	**518,375,489**	**518,375,489**
Correction of Error - note 40	(97,106,476)	(97,106,476)
Restated balance	**421,269,014**	**421,269,014**
Net Surplus/(Deficit) for the year	(114,168,921)	(114,168,921)
Balance at 30 June 2023	**307,100,093**	**307,100,093**
Restated balance	**307,100,093**	**307,100,093**
Net Surplus/(Deficit) for the year	(41,008,138)	(41,008,138)
Balance at 30 June 2024	**266,091,955**	**266,091,955**

WALTER SISULU LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R	2023 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Property Rates		28,284,469	47,094,949
Service Charges		164,703,881	139,348,071
Other Revenue		9,684,117	8,513,851
Government - Operating		85,623,538	81,490,957
Government - Capital		19,300,200	31,697,604
Interest		30,382,440	2,976,649
Value-added tax		12,157,666	7,193,603
Cash payments			
Employees		(142,816,849)	(125,099,240)
Suppliers		(181,448,936)	(157,323,664)
Finance Charges		(8,524,164)	(23,550,032)
Net Cash from Operating Activities	**40**	**17,346,361**	**12,342,747**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(19,582,813)	(31,102,931)
Net Cash from Investing Activities		**(19,582,813)**	**(31,102,931)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Borrowing		(332,825)	(316,825)
Net Cash from Financing Activities		**(332,825)**	**(316,825)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,569,276)**	**(19,077,009)**
Cash and Cash Equivalents at the beginning of the year		5,372,250	24,449,261
Cash and Cash Equivalents at the end of the year	10	2,802,979	5,372,250
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,569,270)**	**(19,077,011)**

2023 amounts have been restated. Refer to note 40.

WALTER SISULU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2024 R (Actual)	2024 R (Final Budget)	2024 R (Variance)
ASSETS			
Current Assets			
Cash	929,244	30,867,763	(29,938,519)
Call Investment Deposits	1,873,736	-	1,873,736
Trade and other receivables from exchange transactions	57,875,975	90,139,699	(32,263,724)
Receivables from non-exchange transactions	15,661,151	32,297,312	(16,636,161)
VAT	89,683,341	38,016,274	51,667,067
Inventory	576,586	485,448	91,138
Total Current Assets	**166,600,031**	**191,806,496**	**(25,206,465)**
Non Current Assets			
Investment Property	101,893,596	150,720,843	(48,827,247)
Property, Plant and Equipment	841,521,632	802,783,804	38,737,828
Biological Assets	10,554,738	6,367,963	4,186,775
Intangible Assets	1,555,548	2,889,737	(1,334,189)
Other Non-Current Assets	2,984,705	2,985,000	(295)
Total Non-Current Assets	958,510,219	965,747,347	(7,237,128)
TOTAL ASSETS	**1,125,110,249**	**1,157,553,843**	**(32,443,594)**
LIABILITIES			
Current Liabilities			
Borrowing	345,382	405,584	(60,202)
Consumer Deposits	2,455,928	2,477,123	(21,195)
Trade and other payables from exchange transactions	212,668,380	561,665,202	(348,996,822)
Current portion of non-current payables	179,106,858	-	179,106,858
Trade and other payables from non-exchange transactions	2,325,132	-	2,325,132
Provisions	17,433,689	31,163,691	(13,730,002)
VAT	47,895,332	31,440,054	16,455,278
Total Current Liabilities	**462,230,701**	**627,151,654**	**(164,920,953)**
Non-Current Liabilities			
Borrowing	958,145	1,287,423	(329,278)
Provisions	46,113,012	45,520,110	592,902
Other non-current liabilities	35,386,000	37,983,984	(2,597,984)
Payables from exchange transactions	314,330,430	-	314,330,430
Total Non-Current Liabilities	**396,787,587**	**84,791,517**	**311,996,070**
TOTAL LIABILITIES	**859,018,288**	**711,943,171**	**147,075,117**

WALTER SISULU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

NET ASSETS	**266,091,961**	**445,610,672**	**(179,518,710)**
Accumulated Surplus	266,091,955	445,610,678	(179,518,723)
TOTAL NET ASSETS	**266,091,955**	**445,610,678**	**(179,518,723)**

Refer to note 42.2 for further details relating to material variances.

WALTER SISULU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

ADJUSTMENTS TO APPROVED BUDGET

	2024 R (Original Budget)	2024 R (Adjustments)	2024 R (Final and Approved Budget)
ASSETS			
Current assets			
Cash	25,418,111	5,449,652	30,867,763
Trade and other receivables from exchange tran	102,675,315	(12,535,616)	90,139,699
Receivables from non-exchange transactions	26,487,153	5,810,159	32,297,312
Other Receivables	36,443,060	1,573,214	38,016,274
Inventory	485,448	-	485,448
Total Current Assets	**191,509,087**	**297,409**	**191,806,496**
Non-Current Assets			
Investment Property	149,920,843	800,000	150,720,843
Property, Plant And Equipment	806,743,804	(3,960,000)	802,783,804
Biological Assets	6,367,963	-	6,367,963
Intangible Assets	1,889,737	1,000,000	2,889,737
Other Non-Current Assets	2,985,000	-	2,985,000
Total Non Current Assets	**967,907,347**	**(2,160,000)**	**965,747,347**
TOTAL ASSETS	**1,159,416,434**	**(1,862,591)**	**1,157,553,843**
LIABILITIES			
Current Liabilities			
Borrowing	405,584	-	405,584
Consumer Deposits	2,477,123	-	2,477,123
Trade and other payables from exchange transactions	562,313,744	(648,542)	561,665,202
Current portion of non-current payables	-	-	-
Provisions	31,163,691	-	31,163,691
VAT	30,464,604	975,450	31,440,054
Total Current Liabilities	**626,824,746**	**326,908**	**627,151,654**
Non Current Liabilities			
Borrowing	1,287,423	-	1,287,423
Provisions	45,520,110	-	45,520,110
Other non-current liabilities	37,983,984	-	37,983,984
Payables from exchange transactions	-	-	-
Total Non-Current Liabilities	**84,791,517**	**-**	**84,791,517**
TOTAL LIABILITIES	**711,616,263**	**326,908**	**711,943,171**

WALTER SISULU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

NET ASSETS	**447,800,171**	**(2,189,499)**	**445,610,672**
Accumulated Surplus	447,800,178	(2,189,500)	445,610,678
TOTAL NET ASSETS	**447,800,178**	**(2,189,500)**	**445,610,678**

Refer to note 42.1 for further details relating to material variances.

WALTER SISULU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2024

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2024 R (Actual)	2024 R (Final Budget)	2024 R (Variance)
REVENUE BY SOURCE			
Property Rates	41,429,644	62,063,728	(20,634,084)
Service Charges - Electricity Revenue	194,819,535	189,531,118	5,288,417
Service Charges - Refuse Revenue	33,004,358	32,312,404	691,954
Rental Of Facilities and Equipment	1,562,574	2,361,388	(798,814)
Interest Earned - External Investments	862,602	1,631,010	(768,408)
Interest Earned - Outstanding Debtors	40,286,067	37,903,020	2,383,047
Fines, penalties and forfeits	1,308,907	386,791	922,116
Licences and Permits	1,591,363	5,165,247	(3,573,884)
Agency Services	2,231,599	2,402,702	(171,103)
Transfers and subsidies	85,623,538	82,826,287	2,797,251
Concessionary loans received	85,343,830	-	85,343,830
Debt forgiven	31,755,375	-	31,755,375
Other Revenue	4,543,850	2,543,218	2,000,632
Gains	1,718,191	-	1,718,191
TOTAL OPERATING REVENUE	**526,081,433**	**419,126,913**	**106,954,520**
EXPENDITURE BY TYPE			
Employee Related Costs	132,945,214	130,338,870	2,606,344
Remuneration of Councillors	9,946,335	9,037,320	909,015
Debt Impairment	80,418,144	15,000,000	65,418,144
Depreciation & Asset Impairment	31,975,814	35,255,822	(3,280,008)
Finance Charges	75,905,444	25,261,110	50,644,334
Bulk purchases - electricity	154,282,217	163,052,608	(8,770,391)
Contracted Services	12,747,374	27,529,573	(14,782,199)
Transfers and Grants	-	60,000	(60,000)
Other Expenditure	88,169,228	40,012,397	48,156,831
TOTAL OPERATING EXPENDITURE	**586,389,771**	**445,547,700**	**140,842,071**
OPERATING DEFICIT FOR THE YEAR	**(60,308,338)**	**(26,420,787)**	**(33,887,551)**
Transfers and subsidies - Capital	19,300,200	19,300,200	-
NET DEFICIT FOR THE YEAR	**(41,008,138)**	**(7,120,587)**	**(33,887,551)**

Refer to note 42.2 for further details relating to material variances.

WALTER SISULU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2024

ADJUSTMENTS TO APPROVED BUDGET

	2024 R (Original Budget)	2024 R (Adjustments)	2024 R (Final and Approved Budget)
REVENUE BY SOURCE			
Property Rates	53,921,728	8,142,000	62,063,728
Service Charges - Electricity Revenue	189,531,118	-	189,531,118
Service Charges - Refuse Revenue	25,809,404	6,503,000	32,312,404
Rental of Facilities and Equipment	2,361,388	-	2,361,388
Interest Earned - External Investments	1,631,010	-	1,631,010
Interest Earned - Outstanding Debtors	32,921,020	4,982,000	37,903,020
Fines, penalties and forfeits	386,791	-	386,791
Licences and Permits	5,165,247	-	5,165,247
Agency Services	2,402,702	-	2,402,702
Transfers and subsidies	82,899,087	(72,800)	82,826,287
Concessionary loans received	-	-	-
Debt forgiven	-	-	-
Other Revenue	2,543,218	-	2,543,218
TOTAL OPERATING REVENUE	**399,572,713**	**19,554,200**	**419,126,913**
EXPENDITURE BY TYPE			
Employee Related Costs	134,818,788	(4,479,918)	130,338,870
Remuneration of Councillors	9,037,320	-	9,037,320
Debt Impairment	15,000,000	-	15,000,000
Depreciation & Asset Impairment	35,255,822	-	35,255,822
Finance Charges	15,261,110	10,000,000	25,261,110
Bulk purchases - electricity	163,052,608	-	163,052,608
Contracted Services	26,947,965	581,608	27,529,573
Transfers and subsidies	60,000	-	60,000
Other Expenditure	25,753,587	14,258,810	40,012,397
TOTAL OPERATING EXPENDITURE	**425,187,200**	**20,360,500**	**445,547,700**
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**(25,614,487)**	**(806,300)**	**(26,420,787)**
Transfers and subsidies - Capital	20,683,400	(1,383,200)	19,300,200
NET DEFICIT FOR THE YEAR	**(4,931,087)**	**(2,189,500)**	**(7,120,587)**

Refer to note 42.2 for further details relating to material variances.

WALTER SISULU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2024 R (Actual)	2024 R (Final Budget)	2024 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	28,284,469	43,619,436	(15,334,967)
Service charges	164,703,881	160,244,886	4,458,995
Other revenue	21,836,908	12,747,574	9,089,334
Transfers and Subsidies - Operational	85,623,538	82,826,287	2,797,251
Transfers and Subsidies - Capital	19,300,200	19,300,200	-
Interest	30,382,440	1,631,010	28,751,430
Payments			
Suppliers and Employees	(324,265,785)	(407,209,356)	82,943,571
Finance Charges	(8,524,164)	(25,261,110)	16,736,946
NET CASH FROM/(USED) OPERATING	**17,341,486**	**(112,101,073)**	**129,442,559**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Capital Assets	(19,582,813)	(35,713,710)	16,130,897
NET CASH USED IN INVESTING ACTIVITIES	**(19,582,813)**	**(35,713,710)**	**16,130,897**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Increase in Consumer Deposits	4,875	51,750	(46,875)
Payments			
Repayment of borrowing	(332,825)	-	(332,825)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(327,950)**	**51,750**	**(379,700)**
NET DECREASE IN CASH HELD	**(2,569,276)**	**(147,763,033)**	**145,193,757**
Cash/cash equivalents at the year begin:	5,372,250	168,047,783	(162,675,533)
Cash/cash equivalents at the year end:	2,802,979	20,284,750	(17,481,771)
NET DECREASE IN CASH HELD	**(2,569,270)**	**(147,763,033)**	**145,193,763**

Refer to note 42.2 for further details relating to material variances.

WALTER SISULU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

ADJUSTMENTS TO APPROVED BUDGET

	2024 R (Original Budget)	2024 R (Adjustments)	2024 R (Final and Approved Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	41,287,595	2,331,841	43,619,436
Service charges	155,865,165	4,379,721	160,244,886
Other revenue	12,747,574	-	12,747,574
Transfers and Subsidies - Operational	82,899,087	(72,800)	82,826,287
Transfers and Subsidies - Capital	20,683,400	(1,383,200)	19,300,200
Interest	1,631,010	-	1,631,010
Payments			-
Suppliers and Employees	(383,973,251)	(23,236,105)	(407,209,356)
Finance Charges	(30,261,109)	4,999,999	(25,261,110)
NET CASH USED IN OPERATING ACTIVITIES	**(99,120,529)**	**(12,980,544)**	**(112,101,073)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Capital Assets	(38,197,710)	2,484,000	(35,713,710)
NET CASH USED IN INVESTING ACTIVITIES	**(38,197,710)**	**2,484,000**	**(35,713,710)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Increase in Consumer Deposits	51,750	-	51,750
Payments			
Repayment of borrowing	-	-	-
NET CASH FROM FINANCING ACTIVITIES	**51,750**	**-**	**51,750**
NET DECREASE IN CASH HELD	**(137,266,489)**	**(10,496,544)**	**(147,763,033)**
Cash/cash equivalents at the year begin:	168,047,783	-	168,047,783
Cash/cash equivalents at the year end:	30,781,294	(10,496,544)	20,284,750
NET DECREASE IN CASH HELD	**(137,266,489)**	**(10,496,544)**	**(147,763,033)**

Refer to note 42.2 for further details relating to material variances.

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

The significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These 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.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

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.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

WALTER SISULU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 103	**Heritage assets** There are proposed amendments to the classification of mixed-use assets, cultural significance and the fair value accounting. The amendments to the Standard are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. The municipality might need to revise the classification and measurement of heritage assets	Unknown
GRAP 104	**Financial Instruments** The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. The Municipality might need to revise the categories of financial instruments and the impairment model. The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.	01-Apr-25

WALTER SISULU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

1.08 **NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 1: Going concern	**Presentation of Financial statements: Going concern** The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. Adjustments for going concern proposed to provide guidance on the preparation of AFS as going concern and the related disclosure. The transitional provisions are specified in the revised Standard. The amendments may not be applied. A by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
Improvement to GRAP standards (2023)	**Improvement to GRAP standards (2023)** The Improvements are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The Improvements may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the Improvements once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 105, GRAP 106 and GRAP 107 (amendments)	**Transfer of Functions and Mergers** The amendments to the Standards are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.	Unknown

1.08 **NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

Guideline	**Application of Materiality of Financial Statements** The guideline is not authoritative but only encouraged. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	No effective date as only encouraged
IGRAP 22	**Foreign Currency Transactions and Advanced Consideration** The interpretation is to provide guidance on determining the transaction date for purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary Early adoption of the Interpretation is encouraged. No significant impact is expected as the foreign currency transactions and advance consideration is not relevant to the operations of the Municipality.	01-Apr-25

1.09 INVESTMENT PROPERTY

1.09.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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 measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property 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, its deemed cost is the carrying amount of the asset(s) given up.

1.09.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.09.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	25 - 30 years
Land	Indefinite

1.09 INVESTMENT PROPERTY (CONTINUED)

1.09.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.09.5 Derecognition

An 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 determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

Property, plant and equipment are tangible non-current 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 year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any 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 the Municipality.

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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, its 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.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.10.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.10.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	25 - 30
Motor Vehicles	5 - 15
Office Equipment	1 - 20
Infrastructure	7 - 50
Community	25

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.10.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 BIOLOGICAL ASSETS

1.11.1 Initial Recognition

A biological asset is a living animal or plant, while agricultural produce is the harvested product of the biological asset.

A biological asset or agricultural produce is recognised when:

(a) the Municipality controls the asset as a result of a past event;
(b) it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
(c) and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

Where the Municipality acquires a biological asset through a non-exchange transaction, the biological asset is also measured at its fair value less cost to sell.

1.11 BIOLOGICAL ASSETS (CONTINUED)

1.11.2 Subsequent Measurement

Biological assets are measured at their fair value less cost to sell.

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry. Game is considered to be consumable biological assets.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is recognised in the Statement of Financial Performance for the period in which it arises.

Agricultural produce harvested from the Municipality's biological assets is measured at its fair value less costs to sell at the point of harvest.

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only 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.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an intangible asset 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) its intention to complete the intangible asset and use or sell it;
(c) its ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits or service potential;

1.12 INTANGIBLE ASSETS (CONTINUED)

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Subsequent Measurement - Cost Model

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

1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

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

	Years
Computer Software	5 - 10

1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12 INTANGIBLE ASSETS (CONTINUED)

1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13 HERITAGE ASSETS

1.13.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised 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.

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any 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 the Municipality.

Where a heritage asset 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.13.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

1.13.3 Depreciation

Heritage assets are not depreciated.

1.13 HERITAGE ASSETS (CONTINUED)

1.13.4 Impairment

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.13.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Compensation from third parties for heritage assets that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.14 IMPAIRMENT OF NON-MONETARY ASSETS

An 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.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

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

1.14.1 Recoverable amount of Cash-generating assets

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

The best evidence of 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.

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.

1.14 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.14.2 Recoverable amount of Non-cash-generating assets

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

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

1.14.3 Impairment loss

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

1.14.4 Reversal of an impairment loss

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

1.15 INVENTORIES

1.15.1 Initial Recognition

Inventories are assets:

(a) in the form of materials or supplies to be consumed in the production process;
(b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
(c) held for sale or distribution in the ordinary course of operations; or
(d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.15.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount 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 expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

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 would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is based on actual cost.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.16 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

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

1.16.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.16.1.1 Multi-employer defined benefit plans

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.16.1.2 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at 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 requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

1.16 EMPLOYEE BENEFITS (CONTINUED)

1.16.2 Long-term Benefits

1.16.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

1.16.3 Short-term 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; 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 municipality during a reporting period, the municipality recognise 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 municipality recognise 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.

1.16.3.1 Provision for Staff Leave

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

1.16 EMPLOYEE BENEFITS (CONTINUED)

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

1.16.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.17 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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 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 will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality 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.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.18 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.

1.18.1 Municipality as Lessee

1.18.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.18.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.18.2 Municipality as Lessor

1.18.2.1 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.19 FINANCIAL INSTRUMENTS

1.19.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.19.2 Subsequent Measurement

Financial instruments are categorised as follow:

(a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.

(b) **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. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

(c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

- (i) derivatives;
- (ii) combined instruments that are designated at fair value;
- (iii) instruments held for trading;
- (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.19 FINANCIAL INSTRUMENTS (CONTINUED)

1.19.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.19.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.19.3.2 Financial assets measured at cost

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

1.19.4 Derecognition of financial instruments

1.19.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

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

1.19 FINANCIAL INSTRUMENTS (CONTINUED)

1.19.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.19.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.20 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.20.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.20.2 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 subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.20.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable 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 is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

1.20 STATUTORY RECEIVABLES (CONTINUED)

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. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.20.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.21 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.22 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.23 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) to SARS on the payment basis, but in the financial statements on the accrual basis.

1.24 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.25 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.26 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.27 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.27.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

1.27 REVENUE (CONTINUED)

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.27.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.27.1.2 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.27.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

1.27.1.4 Insurance Receipts

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.27.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.27 REVENUE (CONTINUED)

1.27.1.7 Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related 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.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.27.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.27.1.9 Debt forgiveness and assumption of liabilities

Revenue from debt forgiveness is recognised when the liability no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven. Debt forgiven is classified as revenue from non-exchange transactions or is offset against the expense if the expense and debt forgiven occur in the same financial year.

1.27.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.27.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.27 REVENUE (CONTINUED)

1.27.2.2 Investment income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.27.2.3 Rental income

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

1.27.2.4 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.27.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.27.2.6 Sale of goods

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

(a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
(b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
(c) The amount of revenue can be measured reliably.
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.27.2.7 Deferred payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.28 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.29 EXPENDITURE

Expenditure is recognised on the accrual basis of accounting in the period in which they are incurred at transaction cost. Financing components are recognised as Finance costs in the Statement of Financial Performance. Expenditure is classified according to their nature, rather than their function.

1.30 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

1.34 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.35 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.36 EVENTS AFTER REPORTING DATE

Events after the 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:

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

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.37 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.

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

Management is considered a related party and comprises 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.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

1.38 DISTRIBUTION LOSSES

Distribution losses are calculated as the difference between electricity units purchased and units sold. Distribution losses are disclosed in the financial statements as a disclosure note. Units purchased and sold are recognised as expenditures and revenues respectively.

1.39 **RELATED PARTIES (CONTINUED)**

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship 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 the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

1.40 **ACCOUNTING BY PRINCIPALS AND AGENTS**

An agent is an is an entity that has been directed 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).

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 the 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.

The Municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement shall re-assess whether they act as a principal or an agent in accordance with this Standard.

1.40 ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

When the Municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

The Municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

(a) It does not have the power to determine the significant terms and conditions of the transaction.
(b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
(c) It is not exposed to variability in the results of the transaction.

Where the Municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria od whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

Where the Municipality acts as a principal, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it 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 other Standards of GRAP.

1.41 LIVING AND NON-LIVING RESOURCES

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, is not recognised. The Standard only requires disclosure of the relevant resources.

The Municipality has assessed that it does not control any living resources.

1.42 SEGMENT REPORTING

A segment is an activity of the Municipality:

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

Management comprises 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.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

1.43 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.43.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.43 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.43.2 Impairment of Receivables

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

1.43.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.43.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.43.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.43 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.43.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

1.43.7 Distinguishing between Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.43.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.43.9 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

In considering the revenue to which the Municipality is entitled, the Municipality considers other factors that may impact the inflow of future economic benefits or service potential on initial recognition of revenue. Such factors include fines issued which will be reduced or withdrawn after reporting date. The Municipality applies judgement based on past experience and current facts and circumstances in order to adjust the traffic fine revenue accordingly.

1.43 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.43.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.43.11 Applying materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

(a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.

(b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2024

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance	Additions	IGRAP 2 adjustment	Transfers	Disposals	Closing Balance	Opening Balance	Depreciation	Transfers	Disposals	Closing Balance	
Land	317,954,788	-	-	-	-	317,954,788	-	-	-	-	-	317,954,788
Buildings	109,433,465	-	-	-	-	109,433,465	67,528,917	5,077,626	-	-	72,606,543	36,826,922
Capitalised Restoration Cost	20,751,459	-	(165,680)	-	-	20,585,779	17,704,497	576,256	-	-	18,280,753	2,305,025
Infrastructure	632,627,715	-	-	27,518,226	(2,401,426)	657,744,515	271,012,789	17,026,302	-	(1,113,987)	286,925,104	370,819,411
Community Assets	94,769,249	-	-	-	-	94,769,249	43,650,091	5,551,793	-	-	49,201,884	45,567,365
Motor Vehicles	26,796,466	-	-	-	(4,848,304)	21,948,162	12,288,615	1,875,350	-	(3,117,867)	11,046,099	10,902,063
Other Assets	15,846,683	942,534	-	-	(1,895,810)	14,893,407	11,975,215	916,501	-	(1,640,037)	11,251,680	3,641,728
Work in Progress	61,540,137	19,482,419	-	(27,518,226)	-	53,504,330	-	-	-	-	-	53,504,330
- Infrastructure	22,271,821	15,803,106	-	(27,518,226)	-	10,556,701	-	-	-	-	-	10,556,701
- Community Assets	39,268,316	3,679,313	-	-	-	42,947,629	-	-	-	-	-	42,947,629
Total	**1,279,719,961**	**20,424,953**	**(165,680)**	**-**	**(9,145,539)**	**1,290,833,695**	**424,160,125**	**31,023,829**	**-**	**(5,871,890)**	**449,312,063**	**841,521,632**

2.2 30 JUNE 2023

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance	Additions	IGRAP 2 adjustment	Transfers	Disposals	Closing Balance	Opening Balance	Depreciation	Transfers	Disposals	Closing Balance	
Land	320,297,576	-	-	(9,026)	(2,333,762)	317,954,788	-	-	-	-	-	317,954,788
Buildings	112,341,165	-	-	(2,250,500)	(657,200)	109,433,465	63,866,243	5,350,743	(1,258,805)	(429,265)	67,528,917	41,904,548
Capitalised Restoration Cost	26,013,309	-	(5,261,850)	-	-	20,751,459	17,095,105	609,392	-	-	17,704,497	3,046,962
Infrastructure	634,695,627	-	-	8,789,431	(10,857,343)	632,627,715	255,745,801	19,024,095	-	(3,757,107)	271,012,789	361,614,925
Community Assets	98,013,018	814,505	-	(4,058,274)	-	94,769,249	40,092,511	5,809,117	(2,251,537)	-	43,650,091	51,119,158
Motor Vehicles	26,634,235	162,232	-	-	-	26,796,466	10,859,395	1,429,220	-	-	12,288,615	14,507,851
Other Assets	15,340,199	513,984	-	-	(7,500)	15,846,683	10,404,023	1,575,935	-	(4,743)	11,975,215	3,871,468
Work in Progress	37,501,279	32,828,289	-	(8,789,431)	-	61,540,137	-	-	-	-	-	61,540,137
- Infrastructure	6,263,214	24,798,038	-	(8,789,431)	-	22,271,821	-	-	-	-	-	22,271,821
- Community Assets	31,238,064	8,030,252	-	-	-	39,268,316	-	-	-	-	-	39,268,316
Total	**1,270,836,407**	**34,319,010**	**(5,261,850)**	**(6,317,800)**	**(13,855,805)**	**1,279,719,961**	**398,063,079**	**33,798,503**	**(3,510,341)**	**(4,191,116)**	**424,160,125**	**855,559,837**

		2024 R	2023 R
2.3	**Property, Plant and Equipment which is in the process of being constructed or developed:**		
	Infrastructure Assets	10,507,316	22,222,435
	Roads and Stormwater	10,507,316	8,897,302
	Electricity	-	13,325,133
	Community Assets	42,997,013	39,317,700
	Total Property, Plant and Equipment under construction	**53,504,329**	**61,540,136**
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	61,540,137	37,501,279
	Expenditure during the year	19,482,419	32,828,289
	Assets unbundled during the year	(27,518,226)	(8,789,431)
	Balance at end of year	**53,504,330**	**61,540,137**
2.4	**Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:**		
	Other than the following, there were no delays that are considered to be "significant" that warrants any further disclosure of individual projects as required by GRAP 17 paragraph 87 (b):	42,599,213	34,568,816
	Sarah Morosi - Sports field (Access to phase 2 is contingent upon the completion of phase 1. Since phase 1 has not yet been completed to the standards intended by management(Not in use), both phases will remain classified as Work in Progress (WIP) until all outstanding issues and snags have been resolved.)	19,727,801	17,728,058
	Upgrading of Sports Field Burgersdorp (Contractor ran into financial difficulties)	22,822,028	16,791,374
	Landfill site - Maletswai (Environmental issues)	49,385	49,385
2.5	**Property, Plant and Equipment where construction or development has been halted:**		
	Community Assets		
	Sauer Park - Synthetic Track 397 (Project blocked by National Treasury)	397,800	397,800
	Total	397,800	397,800
2.6	**Expenditure incurred to repair and maintain Property, Plant and Equipment:**		
	General Expenses	27,268,123	12,909,076
	Total Repairs and Maintenance	**27,268,123**	**12,909,076**

	2024	2023
	R	R

3. BIOLOGICAL ASSETS

3.1 Biological Assets that from part on an agricultural activity:

The movement in biological assets is reconciled as follows:

	2024 R	2023 R
Opening Fair Value	10,453,139	5,194,032
Fair value adjustments	101,599	5,259,108
Closing Fair Value	**10,554,738**	**10,453,139**

Consumable Biological Asset	**2024**	**2023**
	R	**Quantity**
Springbuck	587	600
Blesbuck	441	320
Black Wildebeest	129	136
Gemsbuck	9	9
Redhartebeest	113	99
Eland	6	8
Zebra	50	35
Ostrich	6	6
Buffalo	31	27
Mountain Reedbuck	4	14
Total Biological Assets	**1,376**	**1,254**

Fair value of biological assets is based on selling prices less costs to sell in an open market.

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located in the Buffelspruit Nature Reserve. The primary activities revolving around biological assets are as follows:

- Ensure that the game life in the municipal area are conserved for future generations.
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase of game, resulting in an inflow of resources to the municipality.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:

- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring of game quantities by municipal staff.

Methods and assumptions used in determining fair value

Fair values were determined based on market-related prices using the Department of Agriculture, Western Cape, Game pricing schedule. This pricing schedule is generally accepted as a reliable source of the latest market trends and demands.

		2024 R	2023 R
4.	**INVESTMENT PROPERTY**		
4.1	**Net Carrying amount at 1 July**	**102,279,676**	**109,549,718**
	Cost	108,273,323	111,885,034
	Accumulated Depreciation	(5,993,647)	(2,335,316)
	Derecognitions	-	(9,929,510)
	Depreciation for the year	(386,081)	(147,990)
	Transferred from Property, plant and equipment - Cost	-	6,317,800
	Transferred from Property, plant and equipment - Accumulated depreciation	-	(3,510,341)
	Net Carrying amount at 30 June	**101,893,596**	**102,279,676**
	Cost	108,273,323	108,273,323
	Accumulated Depreciation	(6,379,727)	(5,993,647)
4.2	**Revenue from Investment Property**		
	Revenue derived from the rental of Investment Property	1,394,791	1,704,368
5.	**INTANGIBLE ASSETS**		
5.1	**Net Carrying amount at 1 July**	**2,121,453**	**2,708,336**
	Cost	6,893,582	6,893,582
	Accumulated Amortisation	(4,772,129)	(4,185,246)
	Amortisation	(565,905)	(586,883)
	Net Carrying amount at 30 June	**1,555,548**	**2,121,453**
	Cost	6,893,582	6,893,582
	Accumulated Amortisation	(5,338,033)	(4,772,129)

No intangible asset were assed having an indefinite useful life.

Intangible Assets consist only out of software.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

6. HERITAGE ASSETS

	2024 R	2023 R
Net Carrying amount at 30 June	**2,984,705**	**2,984,705**
Cost	2,984,705	2,984,705
Accumulated Impairment Loss	-	-
Block House	326,500	326,500
Jubilee Fountain	114,212	114,212
Taal Monument	222,450	222,450
Voortrekkerdrif	1	1
Light of Century	1	1
Concentrion Camp Kerkhof	1	1
Durban Street Cemetery	150,000	150,000
Old Cemetery by the river	149,000	149,000
Fort at Nature Reserve	1	1
Fort on Bronepad	10,000	10,000
Fort behind the hospital	1	1
SA War Memorial Site	90,000	90,000
Freedom Square	1	1
Kerkplein Museum	1,459,500	1,459,500
Joe Gqabi Statue	58,536	58,536
Museum -Old library	343,000	343,000
Frere Bridge	1	1
Jamestown Museum	61,500	61,500
	2,984,705	**2,984,705**

The municipality holds heritage assets, but was unable to obtain fair values of such assets, as there are no active market for these assets. These assets are disclosed herein in terms of GRAP 103.17 which states that if an entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

There are no restrictions on the title and disposal of Heritage Assets

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

The Municipality has recorded certain Heritage Assets noted above at R1 values due to the inability to determine accurate fair value information due to the nature of the item. The nature of the items is disclosed above

	2024 R	2023 R
7. INVENTORY		
Consumable Stores	576,586	505,355
Total Inventory	**576,586**	**505,355**

7.1 Inventories recognise as an expense during the year:

	2024	2023
Consumable Stores	1,530,136	2,692,688
Total	**1,530,136**	**2,692,688**

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2024

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**352,560,395**	**294,684,420**	**57,875,975**
Electricity	104,391,535	64,314,095	40,077,440
Refuse	135,708,936	130,812,888	4,896,048
Other Arrears	112,116,976	99,557,437	12,559,539
Prepaid electricity	342,947	-	342,947
Total	**352,560,395**	**294,684,420**	**57,875,975**

30 JUNE 2023

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**286,842,071**	**232,807,775**	**54,034,297**
Electricity	76,409,921	42,625,237	33,784,683
Refuse	115,086,165	110,690,267	4,395,897
Other Arrears	95,125,011	79,492,270	15,632,741
Prepaid electricity	220,975	-	220,975
Total	**286,842,071**	**232,807,775**	**54,034,297**

Prepaid electricity receivable relates to sales by third party vendors not yet received at year-end. For additional information, refer to note 25.

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

Ageing of service receivables:

	2024 R	2023 R
(Electricity): Ageing		
Current (0 - 30 days)	18,767,158	26,641,073
Past Due (31 - 60 Days)	9,126,735	3,367,446
Past Due (61 - 90 Days)	4,192,883	4,081,608
Past Due (90 Days +)	72,304,760	42,319,793
Total	**104,391,535**	**76,409,921**
Refuse Ageing		
Current (0 - 30 days)	2,947,041	5,623,559
Past Due (31 - 60 Days)	2,819,067	2,437,513
Past Due (61 - 90 Days)	3,005,252	2,376,894
Past Due (90 Days +)	126,937,574	104,648,199
Total	**135,708,936**	**115,086,165**
Other Arrears		
Current (0 - 30 days)	9,023,237	14,719,909
Past Due (31 - 60 Days)	3,665,721	3,199,129
Past Due (61 - 90 Days)	1,864,315	6,605,407
Past Due (90 Days +)	97,563,704	70,600,566
Total	**112,116,976**	**95,125,011**
Prepaid electricity		
Current (0 - 30 days)	342,947	220,975
Total	**342,947**	**220,975**
(Total): Ageing		
Current (0 - 30 days)	30,737,436	46,984,541
Past Due (31 - 60 Days)	15,611,523	9,004,089
Past Due (61 - 90 Days)	9,062,450	13,063,909
Past Due (90 Days +)	296,806,038	217,568,558
Total	**352,217,447**	**286,621,096**
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	232,807,775	230,792,826
Contribution to provision	89,626,929	67,956,259
Electricity	31,393,896	(27,859,636)
Refuse	29,461,885	53,729,357
Other Arrears	28,771,148	42,086,537
Bad Debts Written off	(27,750,283)	(65,941,310)
Electricity	(9,705,038)	(4,540,813)
Refuse	(9,339,264)	(46,920,391)
Other Arrears	(8,705,981)	(14,480,106)
Balance at end of year	294,684,420	232,807,775

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2024

	Gross Balance	Allowance for impairment	Net Receivable
Service Receivables	**77,431,028**	**61,874,728**	**15,556,300**
Rates	77,431,028	61,874,728	15,556,300
Other Receivables	**3,576,627**	**3,471,777**	**104,850**
Traffic Fines	3,576,627	3,471,777	104,850
Total	**81,007,655**	**65,346,505**	**15,661,151**

30 JUNE 2023

	Gross Balance	Allowance for impairment	Net Receivable
Service Receivables	**64,285,854**	**62,680,712**	**1,605,142**
Rates	64,285,854	62,680,712	1,605,142
Other Receivables	**2,017,576**	**1,644,961**	**372,615**
Traffic Fines	2,528,484	1,644,961	883,523
Other Debtors	-510,907	-	-510,907
Total	**66,303,430**	**64,325,673**	**1,977,757**

The fair value of other receivables approximate their carrying value.

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

Receivables relating to Rates and Traffic Fines in addition to being receivables from Non-exchange transactions are Statutory receivables as defined by GRAP 108 - refer to Note 48 for further details

Ageing of receivables:	2024 R	2023 R
Rates Ageing		
Current (0 - 30 days)	3,148,356	6,735,216
Past Due (31 - 60 Days)	2,105,762	1,182,686
Past Due (61 - 90 Days)	3,100,032	1,873,155
Past Due (90 Days +)	69,076,878	54,494,797
Total	**77,431,028**	**64,285,854**
Fines Ageing		
Current (0 - 30 days)	65,400	84,200
Past Due (31 - 60 Days)	128,000	157,100
Past Due (61 - 90 Days)	86,600	218,600
Past Due (90 Days +)	3,296,627	2,068,584
Total	**3,576,627**	**2,528,484**

Reconciliation of Provision for Debt Impairment

	2024	2023
Balance at beginning of year	64,325,673	69,247,376
Contribution to provision	4,982,653	(1,270,485)
Rates	3,155,837	(6,566,664)
Fines	1,826,816	1,644,961
Bad Debts Written off	(3,961,821)	(3,651,218)
Rates	(3,961,821)	(3,651,218)
Balance at end of year	**65,346,505**	**64,325,673**

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

Ageing of amounts past due but not impaired:

	2024	2023
1 month past due	2,105,762	1,182,686
2+ months past due	72,176,910	56,367,952
	74,282,672	**57,550,638**

		2024 R	2023 R
10.	**BANK ACCOUNTS**		
10.1	**Cash and Cash Equivalents**		
	Bank Balances	925,993	2,715,998
	Short-term Deposits	1,873,736	2,656,252
	Petty cash	3,251	-
	Total Cash and Cash Equivalents - Assets	**2,802,979**	**5,372,250**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Cash and Cash Equivalents are held to support the following commitments:

	2024 R	2023 R
Unspent Conditional Grants	2,325,132	2,325,132
Working Capital Requirements	477,848	3,047,118
	2,802,979	**5,372,250**
First National Bank - Account Number 6247 6326 965		
Cash book balance at beginning of year	2,715,700	8,674,281
Cash book balance at end of year	928,122	2,715,700
Bank statement balance at beginning of year	2,668,081	8,588,635
Bank statement balance at end of year	928,123	2,668,081
ABSA Bank - Aliwal North Branch - 1750 14 1125		
Cash book balance at beginning of year	298	6,197
Cash book balance at end of year	(2,129)	298
Bank statement balance at beginning of year	298	6,197
Bank statement balance at end of year	-	298
Call and Notice Deposits		
ABSA 32 Day Notice - Acc 92 7883 5880	1,176,997	1,097,929
ABSA 32 Day Notice - Acc 90 6448 9631	8,349	7,958
ABSA 32 Day Notice - Acc 50 6434 4937	2,524	2,406
ABSA Call Account - Acc 92 7435 2868	478,605	442,931
First National Bank Call Account - Acc 62 4822 13247	207,260	1,105,028
	1,873,736	**2,656,252**

			2024 R	2023 R
11.	**LONG-TERM LIABILITIES**			
	Annuity Loans		1,303,527	1,636,352
			1,303,527	**1,636,352**
	Less:	Current Portion transferred to Current Liabilities	**(345,382)**	**(328,551)**
		Annuity Loans	(345,382)	(328,551)
			958,145	**1,307,801**
	Total Long-term Borrowings		**958,145**	**1,307,801**

11.1 The obligations under annuity loans are scheduled below: **Minimum payments**

Development Bank of South Africa (DBSA) (Maletswai Local Municipality)

Interest is calculated at 5.00% interest rate and the loan will be fully redeemed on 30 September 2027.

Amounts payable under annuity loans:

		2024 R	2023 R
Payable within one year		405,559	405,559
Payable within two to five years		1,013,898	1,419,457
		1,419,457	1,825,016
Less:	Future finance obligations	(115,929)	(188,664)
Present value of annuity loans obligations		**1,303,527**	**1,636,352**

12. NON-CURRENT EMPLOYEE BENEFITS

	2024 R	2023 R
Provision for Post Retirement Health Care Benefits	29,707,000	27,888,000
Provision for Long Service Awards	5,679,000	6,119,000
Total Non-current Employee Benefits	**35,386,000**	**34,007,000**

Post Retirement Health Care Benefits

	2024 R	2023 R
Balance 1 July	28,931,000	29,598,000
Contribution for the year	4,775,000	4,665,000
Current Service Cost	1,188,000	1,225,000
Interest Cost	3,587,000	3,440,000
Expenditure for the year	(1,388,969)	(1,219,029)
Actuarial Loss/(Gain)	(1,299,031)	(4,112,971)
Total provision 30 June	**31,018,000**	**28,931,000**
Less: Transfer of Current Portion to Current Provisions - Note 15	(1,311,000)	(1,043,001)
Balance 30 June	**29,707,000**	**27,888,000**

Long Service Awards

	2024 R	2023 R
Balance 1 July	7,172,000	6,437,000
Contribution for the year	1,446,000	1,298,000
Current Service Cost	707,000	631,000
Interest Cost	739,000	667,000
Expenditure for the year	(619,439)	(206,462)
Actuarial Loss/(Gain)	(317,561)	(356,538)
Total provision 30 June	**7,681,000**	**7,172,000**
Less: Transfer of Current Portion to Current Provisions - Note 15	(2,002,000)	(1,053,000)
Balance 30 June	**5,679,000**	**6,119,000**

12.1 Provision for Post Retirement Health Care Benefits

Eligible employees of the former Gariep Municipality will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

Eligible employees of Walter Sisulu Municipality and the former Maletswai Municipality will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement.

The post-employment subsidies are not limited to a maximum Rand value/subsidy.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
- Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
- Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.

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

	2024	2023
In-service (employee) members	147	140
In-service (employee) non-members	204	200
Continuation members (e.g. Retirees, widows, orphans)	18	18
Total Members	**369**	**358**

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

	2024 R	2023 R
In-service members	15,346,000	18,191,000
In-service non-members	4,694,000	-
Continuation members	10,978,000	10,740,000
Total Liability	**31,018,000**	**28,931,000**

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

Bonitas
Sizwe-Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R1,315,000, whereas the Interest Cost for the next year is estimated to be R3,731,000.

Key actuarial assumptions used:	2024 %	2023 %
i) Rate of interest		
Discount rate	12.28%	12.62%
Health Care Cost Inflation Rate	7.76%	8.34%
CPI Inflation Rate	6.26%	5.40%
Net Effective Discount Rate	4.19%	3.95%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries with a 1% mortality improvement per annum from 2010.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 62 (2022 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

iv) Other Assumptions

The proportion with a spouse dependant at retirement is estimated at 60% (2022 - 60%) while the continuation of membership at retirement is estimated at 75% (2022 - 75%). The proportion of eligible in-service non-members joining a scheme by retirement and continuing with the subsidy at and after retirement is estimated at 15% (2022 - 15%).

v) Last Valuation

The last valuation was performed on 30 June 2024.

vi) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

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

	2024 R	2023 R
Present value of fund obligations	31,018,000	28,931,000
Fair value of plan assets	-	-
	31,018,000	28,931,000
Net liability/(asset)	**31,018,000**	**28,931,000**

	2024 R	2023 R
Reconciliation of present value of net defined benefit liability		
Present value of fund obligation at the beginning of the year	28,931,000	29,598,000
Total expenses	3,386,031	3,445,972
Current service cost	1,188,000	1,225,000
Interest Cost	3,587,000	3,440,000
Benefits Paid	(1,388,969)	(1,219,029)
Actuarial (gains)/losses	(1,299,031)	(4,112,971)
Present value of fund obligation at the end of the year	31,018,000	28,931,000

Sensitivity Analysis on the Accrued Liability on 30 June 2024

Assumption	Eligible Employees (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	20.040	10.978	31.018

The effect of movements in the assumptions are as follows:

Assumption	Change	Eligible Employees (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	23.734	11.900	35.634	15%
Health care inflation	-1%	17.064	10.168	27.232	-12%
Discount rate	1%	17.194	10.205	27.399	-12%
Discount rate	-1%	23.604	11.869	35.473	14%
Post-retirement mortality	+1 year	19.544	10.604	30.148	-3%
Average retirement age	-1 year	20.527	11.354	31.881	3%
Average retirement age	-1 year	21.843	10.978	32.821	6%
Membership continuation	-10%	17.437	10.978	28.415	-8%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2024

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	1,188,000	3,587,000	4,775,000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	1,453,000	4,135,000	5,588,000	17%
Health care inflation	-1%	978,000	3,139,000	4,117,000	-14%
Discount rate	1%	997,000	3,408,000	4,405,000	-8%
Discount rate	-1%	1,431,000	3,791,000	5,222,000	9%
Post-retirement mortality	+1 year	1,159,000	3,483,000	4,642,000	-3%
Post-retirement mortality	-1 year	1,216,000	3,690,000	4,906,000	3%
Average retirement age	-1 year	1,266,000	3,793,000	5,059,000	6%
Membership continuation	-10%	1,036,000	3,290,000	4,326,000	-9%

	2024 Rm	2023 Rm
Experience adjustments were calculated as follows:		
Financial assumptions: increase in net discount rate	(1,081,000)	(3,708,000)
Experience:	(218,031)	(404,971)
Subsidy inflationary increases higher / (lower) than assumed	302,000	(123,000)
Changes to membership profile different from assumed	(520,031)	(281,971)
Total actuarial (gain) / loss	(1,299,031)	(4,112,971)

Maturity analysis

Future year	Expected Benefit Payments (Rm)	Future year	Expected Benefit Payments (Rm)	Future year	Expected Benefit Payments (Rm)
1	1.311	6 to 10	16.409	31 to 40	264.015
2	1.656	11 to 15	28.952	41 to 50	274.598
3	1.825	16 to 20	48.572	51 to 60	190.894
4	2.069	21 to 25	76.669	61 to 70	75.865
5	2.333	26 to 30	103.263	71 to 80	13.396

2024 R | 2023 R

12.2 Provision for Long Service Bonuses

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

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.
- Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.
- Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- Future changes in legislation: The risk that changes to legislation with respect to long service awards may increase the DBO for the Municipality.

The Long Service Bonus plans are defined benefit plans. As at year end, 351 (2023: 340) employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R727,000 whereas the Interest Cost for the next year is estimated to be R721,000.

Key actuarial assumptions used:	2024 %	2023 %
i) Rate of interest		
Discount rate	10.75%	11.10%
General Salary Inflation (long-term)	5.94%	6.68%
CPI inflation rate	4.94%	5.68%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4.54%	4.14%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2024 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

iii) Last Valuation

The last valuation was performed on 30 June 2024.

iv) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The amounts recognised in the Statement of Financial Position are as follows:	2024 R	2023 R
Present value of fund obligations	7,681,000	7,172,000
Fair value of plan assets	-	-
Net liability/(asset)	**7,681,000**	**7,172,000**

	2024 R	2023 R
Reconciliation of present value of net defined benefit liability		
Present value of fund obligation at the beginning of the year	7,172,000	6,437,000
Total expenses	826,561	1,091,538
Current service cost	707,000	631,000
Interest Cost	739,000	667,000
Benefits Paid	(619,439)	(206,462)
Actuarial (gains)/losses	(317,561)	(356,538)
Present value of fund obligation at the end of the year	7,681,000	7,172,000

Sensitivity Analysis on the Accrued Liability on 30 June 2024

Assumption	Change	Liability (R)	% change
Central assumptions		7,681,000	
General earnings inflation rate	1%	8,035,000	5%
General earnings inflation rate	-1%	7,354,000	-4%
Discount rate	1%	7,346,000	-4%
Discount rate	-1%	8,049,000	5%
Average retirement age	+2 yrs	8,270,000	8%
Average retirement age	-2 yrs	7,112,000	7%
Withdrawal rates	x2	6,531,000	-15%
Withdrawal rates	x0.5	8,420,000	10%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2024

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	707,000	739,000	1,446,000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation rate	+1%	749,000	778,000	1,527,000	6%
General earnings inflation rate	-1%	669,000	704,000	1,373,000	-5%
Discount rate	+1%	674,000	766,000	1,440,000	0%
Discount rate	-1%	744,000	709,000	1,453,000	0%
Average retirement age	+2 yrs	777,000	783,000	1,560,000	8%
Average retirement age	-2 yrs	680,000	663,000	1,343,000	7%
Withdrawal rates	x2	565,000	599,000	1,164,000	-20%
Withdrawal rates	x0.5	838,000	800,000	1,638,000	13%

	2024 Rm	2023 Rm
Experience adjustments were calculated as follows:		
Financial assumptions: increase in net discount rate	(131,000)	(331,000)
Experience:	(186,561)	(25,538)
Subsidy inflationary increases higher / (lower) than assumed	(94,000)	201,000
Changes to membership profile different from assumed	(92,561)	(226,538)
Total actuarial (gain) / loss	**(317,561)**	**(356,538)**

Maturity analysis

Future year	Expected Benefits Vesting (Rm)	Future year	Benefit Payments (Rm)
1	2.002	6 to 10	7.005
2	1.368	11 to 15	7.116
3	0.535	16 to 20	6.077
4	0.843	21 to 30	5.882
5	1.412	31 to 40	0.25

	2024 R	2023 R

13. CONSUMER DEPOSITS

	2024 R	2023 R
Electricity	2,455,928	2,451,053
Total Consumer Deposits	**2,455,928**	**2,451,053**

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

No guarantees are held in lieu of Electricity Deposits.

14. NON-CURRENT PROVISIONS

	2024 R	2023 R
Rehabilitation Provision - Landfill Sites	46,113,012	42,095,830
Total Provisions	**46,113,012**	**42,095,830**

The movement in current provisions are reconciled as follows:

Rehabilitation of Landfill Sites

	2024 R	2023 R
Balance at beginning of year	42,095,830	43,944,297
Increase / (Decrease) in estimate	182,427	(6,161,929)
Interest Cost	3,834,755	4,313,462
Balance at end of year	**46,113,012**	**42,095,830**

The provision relates to the rehabilitation of the Landfill site. The operation, licencing, management and closure of landfill sites in South Africa is highly regulated.

Currently, landfill sites are regulated under the Waste Act that is binding on all spheres of government and any person that undertakes an activity that produces waste or involves the handling of waste. The Waste Act should be read with the National Environmental Act, Act No. 107 of 1998 that provides the legislative framework for environmental protection.

The Minimum Requirements establish a framework for all technical aspects of the licencing, operation, management, rehabilitation, monitoring and closure of the landfill site.

Closure is the final step in the operation of the landfill site. The rehabilitation of the landfill site is required to ensure that the site is environmentally acceptable after the landfill site has stopped receiving waste.

Although certain sites have been issued with closure licences, it is estimated that no site will be rehabilitated within 1 year from reporting date and thus there are no short term portion associated with this provision.

The timing of the outflow of resources relating this provision is uncertain, but management expects the timing to be in line with the legal requirements subsequent to the expected closure date of the site as indicated below (Undiscounted):

GRAP 19 requires the provisions to be measured at the present value of the liability, and therefore inputs used in the present value calculation is disclosed below:

Site	Inflation rate	Discount rate	Expected Rehabilitation date	Expected future cashflows R	Expected future cashflows R
Aliwal North	5.17%	8.79%	2028	29,087,158	28,597,003
Burgersdorp	5.17%	8.32%	Closure License Issued	9,102,732	8,589,149
Jamestown	5.17%	11.18%	2037	20,983,839	19,289,074
Steynsburg	5.17%	11.18%	2037	15,528,909	14,825,988
Venterstad	5.17%	8.32%	Closure License Issued	6,092,054	5,741,336
Total				**80,794,693**	**77,042,550**

		2024 R	2023 R
15.	**CURRENT EMPLOYEE BENEFITS**		
	Bonuses	3,253,426	2,877,052
	Staff Leave	10,867,263	11,055,529
	Current Portion of Non-Current Provisions	3,313,000	2,096,001
	Current Portion of Post Retirement Benefits - Note 12	1,311,000	1,043,001
	Current Portion of Long-Service Provisions - Note 12	2,002,000	1,053,000
	Total Current Employee benefits	**17,433,689**	**16,028,581**

The movement in current employee benefits are reconciled as follows:

15.1 ***Staff Bonuses***

	2024 R	2023 R
Balance at beginning of year	2,877,052	2,595,951
Contribution to current portion	6,929,397	5,825,044
Expenditure incurred	(6,553,023)	(5,543,944)
Balance at end of year	**3,253,426**	**2,877,052**

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represents the portion of the bonus that has already vested for the current salary cycle. There is no possibility of reimbursement.

15.2 ***Staff Leave***

	2024 R	2023 R
Balance at beginning of year	11,055,529	9,824,247
Contribution to current portion	1,000,586	1,899,276
Expenditure incurred	(1,188,852)	(667,993)
Balance at end of year	**10,867,263**	**11,055,529**

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

16. **PAYABLES FROM EXCHANGE TRANSACTIONS**

	2024 R	2023 R
Trade Payables	157,613,936	597,511,807
Unallocated Deposits	1,911,933	534,145
Interest Accrued	14,335	14,335
Payments Received in Advance	30,429,431	43,158,526
Deposits Received	538,532	350,590
Retentions	6,604,367	5,762,226
Prepaid Electricity	877,471	594,004
Joe Gqabi District Municipality (Water and Sanitation)	14,678,375	14,678,375
Total Payables from exchange transactions	**212,668,380**	**662,604,008**

Payables are being recognised net of any discounts.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

17. **NON-CURRENT PAYABLES FROM EXCHANGE TRANSACTIONS**

	2024 R	2023 R
Eskom debt relief - MFMA Circular 124 for 2023/24	493,437,288	-
<u>Disclosed as follows:</u>	493,437,288	-
Current portion	179,106,858	-
Non-current portion	314,330,430	-
<u>Reconciliation of the liability</u>		
Balance at beginning of the year	-	-
Transferred from trade payables (equal to nominal value)	537,320,577	-
Off-market portion of the liability transferred to revenue	(85,343,830)	-
Finance costs	41,460,541	-
Balance at end of the year	**493,437,288**	**-**

The municipality was approved for the ESKOM debt relief program in terms of MFMA Circular 124, effective 1 July 2023. Under this program, the arrears balance owed on 30 March 2023 (R 537,320,577) would be transferred to a suspense service agreement with permanent interest suppression. This capital amount would be written off in 3 equal instalments, pending compliance with certain conditions by the municipality.
The off-market portion of the liability and deemed finance cost are calculated at an interest rate of 9.7% as this is the interest rate of a similar liability. Interest incurred in 2022/23 amount to R13,995,391 was reversed by Eskom in 2023/24 and recognised as revenue.

18. UNSPENT CONDITIONAL GOVERNMENT GRANTS

	2024 R	2023 R
Unspent Transfers and Subsidies	2,325,132	2,325,132
Provincial Government	835,246	835,246
District Municipality	1,489,886	1,489,886
Total Unspent Transfers and Subsidies	**2,325,132**	**2,325,132**

The nature and extent of government grants recognised in the financial statements are an indication of other forms of government assistance from which the municipality has directly benefited; and Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

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

19. VAT RECEIVABLE

The VAT Receivable Balance is made up as follows:

	2024 R	2023 R
VAT Output in Suspense	(47,895,332)	(36,705,946)
VAT Input in Suspense	89,469,110	69,329,601
VAT Payable to/(Refundable from) SARS	214,230	335,927
Net VAT (Payable)/Receivable	**41,788,009**	**32,959,583**

20. PROPERTY RATES

	2024 R	2023 R
Total Property Rates	41,429,644	47,659,465

Property rate levied are based on the following rateable valuations:

	2024 R	2023 R
Albert RD	3,041,413,906	3,061,709,906
Aliwal North	2,827,395,861	2,769,307,547
Aliwal North RD	2,504,998,930	2,506,337,290
Burgersdorp	984,749,174	976,487,205
Colesburg RD	299,183,024	286,513,800
Dukathole	424,156,971	424,285,601
Jamestown	199,473,431	199,353,431
Khayamnandi	102,081,600	102,081,600
Middleburg RD	600,000	600,000
Molteno RD	11,500,000	11,500,000
Mzamomhle	264,158,301	264,158,301
Odendaalstroom	456,900	456,900
Oviston	101,524,028	100,685,848
Philippolis RD	1	1,050,000
Steynsburg RD	1,192,060,424	1,192,059,424
Venterstad	250,908,781	251,039,166
Wodehouse RD	1,687,091,830	1,687,091,830
Steynsburg	242,875,829	244,949,228
Total Valuation	**14,134,628,990**	**14,079,667,077**

Valuations on land and buildings are performed every 4-5 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 and monthly. The monthly rates are payable on due and annual rates are payable before 30 September, interest is levied at the prime Interest at prime plus 1% per annum

The first R15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

	2024 R	2023 R
The following rates are applicable to the valuations above:		
Residential properties	1.0836475 c/R	1.0291049 c/R
Commercial/Business properties	2.1672949 c/R	1.9565582 c/R
Industrial properties	2.7091186 c/R	1.2060531 c/R
Public Benefits Organisation properties	0,2709119 c/R	0.2572765 c/R
Formal and Informal Settlements (Vacant Land)	2.7091187 c/R	-
Mining properties	2.7091187 c/R	2.3032038 c/R
National Monuments/Heritage Sites (PSP)	2.1672949 c/R	-
Public Service Infrastructure properties (25% of Residential properties)	1.2060531 c/R	0.2572765 c/R
Agricultural properties used for agricultural purposes	0.2709118 c/R	-

21. GOVERNMENT GRANTS AND SUBSIDIES

	2024	2023
Unconditional Grants - National Government	**78,359,738**	**71,309,292**
Equitable Share	76,252,000	70,586,000
Skills Development Fund	193,684	149,561
National Treasury Audit Fees Grant -1%	1,914,054	573,731
Unconditional Grants - Provincial Government	**2,847,000**	**6,153,000**
Waste Management Project Grant	847,000	4,153,000
Library Grant	2,000,000	2,000,000
Conditional Grants - National Government	**23,717,000**	**37,777,060**
Financial Management Grant (FMG)	2,200,000	2,200,000
Municipal Infrastructure Grant (MIG)	20,316,000	21,008,000
Integrated National Electrification Programme (INEP)	-	13,217,060
Expanded Public Works Program (EPWP)	1,201,000	1,352,000
Total Government Grants and Subsidies	**104,923,738**	**115,239,351**

Skills development fund, National Treasury Audit fees grant 1%, Waste management project grant and library grant have been reclassified as unconditional grants in accordance with GRAP 23, paragraph 6.

Disclosed as:

	2024	2023
Government Grants and Subsidies - Capital	19,300,200	33,174,664
Government Grants and Subsidies - Operating	85,623,538	82,064,688
Total	**104,923,738**	**115,239,351**

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

	2024	2023
Equitable share	76,252,000	70,586,000
Executive & Council	1,914,054	573,731
Budget and Treasury	2,200,000	2,200,000
Corporate Service	193,684	149,561
Technical Service	21,517,000	35,577,060
Community Service	2,847,000	6,153,000
Total Government Grants and Subsidies	**104,923,738**	**115,239,351**

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

	2024 R	2023 R

21.1 Equitable Share

Grants received	76,252,000	70,586,000
Conditions met - Operating	(76,252,000)	(70,586,000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

21.2 Local Government Financial Management Grant (FMG)

Grants received	2,200,000	2,200,000
Conditions met - Operating	(2,200,000)	(2,200,000)
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

21.3 Joe Gqabi District Municipality Grant

Opening balance	1,489,886	1,489,886
Conditions still to be met	1,489,886	1,489,886

The grant is allocated for the following purposes:
- Street refurbishment Aliwal North
- Fencing of Community Hall
- Sports track upgrading

21.4 Municipal Infrastructure Grant (MIG)

Grants received	20,316,000	21,008,000
Conditions met - Operating	(1,015,800)	(1,050,396)
Conditions met - Capital	(19,300,200)	(19,957,604)
Conditions still to be met	-	-

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

21.5 Integrated National Electrification Grant

Opening balance	-	1,477,060
Grants received	-	11,740,000
Conditions met - Capital	-	(13,217,060)
Conditions still to be met	-	-

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

21.6 Waste Management Project Grant

Opening balance	0	-
Grants received	847,000	4,153,000
Conditions met - Operating	(847,000)	(4,153,000)
Conditions still to be met	0	0

The grant was allocated to the municipality from the Department of Economic Development, Environmental Affairs & Tourism towards waste disposal initiatives in the municipal area.

21.7 Library Grant

Grants received	2,000,000	2,000,000
Conditions met - Operating	(2,000,000)	(2,000,000)
Conditions still to be met	-	-

The library grants is utilised to fund the cost of providing library services within the municipal area.

		2024 R	2023 R
21.8	**Skills Development Fund**		
	Grants received	193,684	149,561
	Conditions met - Operating	(193,684)	(149,561)
	Conditions still to be met	-	-

The Skills Development fund (including SETA allocations) is utilised to cover expenditure relating to training, development of scares skills and bursary beneficiaries defined.

		2024 R	2023 R
21.9	**Expanded Public Works Program (EPWP)**		
	Grants received	1,201,000	1,352,000
	Conditions met - Operating	(1,201,000)	(1,352,000)
	Conditions still to be met	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

		2024 R	2023 R
21.10	**National Treasury Audit Fees Grant -1%**		
	Grants received	1,914,054	573,731
	Conditions met - Operating	(1,914,054)	(573,731)
	Conditions still to be met	(0)	-

This grant is received from National Treasury to assist municipalities with their outstanding audit fees payable to the Auditor General of South Africa.

		2024 R	2023 R
21.11	**Other Provincial Allocations**		
	Opening balance	835,246	835,246
	Conditions still to be met	835,246	835,246

Other Provincial Allocations includes the following grants
- Spatial Development Plan
- Land Survey Management
- Housing Grants

		2024 R	2023 R
21.12	**Total Grants**		
	Opening balance	2,325,132	3,802,192
	Grants received	104,923,738	113,762,292
	Conditions met - Operating	(85,623,538)	(82,064,688)
	Conditions met - Capital	(19,300,200)	(33,174,664)
	Conditions still to be met/(Grant expenditure to be recovered)	2,325,132	2,325,132
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	2,325,132	2,325,132
	Unpaid Conditional Government Grants and Receipts	-	-
	Total	**2,325,132**	**2,325,132**

22. FINES, PENALTIES AND FORFEITS

	2024 R	2023 R
Meter Tempering	36,537	75,883
Overdue Books Fines	5,170	-
Traffic Fines	1,267,200	1,078,150
Total Fines, penalties and forfeits	**1,308,907**	**1,154,033**

		2024 R	2023 R
23.	**ACTUARIAL GAINS**		
	Post Retirement Medical Benefits	1,616,592	4,112,971
	Long Service Awards	-	356,538
	Total Actuarial gains	**1,616,592**	**4,469,509**
24.	**FAIR VALUE ADJUSTMENTS**		
	Biological Assets	101,599	5,259,108
	Total Fair value adjustments	**101,599**	**5,259,108**
25.	**LICENCES AND PERMITS**		
	Licence and permit Fees	1,591,363	393,478
	Total Licences and Permits	**1,591,363**	**393,478**
	Disclosed as follows:		
	Revenue from Non-Exchange Transactions	-	-
	Revenue from Exchange Transactions	1,591,363	393,478
	Total Licences and Permits	**1,591,363**	**393,478**
26.	**AGENCY SERVICES**		
	Management Fees	2,231,599	2,352,006
		-	-
	Total Agency services	**2,231,599**	**2,352,006**

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle registrations and licencing, Temporary and Special Licences and the issuing of Duplicate Vehicle Licences. The municipality earns an agency fee (12% on Vehicle Licences and 100% on all other collections) in this regard. The following transactions occurred during the period under review:

	2024 R	2023 R
Revenue collected from third parties	14,602,123	14,478,372
Agency Fee Earned	(2,231,552)	(2,220,783)
VAT on Agency Fee Earned	(334,733)	(333,117)
Collections paid over to The Department	(12,035,838)	(11,924,471)
Payable to principle	-	-

The municipality has appointed a third-part vendor to sell prepaid electricity on their behalf through online vending and 3rd party vending services. The agreement is for a period of 3 years and has been extended to 30 September 2024. The vendor is entitled to commission of 2.5% of total sales. Amounts below are inclusive of VAT.

	2024 R	2023 R
Opening balance	220,975	-
Revenue collected by third parties	58,200,612	47,295,373
Commission Earned	(1,753,342)	(1,332,169)
Collections paid over to the municipality	(56,325,297)	(45,742,228)
Payable to municipality (including in receivables)	**342,947**	**220,975**

		2024 R	2023 R
27.	**OTHER INCOME**		
	Sundry Income	4,543,850	3,558,360
	Reduction in Rehabilitation Provision	-	900,079
	Total Other income	**4,543,850**	**4,458,438**
	Revenue From Non-Exchange Transactions	-	900,079
	Revenue From Exchange Transactions	4,543,850	3,558,360
	Total Other income	**4,543,850**	**4,458,438**
28.	**SERVICE CHARGES**		
	Electricity Revenue	194,819,535	123,598,062
	Refuse Removal Revenue	33,004,358	29,396,622
	Total Service charges	**227,823,893**	**152,994,685**

		2024 R	2023 R
29.	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Premises	1,394,791	1,704,368
	Hall Hire	167,783	203,509
	Total Rental from Fixed Assets	**1,562,574**	**1,907,877**
30.	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Banks and Short Term Deposits	862,602	1,621,380
	Total Interest Earned - External Investments	**862,602**	**1,621,380**
31.	**INTEREST EARNED - OUTSTANDING DEBTORS**		
	Exchange receivables	30,521,084	23,498,174
	Non-exchange receivables	9,764,983	8,524,995
	Total Interest Earned - Outstanding Receivables	**40,286,067**	**32,023,170**

32. EMPLOYEE RELATED COSTS

	2024 R	2023 R
Basic Salaries and Wages	92,756,348	80,603,277
Bonus	6,928,918	5,825,044
Medical Aid Contributions	4,499,845	4,193,763
Pension and UIF Contributions	15,080,785	13,263,975
Skills Development Levy	1,033,195	918,335
Other benefits and allowances	658,093	399,308
Payments in lieu of leave	1,050,339	1,899,276
Travel, motor car, accommodation, subsistence and other benefits and allowances	3,239,211	3,507,768
Overtime	4,276,354	3,997,211
Long service awards	707,000	631,000
Acting Allowances	475,041	379,013
Housing Benefits and Allowances	367,677	252,385
Cellphone Allowance	196,208	180,808
Standby Allowances	488,199	488,643
Post Retirement Medical Benefits (Long Term Benefits)	1,188,000	1,225,000
Total Employee Related Costs	**132,945,214**	**117,764,806**

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts or on permanent contracts.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of Municipal Manager - K Gashi (Appointed 1 April 2022)

	2024 R	2023 R
Annual Salary (Basic, Backpay & Bonus)	1,087,932	1,029,421
Travel , Other Allowances , UIF & SDL	357,996	282,797
Pension Fund	181,246	131,299
Total	**1,627,174**	**1,443,516**

Remuneration of municipal manager - F.K.P Ntlemeza

	2024 R	2023 R
Annual Salary (Basic, Backpay & Bonus)	-	9,665
Total	**-**	**9,665**

Remuneration of Chief Finance Officer - Y Ngqele

	2024 R	2023 R
Annual Salary (Basic, Backpay & Bonus)	802,335	689,436
Travel , Other Allowances , UIF & SDL	352,215	305,727
Pension Fund	75,582	113,373
Total	**1,230,132**	**1,108,537**

Remuneration the Director of Community Services - Z E Phungwani

	2024 R	2023 R
Annual Salary (Basic, Backpay & Bonus)	862,992	802,810
Travel , Other Allowances , UIF & SDL	379,714	329,362
Total	**1,242,706**	**1,132,171**

Remuneration of the Director Technical Services - TP Mosompa

	2024 R	2023 R
Annual Salary (Basic, Backpay & Bonus)	706,019	822,877
Travel , Other Allowances , UIF & SDL	428,477	218,168
Total	**1,134,496**	**1,041,045**

Remuneration of the Director of Corporate Services - R Godsson

	2024 R	2023 R
Annual Salary (Basic & Bonus)	590,509	727,812
Travel , Other Allowances , UIF & SDL	560,009	283,958
Pension Fund	71,468	98,269
Total	**1,221,986**	**1,110,038**

Remuneration of the Director of IPED Services - VE Barnes (services terminated October 2023)

	2024 R	2023 R
Annual Salary (Basic & Bonus)	353,653	820,050
Travel , Other Allowances ,UIF & SDL	128,150	167,515
Total	**481,803**	**987,565**

Remuneration of the Director of IPED Services - M Tikana (services commenced May 2024)

	2024 R	2023 R
Annual Salary (Basic & Bonus)	119,787	-
Travel , Other Allowances ,UIF & SDL	75,907	-
Total	**195,693**	**-**

	2024 R	2023 R

33. REMUNERATION OF COUNCILLORS

	2024 R	2023 R
Councillor Allowance	7,722,845	7,151,638
Travelling Allowance	1,206,132	1,097,207
Telephone Allowance	1,017,359	1,028,483
Total Councillors' Remuneration	**9,946,335**	**9,277,328**

The Mayor and Speaker are full-time. They are provided with tools of trade at the cost of council.

Remuneration paid to Councillors can be summarised as follow:

	2024 R	2023 R
Remuneration of Mayor - VD Davids		
Councillor Allowance	728,420	681,160
Travelling Allowance	237,759	230,535
Telephone Allowance	46,570	48,000
Total	**1,012,749**	**959,695**
Remuneration of Speaker - NS Mathetha		
Councillor Allowance	583,346	548,921
Travelling Allowance	196,806	179,398
Telephone Allowance	46,570	48,000
Total	**826,721**	**776,319**
Remuneration of Executive Committee		
Councillor Allowance	1,206,699	1,132,715
Travelling Allowance	24,618	101,821
Telephone Allowance	139,710	98,866
Total	**1,371,027**	**1,333,402**
Remuneration of Other Councillors		
Councillor Allowance	5,204,380	4,791,683
Travelling Allowance	746,949	629,307
Telephone Allowance	784,509	789,763
Total	**6,735,838**	**6,210,753**

The disclosed amounts for 2023 were restated due to an error identified in the current year. SDL was incorrectly included in the disclosure note

34. DEPRECIATION AND AMORTISATION

	2024 R	2023 R
Property, Plant and Equipment	31,023,829	31,913,689
Intangible Assets	565,905	586,883
Investment Property	386,081	147,990
Total Depreciation and Amortisation	**31,975,814**	**32,648,562**

35. IMPAIRMENTS

	2024 R	2023 R
Property, Plant and Equipment	-	1,884,813
Total Impairments	**-**	**1,884,813**

An impairment assessment was performed based on the physical condition of the assets. Consequently the assets' recoverable service amount were determined and an impairment loss was recognised where the assets' carrying amount exceeded their recoverable service amount.

The main classes of assets affected by impairment losses are:

	2024 R	2023 R
Infrastructure	-	1,884,813
Total Impairments	**-**	**1,884,813**

		2024 R	2023 R
36.	**FINANCE CHARGES**		
	Finance Charges - Cash	**26,284,148**	**37,545,423**
	Annuity Loans	72,699	89,124
	Trade and Other Payables	26,211,449	37,456,299
	Finance Charges - Non-Cash	**49,621,296**	**8,420,462**
	Rehabilitation Provision - Landfill Sites	3,834,755	4,313,462
	Post Retirement Medical Benefits	3,587,000	3,440,000
	Eskom concessionary loan finance charge	41,460,541	-
	Long Service Awards	739,000	667,000
	Total Finance Costs	**75,905,444**	**45,965,885**

		2024 R	2023 R
37.	**BULK PURCHASES**		
	Electricity	154,282,217	132,638,416
	Total Bulk Purchases	**154,282,217**	**132,638,416**

		2024 R	2023 R
38.	**OTHER EXPENDITURE**		
	Advertising	520,874	42,962
	Auditors remuneration	7,069,270	5,588,151
	Bank charges	1,148,743	907,105
	Commission paid	958,824	1,148,327
	Consulting and professional fees	12,747,374	10,540,911
	Consumables	387,571	-
	Contracted services	13,074,736	7,333,397
	Electricity	-	54,371
	Fuel and oil	3,824,893	3,863,327
	General Expenditure	611,521	579,244
	Increase in landfill rehabilitation provision	348,107	-
	Insurance	2,833,741	2,106,503
	License fees	461,362	272,033
	Operating leases	1,560,334	1,475,975
	Printing and stationery	454,307	37,885
	Protective clothing	2,540,366	1,111,396
	Audit Committee Fees	459,169	811,669
	Security services	10,095,908	9,062,398
	Subscriptions and membership fees	1,545,204	1,291,187
	Telephone and fax	4,783,704	3,040,266
	Travel - local	221,901	2,553,792
	Valuation Costs	1,867,685	1,482,365
	Operating Grant Expenditure	2,859,235	1,788,162
	Total Other expenditure	**70,374,830**	**55,091,426**

The following have been reclassified from General expenditure in 2023 due to the material balances:

Balance previously reported	19,521,226
Reclassifications	
Security services	(9,062,398)
Contracted services	(7,333,397)
Subscriptions and membership fees	(1,291,187)
Operating leases	(1,475,975)
Correction of errors	
Sala and Salga creditors recognised at incorrect amounts	1,262,753
Contract worker salaries incorrectly classified as Other expenditure	(1,041,778)
Restated balance	579,244

		2024 R	2023 R
39.	**REPAIRS AND MAINTENANCE**		
	Repairs and maintenance	27,268,123	12,909,076
	Total Repairs and maintenance	**27,268,123**	**12,909,076**

40. CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from prior period errors identified in the current financial year:

40.1 Property, plant and equipment

	2024 R	2023 R
Balance previously reported		**844,993,219**
Land derecognised as Municipality does not control the asset - Cost price		(2,333,762)
Buildings derecognised as Municipality does not control asset - Cost price		(657,200)
Buildings derecognised as Municipality doesn't control the assets- Accumulated depreciation		429,265
Buildings transferred to investment property due to incorrect classification of property - Cost		(2,250,500)
Buildings transferred to investment property due to incorrect classification of property - Accumulated depreciation		1,258,805
Land transferred to investment property due to incorrect classification of property - Cost		(9,026)
Community transferred to investment property due to incorrect classification of property - Cost		(4,058,274)
Community transferred to investment property due to incorrect classification of property - Accumulated depreciation		2,251,537
Infrastructure assets not recorded in register - Cost		3,392,058
Infrastructure assets not recorded in register - Accumulated depreciation opening		(83,440)
Infrastructure assets not recorded in register - Depreciation 2023		(83,440)
Depreciation incorrectly calculated on buildings and community assets		329,469
Donated nature reserve not recognised in accounting records - opening cost		14,586,197
Donated nature reserve not recognised in accounting records - opening accumulated depreciation		(1,526,445)
Donated nature reserve not recognised in accounting records - depreciation expense		(678,626)
Restated Balance	-	**855,559,837**

40.2 Investment property

	2024 R	2023 R
Balance previously reported		**109,401,728**
Land derecognised as Municipality does not control the asset - Cost price		(9,929,510)
Buildings transferred from Property, plant and equipment due to incorrect classification - Cost		2,250,500
Buildings transferred from Property, plant and equipment due to incorrect classification - Accumulated depreciation		(1,258,805)
Land transferred to investment property due to incorrect classification - Cost		9,026
Community transferred to investment property due to incorrect classification - Cost		4,058,274
Community transferred to investment property due to in correct classification - Accumulated depreciation		(2,251,537)
Restated Balance	-	**102,279,676**

40.3 Receivables from Exchange Transactions

	2024 R	2023 R
Balance previously reported		**177,644,594**
Debtors billed at incorrect tariffs and incorrect amounts - 2022 restatements		(30,178,461)
Debtors billed at incorrect tariffs and incorrect amounts - 2023 restatements		(13,598,946)
2022 debt impairment adjusted to include government debtors and update payment history to 12 months		(47,253,298)
2023 debt impairment adjusted to include government debtors and update payment history to 12 months		(39,512,497)
Payments in advance incorrectly accounted for in receivables balance		9,238,780
Accrue for prepaid electricity receipt from third party vendor not yet received at year-end		220,975
Indigent debtors not rebated fully		(2,526,850)
Restated Balance	-	**54,034,297**

40.4 Receivables from Non-Exchange Transactions

	2024 R	2023 R
Balance previously reported		**54,606,822**
Debt impairment difference between general ledger and financial statements		(3,584,642)
Debtors billed at incorrect tariffs and incorrect amounts - 2022 restatements		(22,291,332)
Debtors billed at incorrect tariffs and incorrect amounts - 2023 restatements		7,233,891
2022 debt impairment adjusted to include government debtors and update payment history to 12 months		(15,346,092)
2023 debt impairment adjusted to include government debtors and update payment history to 12 months		(16,995,929)
Traffic fines debtors not impaired		(1,644,961)
Restated Balance	-	**1,977,758**

40.5 VAT Receivable

	2024 R	2023 R
Balance previously reported		**15,142,079**
Correction of inaccurate debtor billings impact on VAT - 2022 adjustments		5,131,152
Correction of inaccurate debtor billings impact on VAT - 2023 adjustments		2,613,012
VAT 201 recorded under payables in general ledger		(142,351)
Indigent debtors not rebated fully impact on VAT		251,634
Accrue for prepaid electricity receipt from third party vendor not yet received at year-end		(28,823)
Present VAT Output Accrual seperately in Statement of Financial Position		36,705,946
Present VAT Input Accrual seperately in Statement of Financial Position		(69,329,601)
Debt impairment recorded inclusive of VAT		9,992,879
Restated Balance	-	**335,927**

40.6 VAT Accrual (Current liability)

Balance previously reported		-
Present VAT Output Accrual seperately in Statement of Financial Position		(36,705,946)
Restated Balance	-	**(36,705,946)**

40.7 VAT Accrual (Current asset)

Balance previously reported		-
Present VAT Input Accrual seperately in Statement of Financial Position		69,329,601
Restated Balance	-	**69,329,601**

40.8 Unspent conditional grants

Balance previously reported		**3,236,000**
Waste management grant incorrectly treated as conditional. Recognise revenue for unspent portion		(910,868)
Restated Balance	-	**2,325,132**

40.9 Payables from exchange transactions

Balance previously reported		**(623,884,693)**
VAT 201 recorded under payables in general ledger		142,351
Inaccurate debtor billings corrected, resulting in increase in payments received in advance		(33,919,746)
Sala and Salga creditors recognised at incorrect amounts		(4,941,920)
Restated Balance	-	**(662,604,008)**

40.10 Current Employee Benefits

Balance previously reported		**(16,258,511)**
Bonus provision incorrectly calculated		229,930
Restated Balance	-	**(16,028,581)**

40.11 Accumulated Surplus/(Deficit)

Accumulated Surplus/(Deficit)		**499,655,902**
Corrections up to 30 June 2022		**(97,106,476)**
Debtors billed at incorrect tariffs and incorrect amounts		(56,435,069)
2022 debt impairment adjusted to include government debtors and update payment history to 12 months		(62,599,390)
Payments in advance incorrectly accounted for in receivables balance		9,238,780
Sala and Salga creditors recognised at incorrect amounts		(3,679,167)
Infrastructure assets not recorded in register - Cost		3,392,058
Infrastructure assets not recorded in register - Accumulated depreciation opening		(83,440)
Donated nature reserve not recognised in accounting records - opening cost		14,586,197
Donated nature reserve not recognised in accounting records - opening accumulated depreciation		(1,526,445)
Corrections relating to 2022/23 financial year		**(95,449,333)**
Land and buildings derecognised as municipality does not control the assets		(2,561,697)
Investment property derecognised as municipality does not control the assets		(9,929,510)
Debt impairment difference between general ledger and financial statements		(3,584,642)
Accrue for prepaid electricity receipt from third party vendor not yet received at year-end		192,152
Debtors billed at incorrect tariffs and incorrect amounts		(28,575,360)
Classify interest on property rates as non-exchange revenue		(8,524,995)
Classify interest on property rates as non-exchange revenue		8,524,995
2023 debt impairment adjusted to include government debtors and update payment history to 12 months		(56,508,426)
Waste management grant incorrectly treated as conditional. Recognise revenue for unspent portion		910,868
Sala and Salga creditors recognised at incorrect amounts		(1,262,753)
Traffic fines debtors not impaired		(1,644,961)
Depreciation incorrectly calculated on buildings and community assets		329,469
Infrastructure assets not recorded in register - Depreciation 2023		(83,440)
Donated nature reserve not recognised in accounting records - depreciation expense		(678,626)
Indigent debtors not rebated		(2,275,216)
Debt impairment recognised inclusive of Value added tax		9,992,879
Bonus provision incorrectly calculated		229,930
Total	-	**307,100,093**

40.12 Statement of Financial Performance

Deficit previously reported		**(18,719,587)**
Service charges		**(27,369,391)**
Debtors billed at incorrect tariffs and incorrect amounts		(25,883,984)
Indigent debtors not rebated		(1,677,559)
Accrue for prepaid electricity receipt from third party vendor not yet received at year-end		192,152
Rental of Facilities and Equipment		**(8,550)**
Debtors billed at incorrect tariffs and incorrect amounts		(8,550)
Other income		**(700)**
Debtors billed at incorrect tariffs and incorrect amounts		(700)
Interest Earned - Outstanding Debtors		**(9,110,861)**
Debtors billed at incorrect tariffs and incorrect amounts		11,792
Indigent debtors not rebated		(597,657)
Classify interest on property rates as non-exchange revenue		(8,524,995)
Property rates - Interest received		**8,524,995**
Classify interest on property rates as non-exchange revenue		8,524,995
Property rates		**(2,693,918)**
Debtors billed at incorrect tariffs and incorrect amounts		(2,693,918)

Debt impairment		**(51,745,150)**
Debt impairment difference between general ledger and financial statements		(3,584,642)
2023 debt impairment adjusted to include government debtors and update payment history to 12 months		(56,508,426)
Debtors billed at incorrect tariffs and incorrect amounts		-
Debt impairment recognised inclusive of Value added tax		9,992,879
Traffic fines debtors not impaired		(1,644,961)
Employee related costs		**(2,299,718)**
Salaries to ward committees were incorrectly classified as Training under Other expenditure		(1,487,870)
Contract worker salaries incorrectly classified as Other expenditure		(1,041,778)
Bonus provision incorrectly calculated		229,930
Loss on disposal of assets		**(12,491,207)**
Land and buildings derecognised as municipality does not control the assets		(2,561,697)
Investment property derecognised as municipality does not control the assets		(9,929,510)
Depreciation and amortisation		**(432,598)**
Depreciation incorrectly calculated on buildings and community assets		329,469
Infrastructure assets not recorded in register - Depreciation expense		(83,440)
Donated nature reserve not recognised in accounting records - depreciation expense		(678,626)
Other Expenditure		**1,266,895**
Salaries to ward committees were incorrectly classified as Training under Other expenditure		1,487,870
Sala and Salga creditors recognised at incorrect amounts		(1,262,753)
External service providers incorrectly classified as cleaning in disclosure note		4,602,570
External service providers incorrectly classified as cleaning in disclosure note		(4,602,570)
Contract worker salaries incorrectly classified as Other expenditure		1,041,778
Government Grants and Subsidies - Operating		**910,868**
Waste management grant incorrectly treated as conditional. Recognise revenue for unspent portion		910,868
Restated Deficit on 30 June 2023		**(114,168,921)**

40. CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)

40.13 Cashflow Statement

Numerous calculation errors were discovered in the cashflow statement of the 2022/23 financial year. The corrections are as follows:

CASH FLOW FROM OPERATING ACTIVITIES	Previously reported	Correction	Restated
Receipts			
Property Rates	57,022,908	-9,927,959	47,094,949
Service Charges	138,146,924	1,201,147	139,348,071
Other Revenue	-6,229,079	14,742,930	8,513,851
Government - Operating	82,064,688	-573,731	81,490,957
Government - Capital	31,697,604	-	31,697,604
Interest	1,621,380	1,355,269	2,976,649
Value-added tax	-	7,193,603	7,193,603
Payments			
Employees	-124,742,416	-356,825	-125,099,240
Suppliers	-125,728,914	-31,594,749	-157,323,664
Finance Charges	-37,545,423	13,995,391	-23,550,032
NET CASH FROM/(USED) OPERATING ACTIVITIES	16,307,671	-3,964,923	12,342,747
CASH FLOW FROM INVESTING ACTIVITIES			
Payments			
Purchase of Property, Plant and Equipment	-34,319,010	3,216,078	-31,102,931
NET CASH USED INVESTING ACTIVITIES	-34,319,010	3,216,078	-31,102,931
CASH FLOW FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowing	-316,825	-	-316,825
NET CASH USED FINANCING ACTIVITIES	-316,825	-	-316,825
Cash and Cash Equivalents at the beginning of the year	24,449,261	-	24,449,261
Cash and Cash Equivalents at the end of the year	5,372,250	-	5,372,250
NET INCREASE/(DECREASE) IN CASH HELD	-19,077,011	-	-19,077,011

40.14 Financial risk management and financial instruments

Due to the corrections listed above, amounts disclosed under note 47 - Financial risk management and note 48 - Financial Instruments were also restated.

	Previously reported	Corrections	Restated
Receivables from exchange transactions	177,644,594	-123,610,297	54,034,297
Payables from exchange transactions	613,517,764	4,799,569	618,317,333

40.15 Statutory receivables

Due to the corrections listed above, amounts disclosed under note 49 - Statutory receivables were also restated.

	Previously reported	Corrections	Restated
VAT Receivable	478,278	-142,351	335,927
Receivables from non-exchange - Rates	52,589,096	-50,983,954	1,605,142
Receivables from non-exchange - Fines	2,528,634	-1,645,111	883,523

41 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2024 R	2023 R
Surplus/(Deficit) for the year	(41,008,138)	(114,168,921)
Adjustments for:		
Non-Cash Revenue	(118,817,395)	(11,455,701)
Actuarial Gains	(1,616,592)	(4,469,509)
Reduction in Landfill Site Provision	-	(900,079)
Fair Value Adjustments	(101,599)	(5,259,108)
Concessionary loans received	(85,343,830)	-
Debt forgiven	(31,755,375)	-
Contributed PPE	-	(827,005)
Non-Cash Expenditure	151,336,783	49,646,965
Debt Impairment	48,706,040	(13,028,667)
Depreciation and Amortisation	31,975,814	32,648,562
Impairments	-	1,884,813
Actuarial losses	-	
Finance Charges	67,381,280	8,420,462
Loss on disposal of PPE	3,273,649	19,721,794
Contributions - Provisions and Employee Benefits	10,173,090	9,580,320
Post Retirement Medical Benefits	1,188,000	1,225,000
Long Service Awards	707,000	631,000
Provision for rehabilitation of landfill site	348,107	-
Bonuses	6,929,397	5,825,044
Staff Leave	1,000,586	1,899,276
Expenditure - Provisions and Employee Benefits	(9,750,283)	(7,637,427)
Post Retirement Medical Benefits	(1,388,969)	(1,219,029)
Long Service Awards	(619,439)	(206,462)
Bonuses	(6,553,023)	(5,543,944)
Staff Leave	(1,188,852)	(667,993)
Other adjustments	31,712,104	69,654,985
Bad Debts Written Off	31,712,104	69,654,985
Operating Surplus before changes in working capital	23,646,161	(4,379,778)
Movement in working capital	(6,299,799)	16,722,525
Receivables (Exchange and Non-Exchange)	(112,134,653)	(85,199,126)
Inventory	(71,230)	(17,697)
Payables from exchange transactions	100,538,199	102,048,642
Unspent Conditional Government Grants	0	(1,477,060)
Consumer Deposits	4,875	43,527
Taxes	5,363,011	1,324,239
Cash generated/(absorbed) by operations	**17,346,362**	**12,342,747**

42. BUDGET INFORMATION

The Annual Budget of the Municipality is prepared for a 2023/24 MTREF period and is applicable from 1 July 2023 until 30 June 2024.

42.1 Explanation of variances between approved and final budget amounts

42.1.1 Statement of Financial Position

Cash and cash equivalents

Increased anticipated revenue and expenditure, resulting in a net increase in the anticipated year-end cash balance.

Trade and other receivables from exchange transactions

Anticipated increase in collections due to debt recovery drive.

Receivables from non-exchange transactions

Anticipated increase in property rates billings, netted with receipts.

Other Receivables

Increase in expenditure, resulting in increase in VAT receivable

Investment Property

Investment Properties were reviewed in line with the new General Valuation Roll and were anticipated to be higher.

Property, Plant And Equipment

Decreased grant allocation resulting in decreased capital expenditure.

Intangible Assets

Anticipated laptop purchases, with related increase in software

Trade and other payables from exchange transactions

Decrease in retentions due to decrease in capital expenditure

VAT

Increase in revenues, resulting in increase in VAT payable

Accumulated Surplus

Net change in budgeted surplus/deficit for the year

42.1.2 Statement of Financial Performance

Property Rates

Council has recognised R31 million as at 31 December 2023 and based on the current trends, the annual estimated amount is revised to R62 million.

Service Charges - Refuse Revenue

Council has recognised R16 million as at 31 December 2023 and based on the current trends, the annual estimated amount is revised to R32 million

Interest Earned - Outstanding Debtors

With service charges being adjusted upwards, the interest levied on outstanding debt is automatically affected and is adjusted accordingly

Transfers and subsidies

R31 million is budgeted for capital expenditure which includes MIG and EPWP projects. The budget had to be adjusted by R 1.3million as per Treasury gazette

Employee Related Costs

Employee related costs were adjusted from R 134 million to R 130 million. Vacant positions(PED director, Revenue Manager etc.

42.1 Explanation of variances between approved and final budget amounts (continued)

42.1.2 Statement of Financial Performance (continued)

Finance Charges

Increase in bulk purchases interest amount.

Contracted Services

Increase in budgeted operational cost, mainly on security services, business and financial management costs amongst others

Other Expenditure

Increase in budgeted operational cost, mainly on security services, business and financial management costs amongst others

Transfers and subsidies - Capital

R31 million is budgeted for capital expenditure which includes MIG and EPWP projects. The budget had to be adjusted by R 1.3million as per Treasury gazette

Other income

Debt forgiven by Eskom was not anticipated.

42.1.3 Cashflow Statement

Property rates

Aligning cashflow with adjustments to Statement of Financial Performance, adjusted non-payment from consumers.

Service charges

Aligning cashflow with adjustments to Statement of Financial Performance, adjusted non-payment from consumers.

Transfers and Subsidies - Operational

Aligning cashflow with adjustments to Statement of Financial Performance.

Transfers and Subsidies - Capital

Aligning cashflow with adjustments to Statement of Financial Performance.

Suppliers and Employees

Aligning cashflow with adjustments to Statement of Financial Performance.

Finance Charges

Aligning cashflow with adjustments to Statement of Financial Performance.

Capital Assets

Cost-containment and less capital grants received due to government gazette.

Cash at the end of the year

The net effect of the above variances.

42.2 Explanation of variances greater than 10%: Final Budget and Actual Amounts

42.2.1 Statement of Financial Position

Cash and cash equivalents

Budget forecast was based on the previous years closing balance

Trade and other receivables from exchange transactions

A decline in payment percentage had been realised due to challenges experienced in collecting debt. Contributing factors being the increasing unemployment rate, unfavourable economic situation and lack of growth.

Receivables from non-exchange transactions

A decline in payment percentage had been realised due to challenges experienced in collecting debt. Contributing factors being the increasing unemployment rate, unfavourable economic situation and lack of growth.

Non-current payables, including current portion

Accounting considerations of Debt relief Circular 124 not budgeted for.

42.2 Explanation of variances between approved and final budget amounts (continued)

VAT

The increase in payables and receivables resulting in VAT unexpected movement.

Inventory

There is more stock in hand than projected

42.2.2 Non-Current Assets

Investment Property

The investment property were reviewed in line with the valuation roll; and were anticipated to be high

Property, Plant and Equipment

The increase is due to additional assets that were not part of the original procurement plan. The municipality increased its assets acquisition budget in order to promote service delivery such as machinery to fix potholes etc.

Biological Assets

Fair value adjustments are difficult to predict accurately.

Intangible Assets

The municipality forecast a situation where the need for purchases of computer equipment will rise as all employees need to be allocated tools of trade and fact that most functions are paperless.

42.2.3 Current Liabilities

Borrowing

The budget calculation did not estimate the movement in the liability

Trade and other payables from exchange transactions

Significant increase in Eskom Bulk purchases, Joe Gqabi Water and Sanitation payables were anticipated and insufficient funds to make payment timely

Trade and other payables from non-exchange transactions

Unspent grants opening balance was not budgeted for.

Provisions

Budget based on prior year estimates provided by valuers

VAT

The increase in payables and receivables resulting in VAT unexpected movement.

42.2.4 Non-Current Liabilities

Borrowing

The budget calculation did not estimate the movement in the liability

Other non-current liabilities

Budget based on prior year estimates provided by actuaries

42.2.5 Net Assets

Accumulated Surplus/(Deficit)

As per reasons above. Balancing figure

42.2 Explanation of variances between approved and final budget amounts (continued)

42.3 Statement of Financial Performance

Revenue

Property Rates

Anticipated revenue billed was based valuation roll and prior years actuals.

Service Charges - Refuse Revenue

The anticipated revenue billed was based on the prior years actuals

Rental Of Facilities and Equipment

Vacant properties not being billed

Interest Earned - External Investments

Less amount was invested due to the limited amount allocation in capital projects, hence low interest recognised

Fines, penalties and forfeits

Fines were issued to tampering customers during meter audits

Licences and Permits

There was an anticipation that there will be an increase in the number of licences renewals, learners licence application, renewal of permits, etc. The factors on the increase such as licences are not within the control of the municipality

Other Revenue

Revenue projections from the Aliwal Spa were less than the actual revenue

Concessionary loans received and debt forgiven

Accounting considerations of Debt relief Circular 124 not budgeted for.

Gains

There were no gains anticipated as there were no expectations of the disposal of assets

Expenditure

Employee Related Costs

Filling of vacant positions and evaluation of job descriptions

Remuneration of Councillors

Increase due to determination of councillors salaries

Debt Impairment

The municipality wrote off a long list of indigent customers

Depreciation & Asset Impairment

Extension of useful lives were not expected during budget process

Finance costs

Accounting considerations of Debt relief Circular 124 not budgeted for.

42.1 Explanation of variances between approved and final budget amounts (continued)

42.2.2 Statement of Financial Performance

Expenditure

Finance Charges

Increase in creditors such as Eskom and Auditor General as there were no payment arrangement in place

Bulk purchases - electricity

Eskom debt was based on incremental budgeting comparing it to the actual of the previous financial year

Contracted Services

Cost-containment

Transfers and Grants

Donations did not materialise

Other Expenditure

Implementation of cost containment measures were not monitored

42.2.3 Cash Flow Statement

Net Cash from Operating Activities

Property rates

Credit control and debt collection measures that can be enforced against non paying consumers

Service Charges

Improved debt collection resulting in expected receipts

Interest

Less amount was invested due to the limited amount allocation in capital projects, hence low interest recognised

Transfers and Subsidies - Operational

The grant received for the Skills Development Grant and the revenue recognition on the AG debt 1% of total debt paid by NT on behalf of the municipality is not gazetted(DORA) and the allocations can not be 100% forecasted. A remainder of the Waste Management grant was paid in the 2023/2024 financial year

Other revenue

Revenue projections from the Aliwal Spa were less than the actual revenue

Suppliers and Employees

Outstanding Creditors were anticipated to be high due to the financial distress the municipality is experiencing.

Finance charges

Late payment on Eskom account were calculated to be minimal subsequent to the approval of the Budget funding plan

Net Cash from Investing Activities

Capital Assets

Expenditure based on anticipated grant receipts.

Net Cash from Financing Activities

Increase (decrease) in consumer deposits

Trivial difference

Repayment of Borrowing

Not budgeted for due to error in budgeting process.

	2024 R	2023 R

43. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

42.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

	2024 R	2023 R
Opening balance	94,280,211	309,881,775
Unauthorised expenditure current year - operational	144,475,789	46,850,909
Unauthorised expenditure current year - capital	-	3,852,278
Approved by Council	(94,280,211)	(266,304,751)
Unauthorised expenditure awaiting authorisation	144,475,789	94,280,211

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. The unauthorised expenditure is being investigated.

Unauthorised expenditure current year - operating	2024 Actual R	2024 Final Budget R	2024 Variance R	2024 Unauthorised R
Executive & Council	27,878,704	30,357,184	(2,478,480)	-
Office of The Municipal Manager	12,778,617	7,864,042	4,914,575	4,914,575
Budget and Treasury	159,251,065	97,025,574	62,225,491	62,225,491
Corporate Service	38,606,736	32,116,940	6,489,796	6,489,796
Technical Service	274,549,768	206,907,285	67,642,483	67,642,483
Community Service	67,156,922	63,953,479	3,203,443	3,203,443
Institutional Planning and Economic Development	6,167,959	7,323,196	(1,155,237)	-
	586,389,771	445,547,700	140,842,071	144,475,789

Unauthorised expenditure current year - capital	2024 Actual R	2024 Final Budget R	2024 Variance R	2024 Unauthorised R
Executive & Council	-	150,000	(150,000)	-
Office of The Municipal Manager	-	150,000	(150,000)	-
Budget and Treasury	-	200,000	(200,000)	-
Corporate Service	942,534	1,100,000	(157,466)	-
Technical Service	15,803,106	24,887,000	(9,083,894)	-
Community Service	3,679,313	4,468,400	(789,087)	-
Institutional Planning and Economic Development	-	100,000	(100,000)	-
	20,424,953	31,055,400	(10,630,447)	-

The over expenditure incurred by municipal departments during the year is attributable to the following categories

	IPED	Office of The Municipal Manager	Budget and Treasury	Corporate Service	Technical Service	Total
Non-cash	10,626,408	-	44,158,969	-	52,086,949	106,872,326
Cash	(7,422,968)	4,914,575	18,066,520	6,489,798	15,555,533	37,603,458
	3,203,440	4,914,575	62,225,489	6,489,798	67,642,482	144,475,784

Non-cash unauthorised expenditure is analysed as follows:

	Community Service	Office of The Municipal Manager	Budget and Treasury	Corporate Service	Technical Service	Total
Loss on Disposal of Assets	-	-	3,273,649	-	-	3,273,649
Debt Impairment	10,626,408	-	44,165,328	-	10,626,408	65,418,144
Depreciation and Amortisation	-	-	-3,280,008	-	-	-3,280,008
Finance Charges					41,460,541	41,460,541
	10,626,408	-	44,158,969	-	52,086,949	106,872,326

Cash unauthorised expenditure is analysed as follows:

	Community Service	Office of The Municipal Manager	Budget and Treasury	Corporate Service	Technical Service	Total
Employee Related Costs	-5,554,434	5,651,158	1,892,506	-2,052,100	2,908,144	2,845,274
Finance Charges	-	-	5,276,339	3,834,755	72,699	9,183,794
Bulk purchases	-	-	-	-	-8,770,391	-8,770,391
Other Expenditure	-1,274,764	-736,583	10,969,589	4,760,143	1,656,337	15,374,722
Repairs and maintenance	-593,770	-	-71,914	-53,000	19,688,742	18,970,059
	-7,422,968	4,914,575	18,066,520	6,489,798	15,555,533	37,603,458

	2024 R	2023 R
43.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	35,850,053	38,337,266
Correction of prior period error		
Restated opening balance	35,850,053	38,337,266
Fruitless and wasteful expenditure current year	26,211,410	36,104,010
Less interest waived	(17,759,984)	(29,680)
Approved by Council	(35,850,053)	(38,561,543)
Fruitless and wasteful expenditure awaiting further action	**8,451,426**	**35,850,053**

Fruitless and wasteful expenditure can be summarised as follow:

	2024 R	2023 R
Incident		
Late Payment Interest	26,211,410	36,104,010
	26,211,410	36,104,010

Fruitless and wasteful expenditure is disclosed inclusive of VAT (if applicable). All instances are under investigation.

43.3 Irregular expenditure

	2024 R	2023 R
Reconciliation of irregular expenditure:		
Opening balance	15,825,518	88,204,796
Correction of prior period error	-	9,511,919
Restated opening balance	15,825,518	97,716,715
Irregular expenditure current year	12,241,246	6,313,598
Approved by Council	(15,825,518)	(88,204,795)
Irregular expenditure awaiting further action	**12,241,246**	**15,825,518**

Irregular expenditure can be summarised as follow:

	2024 R	2023 R
Incident		
Appointment without accredited certificate	913,210	-
SCM processes were not followed ,the order was with the range of R2000- 30 000 which requires 3 quotes	-	54,116
Tax Status not confirmed/Compliant on appointment	3,134,174	4,776,383
Contract was over spent and there is no evidence of an approved variation order	1,804,545	5,523,867
The Erratum was not published in the media in which the original advert was placed and thus resulting in non-compliance with procurement regulations	5,639,614	5,471,151
Supplier not registered on Central Supplier Database(CSD)	64,400	-
Every procurement above R30 000 - R200 000 should be advertised for a maximum of 7 days on public notice boards and municipal website	685,302	-
	12,241,246	**15,825,517**

The irregular expenditure have not been investigated at this stage, but will be referred to internal audit and MPAC for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted at this stage.

		2024 R	2023 R
43.4	**Material losses**		
	Electricity distribution losses		
	Units purchased (Kwh)	73,232,378	77,202,584
	Units sold (Kwh)	(66,139,916)	(62,905,540)
	Units lost during distribution (Kwh)	**7,092,462**	**14,297,044**
	Comprising of:		
	Technical Losses (Kwh)	5,464,606	5,404,181
	Non-Technical Losses (Kwh)	1,627,857	8,892,863
	Units lost during distribution (Kwh)	**7,092,462**	**14,297,044**
	Percentage Loss		
	- Technical Losses (%)	7.00%	7.00%
	- Non-Technical Losses (%)	2.09%	11.52%
	Total Loss (%)	**9.09%**	**18.52%**
	Rand Value of System Loss (Technical Losses)	6,894,416	3,661,776
	Rand Value of System Loss (Non-Technical Losses)	2,053,784	6,025,644
	Total Loss (R)	**8,948,201**	**9,687,420**

44. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

44.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)**		
	Balance unpaid (included in creditors)	**13,335,803**	**11,818,634**
44.2	**Audit fees - [MFMA 125 (1)(c)]**		
	Opening balance	697,739	2,749,423
	Correction of prior period error		
	Restated opening balance	697,739	2,749,423
	Current year audit fee	7,069,270	5,588,151
	VAT on Audit Fees	1,060,391	838,223
	Interest raised on overdue account	152,098	162,655
	Interest waived	-	(382,842)
	National Treasury Rebate Received	(1,914,054)	(573,731)
	VAT on National Treasury Rebate Received	(287,108)	(86,060)
	Payments	(5,374,887)	(7,598,081)
	Balance unpaid (included in creditors)	**1,403,448**	**697,739**
44.3	**VAT - [MFMA 125 (1)(c)]**		
	VAT Receivable	214,230	335,927

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

	2024 R	2023 R

44.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]

	2024	2023
Opening balance	1,237,445	(4,176)
Payments due to SARS	17,815,634	14,900,518
Payments	(19,053,079)	(13,658,897)
Balance unpaid (included in creditors)	**-**	**1,237,445**

44.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

	2024	2023
Opening balance	2,224,910	33,130,795
Payments due to pension fund and medical aid	31,059,894	25,278,593
Payments - Current year	(31,059,894)	(23,053,683)
Payments - Prior years	(2,224,910)	(33,130,795)
Balance unpaid (included in creditors)	**-**	**2,224,910**

44.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June 2024:

30 JUNE 2024	Less than 90 days	More than 90 days	Total
Cllr Moeti	2,047	38,039	40,087
Cllr N Mathetha	1,611	39,137	40,747
Cllr T Matlotlo	428	-	428
Cllr W Nodwele	2,716	72,744	75,460
Cllr E Pretorius	1,573	5,361	6,935
Cllr Y Zweni	753	2,418	3,171
Cllr Busakwe	863	6,928	7,791
Cllr Bangisa	71	826	897
Cllr Hukwe	741	4,719	5,460
Cllr V Davids	(247)	41,692	41,445
Cllr I London	6,699	-	6,699
Total	**17,256**	**211,865**	**229,121**

30 JUNE 2023	Less than 90 days	More than 90 days	Total
Cllr Pretorius	1,392	397	1,789
Cllr D Nel	1,815	-	1,815
Cllr M Jan	1,669	12,675	14,344
Cllr I London	2,028	69,417	71,445
Cllr T Matlotlo	1,224	645	1,868
Cllr N Mathetha	108	-	108
Cllr W Nodwele	3,353	71,350	74,703
Cllr V Davids	5,731	119,631	125,361
Cllr Y Zweni	854	6,332	7,186
Total	**18,173**	**280,446**	**298,619**

44.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

44.7.1 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):

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

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

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

Walter Sisulu LM have incurred expenditure by not following the Supply Chain Management policy during the year. Three quotations were not obtained as per the SCM policy for various services.

	2024 R	2023 R
Approved deviations from Supply Chain Management Regulations were identified on the following categories:		
Impractical or Impossible (SCM 36 (1) (a) (v)):	1,086,604	665,115
Emergency (SCM 36 (1) (a) (i)):	1,482,206	1,146,511
Sole Provider (SCM 36 (1) (a) (ii)):	58,324	452,391
	2,627,134	**2,264,018**

The 2023 balances have been restated due to differences between the deviation register and Annual financial statements.
Balances previously reported:

	Previously reported	Adjustment	Restated
Impractical or Impossible (SCM 36 (1) (a) (v)):	979,205	(314,090)	665,115
Emergency (SCM 36 (1) (a) (i)):	1,137,011	9,500	1,146,511
Sole Provider (SCM 36 (1) (a) (ii)):	91,061	361,330	452,391
	2,207,277	**56,741**	**2,264,018**

44.7.2 Regulation 45 - Details of Awards to close family members of persons in the service of the state:

30 June 2024

None

30 June 2023

None

45. OPERATING LEASE COMMITMENTS

Leasing of printers for a period of 3 years - Genbiz trading 1001 (Pty) Ltd trading as Xerox Eastern Cape commenced March 2024
Leasing of printers for a period of 3 years - Skymetro ended February 2024

Future minimum lease payments		
not later than one year;	1,208,246	714,096
later than one year and not later than five years;	2,013,743	-
	3,221,989	**714,096**

Operating lease commitments were incorrectly ommitted in the 2023 financial statements.
No contingent rents are payable.
No renewal or purchase options.
The contract does not escalate and is at a fixed amount.
No special restrictions imposed by lessor.

46. CAPITAL COMMITMENTS

	2024 R	2023 R
Commitments in respect of Capital Expenditure:	**12,029,384**	**6,397,816**
Approved and contracted for.		
Property, Plant and Equipment	12,029,384	6,397,816
Total	**12,029,384**	**6,397,816**
This expenditure will be financed from:		
Internal Funding and Government Grants	12,029,384	6,397,816
Total	**12,029,384**	**6,397,816**

Capital Commitments are disclosed inclusive of Value Added Tax (VAT).

The 2023 balances have been restated due to numerous mathematical errors found on the commitments register.

	2024 R	2023 R
Commitments previously reported:	-	17,733,218
Correction of error - Inaccurate commitments register and all transactions not recorded	-	-11,335,403
Total	**-**	**6,397,816**

47. FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality did not hedge against any interest rate risks during the current year.

The following balances are exposed to interest rate fluctuations:

	2024 R	2023 R
Cash and Cash Equivalents (Excluding Cash on Hand)	2,802,979	5,372,250
Long-term Liabilities (Including Current Portion)	(1,303,527)	(1,636,352)
Total	**1,499,452**	**3,735,897**

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

	2024 R	2023 R
0.5% (2023 - 0.5%) increase in interest rates	7,497	18,679
0.5% (2023 - 0.5%) decrease in interest rates	(7,497)	(18,679)

Management does not foresee significant interest rate movements during the next 12 months.

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

The following financial assets are exposed to credit risk:

	2024 R	2023 R
Cash and Cash Equivalents	2,802,979	5,372,250
Receivables from exchange transactions	57,875,975	54,034,297
Total	**60,678,954**	**59,406,546**

There were no changes in the in the approach how credit risk is managed during the period under review.

Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

Credit risk is further managed and guided by the Cash Management and Investment Policy.

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply.

In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

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

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 8 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 8 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

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

(e) **Liquidity Risk**

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.

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2024	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Annuity Loans	405,559	1,013,898	-	-
Payables from exchange transactions	179,449,545	-	-	-
	179,855,104	1,013,898	-	-

2023	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Annuity Loans	405,559	1,419,457	-	-
Payables from exchange transactions	618,317,333	-	-	-
	618,722,892	1,419,457	-	-

The liquidity risk is further managed and guided by the Liquidity Policy.

There were no changes to the exposure to liquidity risk and how the risk is managed during the period under review.

(e) **Correction of errors**

Certain amounts relating to financial risk management were restated due to the correction of errors that were processed. Please refer to note 40.14 for more information.

48. FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

	2024 R	2023 R
Financial Assets		
Cash and Cash Equivalents	2,802,979	5,372,250
Receivables from exchange transactions	57,875,975	54,034,297
Total	**60,678,954**	**59,406,546**
Financial Liabilities		
Current Portion of Long-term Liabilities	345,382	328,551
Payables from exchange transactions	179,449,545	618,317,333
Long-term Liabilities	958,145	1,307,801
Total	**180,753,073**	**619,953,685**

Certain amounts were restated due to the correction of errors that were processed. Please refer to note 40.14 for more information.

49. STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

	2024	2023
Taxes		
VAT Receivable	214,230	335,927
Receivables from Non-Exchange Transactions	15,661,151	2,488,664
Rates	15,556,300	1,605,142
Fines	104,850	883,523
Total Statutory Receivables (after provision)	**15,875,381**	**2,824,592**

VAT receivable from SARS is considered to be Statutory Receivable. Input Vat in Suspense is not included in the disclosure as there are no transaction to "settle" with a specific counterparty (SARS) at year-end.

Statutory Receivables are disclosed after taking into account any impairments raised against gross amounts. Refer to note 9 for more detail relating to fines and rates receivables.

Certain amounts were restated due to the correction of errors that were processed. Please refer to note 40.15 for more information.

50. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

51. CONTINGENT LIABILITY

Claims against Council

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

	Description of event	2024 R	2023 R
51.1	The municipality was served with summons on 3 November 2021, per case number 307/21, by a plaintiff whose motor vehicle collided with a pothole. The municipality intended to defend the matter, but also filed an insurance claim for third party liability, which was favourable considered by the municipality's insurance. As the municipality was requested, and actually paid the insurance excess on the claim, the matter is considered closed.	-	50,617
51.2	The municipality was served with summons on 9 July 2021, per case number 2056/21, by a plaintiff in respect of professional services rendered by the plaintiff and allegedly not paid by the municipality. The municipality is defending the matter	8,695,711	8,695,711
51.3	The municipality was served with summons on 16 February 2022 per case number 25/22 by a plaintiff whose vehicle suffered damages as a result of a collision with another vehicle, and the plaintiff imputed the cause of the accident to potholes and general poor road maintenance by the municipality. Whilst the municipality intended to defend the matter, it also filed an insurance claim, which was positively considered by the insurers. The matter is deemed to be settled.	-	68,036
51.4	A bidder who lost a bid as a service provider has approached the High Court in Makhanda seeking to review the tender award, per case number 977/21. The municipality is defending the matter	801,922	801,922
51.5	Summons were served on the municipality on 3 November 2021, per case number W345, by a plaintiff who alleges to have injured herself when she accidentally fell in a hole inside a community owned by the municipality. The municipality is defending the matter	11,899,000	11,899,000
51.6	The plaintiff summonsed the municipality, per case number 57/2020, claiming damages for alleged injuries after a sidewalk fall. The municipality is defending the matter	1,900,000	1,900,000
51.7	Nomagwayi Developers filed a lawsuit against the erstwhile Maletswai Local Municipality for failure to honour the tripartite agreement to avail 420 erven for low cost housing project in Aliwal North, claiming loss of income anticipated from conveyancing fees. The municipality was successful. Although the plaintiff took the matter on appeal, there have been no further developments.	3,000,000	3,000,000
51.8	The municipality was served with summons on the 28 February 2023 by a plaintiff whose motor vehicle collided with a pothole. The municipal attorneys have done an inspection of Anderson Street and have since issued notices in terms of rules 13, 16 and 19. Rule 13 is a Notice of Intention to Defend. Rule 16 and 19 is a request for Further Particulars which the plaintiff has not yet responded. The municipality is in the process of issuing Rule 22 to compel the plaintiff to furnish all necessary documents. The municipality has recently filed a further discovery affidavit, as part of its defence of the matter	25,000	25,000
51.9	The municipality was served with summon in March 2024 whereby the plaintiff sues in her capacity as the biological mother and guardian of her minor son, Cayden Godfrey. On or 15 March 2019 at or near 1 Steynsburg Street the plaintiff minor son got electrocuted when he accidentally came into contact with a live electric cable Carrying power when he was playing with his cousins. The municipality is defending the matter.	11,000,000	-
51.10	A municipal customer who had their electricity disconnected as a result of a municipal account, has approached the Makhanda High Court , under case number 2382/2024, in order to compel the municipality to restore the power supply The municipality is defending the application. Whilst the customer disputes the municipality's claim for electricity basic charges and refuse collection amounting to R462 280, and the municipality is insisting that it is owed this amount, in the event of the litigation being successful in favour of the applicant, the municipality could be exposed to further damages claim, which the municipality cannot quantify at this stage. This contingent liability will therefore be entered at Nil.	-	-
	Total	**37,321,633**	**26,440,286**

52. RELATED PARTIES

Related parties are defined in note 1.37

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 32 and 33.

53. GOING CONCERN

The Municipality currently operates in a very severe fiscal environment requiring a number of austerity and cost containment measures to be implemented as it currently cannot service it short term debt and financial commitments from its current available cash resources and allocated Government Grants.

It should be noted that the Municipality applied to National Treasury for debt relief in terms of MFMA circular 124 which will assist the Municipality in terms of managing the liquidity issues that it encounters. It should further be noted that on 7 August 2023 the Municipality's application for debt relief was approved.

The Walter Sisulu Local Municipality is a constitutional being, and thus derives its existence from the Constitution. The provincial government's intervention in the municipality, in terms of Section 139 (5) (a) of the Constitution, which has yielded the imposition of a financial recovery plan, is viewed as a safeguard against the cessation of operations by the municipality. In the event that the municipal council were to be dissolved in line with the constitutional provisions, including its persistent failure to execute its legislative and executive obligations, such a dissolution would not obliterate the municipality as this action would only result in the by election of the municipal council. There is no intention by the Municipal Demarcation Board and relevant governmental bodies to redetermine the boundaries of the municipality, leading to its disestablishment. The municipality is therefore expected to operate into the foreseeable future.

54. EVENTS AFTER REPORTING PERIOD

No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly.

55. SEGMENT REPORTING

54.1 General information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Municipality has 5 departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Community and Public Safety	Community Halls, Sports and Recreational facilities and public protection services.
2	Economic and environmental services	Planning, development, strategic planning and upgrading and maintenance of roads infrastructure.
3	Trading services - Electricity	Electricity Services
4	Trading services - Solid Waste and Street Cleaning	Refuse, landfill Services and street cleaning

No	Non-Segments	Goods and/or services delivered
1	Municipal governance and administration	Supply administrative and related support to all segments. Provide and strengthen the overall governance.

54.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.
Annual capital expenditure is used for decision making purposes and is therefore reported.

54.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. towns), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

54.4 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed as follows:

55 SEGMENT REPORTING (CONTINUED)

	Non - Segments	Segments				
31 June 2024	Municipal governance and administration R	Community and public safety R	Economic and environmental services R	Trading services - Electricity R	Trading services - Solid Waste and Street Cleaning R	Total R
REVENUE						
External Revenue from Non-Exchange Transactions	212,535,060	9,553,695	21,517,000	31,791,912	847,000	276,244,667
Property Rates	35,143,149	6,286,495	-	-	-	41,429,644
Property rates - Interest received	9,764,983	-	-	-	-	9,764,983
Government Grants and Subsidies - Operating	80,559,738	2,000,000	2,216,800	-	847,000	85,623,538
Government Grants and Subsidies - Capital	-	-	19,300,200	-	-	19,300,200
Contributed Property, Plant and Equipment	-	-	-	-	-	-
Debt forgiven	-	-	-	31,755,375	-	31,755,375
Fines, Penalties and Forfeits	5,170	1,267,200	-	36,537	-	1,308,907
Actuarial Gains	1,616,592	-	-	-	-	1,616,592
Fair Value Adjustments	101,599	-	-	-	-	101,599
Concessionary loans received	85,343,830	-	-	-	-	85,343,830
Other Income	-	-	-	-	-	-
External Revenue from Exchange Transactions	33,328,472	7,366,905	(1,358)	194,819,535	33,623,413	269,136,966
Service Charges	-	-	-	194,819,535	33,004,358	227,823,893
Rental of Facilities and Equipment	-	1,562,574	-	-	-	1,562,574
Interest Earned - External Investments	862,602	-	-	-	-	862,602
Interest Earned - Outstanding Debtors	30,521,084	-	-	-	-	30,521,084
Licences and Permits	-	1,591,363	-	-	-	1,591,363
Agency Services	-	2,231,599	-	-	-	2,231,599
Other Income	1,944,785	1,981,368	(1,358)	-	619,055	4,543,850
TOTAL REVENUE	245,863,532	16,920,600	21,515,642	226,611,447	34,470,413	545,381,633
EXPENDITURE	238,515,122	41,110,736	59,332,106	221,385,621	26,046,186	586,389,771
Employee Related Costs	49,807,785	39,078,030	9,584,846	24,969,430	9,505,123	132,945,214
Remuneration of Councillors	9,946,335	-	-	-	-	9,946,335
Debt Impairment	49,165,328	-	-	15,626,408	15,626,408	80,418,144
Depreciation and Amortisation	31,975,814	-	-	-	-	31,975,814
Impairments	-	-	-	-	-	-
Actuarial Losses	-	-	-	-	-	-
Finance Charges	34,372,204	-	41,533,240	-	-	75,905,444
Bulk Purchases	-	-	-	154,282,217	-	154,282,217
Other Expenditure	59,834,299	730,241	5,284,858	3,857,985	667,447	70,374,830
Repairs and Maintenance	139,707	1,302,465	2,929,162	22,649,580	247,208	27,268,123
Loss on Disposal of Assets	3,273,649	-	-	-	-	3,273,649
TOTAL EXPENDITURE	238,515,122	41,110,736	59,332,106	221,385,621	26,046,186	586,389,771
NET SURPLUS/(DEFICIT) FOR THE YEAR	7,348,410	(24,190,137)	(37,816,464)	5,225,826	8,424,226	(41,008,138)
CAPITAL EXPENDITURE FOR THE YEAR	942,534	3,679,313	-	4,203,574	11,599,533	20,424,953

55 SEGMENT REPORTING (CONTINUED)

30 JUNE 2023	Non - Segments: Municipal governance and administration R	Segments: Community and public safety R	Economic and environmental services R	Trading services - Electricity R	Trading services - Solid Waste and Street Cleaning R	Total R
REVENUE						
External Revenue from Non-Exchange Transactions	**129,414,459**	**14,813,143**	**22,360,000**	**13,292,943**	**4,153,000**	**184,033,545**
Property Rates	37,651,556	10,007,909	-	-	-	47,659,465
Property rates - Interest received	8,524,995	-	-	-	-	8,524,995
Government Grants and Subsidies - Operating	73,509,292	2,000,000	2,402,396	-	4,153,000	82,064,688
Government Grants and Subsidies - Capital	-	-	19,957,604	13,217,060	-	33,174,664
Contributed Property, Plant and Equipment	-	827,005	-	-	-	827,005
Fines, Penalties and Forfeits	-	1,078,150	-	75,883	-	1,154,033
Actuarial Gains	4,469,509	-	-	-	-	4,469,509
Fair Value Adjustments	5,259,108	-	-	-	-	5,259,108
Other Income	-	900,079	-	-	-	900,079
External Revenue from Exchange Transactions	**26,043,878**	**7,280,248**	**7,149**	**123,598,062**	**29,396,622**	**186,325,960**
Service Charges	-	-	-	123,598,062	29,396,622	152,994,685
Rental of Facilities and Equipment	24,804	1,883,073	-	-	-	1,907,877
Interest Earned - External Investments	1,621,380	-	-	-	-	1,621,380
Interest Earned - Outstanding Debtors	23,498,174	-	-	-	-	23,498,174
Licences and Permits	-	393,478	-	-	-	393,478
Agency Services	-	2,352,006	-	-	-	2,352,006
Other Income	899,520	2,651,690	7,149	-	-	3,558,360
TOTAL REVENUE	**155,458,338**	**22,093,391**	**22,367,149**	**136,891,005**	**33,549,622**	**370,359,505**
EXPENDITURE	**252,045,551**	**56,393,790**	**14,051,843**	**164,648,798**	**(2,611,557)**	**484,528,426**
Employee Related Costs	37,069,410	44,363,780	8,189,855	20,802,686	7,339,075	117,764,806
Remuneration of Councillors	9,277,328	-	-	-	-	9,277,328
Debt Impairment	66,619,198	-	-	-	(9,992,879)	56,626,319
Depreciation and Amortisation	32,648,562	-	-	-	-	32,648,562
Impairments	1,884,813	-	-	-	-	1,884,813
Actuarial Losses	-	-	-	-	-	-
Finance Charges	45,876,761	-	89,124	-	-	45,965,885
Bulk Purchases	-	-	-	132,638,416	-	132,638,416
Other Expenditure	34,237,414	11,209,802	5,450,358	4,478,553	(284,701)	55,091,426
Repairs and Maintenance	4,710,271	820,209	322,506	6,729,142	326,948	12,909,076
Loss on Disposal of Assets	19,721,794	-	-	-	-	19,721,794
TOTAL EXPENDITURE	**252,045,551**	**56,393,790**	**14,051,843**	**164,648,798**	**(2,611,557)**	**484,528,426**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(96,587,214)**	**(34,300,400)**	**8,315,306**	**(27,757,792)**	**36,161,179**	**(114,168,921)**
CAPITAL EXPENDITURE FOR THE YEAR	676,216	8,844,756	-	14,834,094	9,963,944	34,319,010

55 SEGMENT REPORTING (CONTINUED)

The segment report for 2023 has been restated due to numerous prior period corrections - note 40 and errors in calculating the segment report in 2023.

	Non - Segments	Segments				
Segment information previously reported - 30 JUNE 2023	**Municipal governance and administration R**	**Community and public safety R**	**Economic and environmental services R**	**Trading services - Electricity R**	**Trading services - Solid Waste and Street Cleaning R**	**Total R**
REVENUE						
External Revenue from Non-Exchange Transactions	**123,583,382**	**13,086,059**	**22,360,000**	**13,292,943**	**4,142,211**	**176,464,595**
Property Rates	40,345,474	10,007,909	-	-	-	50,353,383
Property rates - Interest received						
Government Grants and Subsidies - Operating	73,509,292	2,000,000	2,402,396	-	3,242,132	81,153,819
Government Grants and Subsidies - Capital	-	-	19,957,604	13,217,060	-	33,174,664
Contributed Asset	-	-	-	-	-	-
Fines, Penalties and Forfeits	-	1,078,150	-	75,883	-	1,154,033
Actuarial Gains	4,469,509	-	-	-	-	4,469,509
Fair Value Adjustments	5,259,108	-	-	-	-	5,259,108
Other Income	-	-	-	-	900,079	900,079
External Revenue from Exchange Transactions	**94,866,797**	**6,628,865**	**7,149**	**90,224,919**	**31,087,731**	**222,815,461**
Service Charges	59,712,059	-	-	90,224,919	30,427,098	180,364,076
Rental of Facilities and Equipment	24,804	1,891,623	-	-	-	1,916,426
Interest Earned - External Investments	1,621,380	-	-	-	-	1,621,380
Interest Earned - Outstanding Debtors	32,609,035	-	-	-	-	32,609,035
Licences and Permits	-	393,478	-	-	-	393,478
Agency Services	-	2,352,006	-	-	-	2,352,006
Other Income	899,520	1,991,758	7,149	-	660,632	3,559,060
TOTAL REVENUE	**218,450,179**	**19,714,924**	**22,367,149**	**103,517,861**	**35,229,941**	**399,280,055**
EXPENDITURE	**181,124,412**	**48,804,387**	**13,714,699**	**164,692,017**	**7,239,623**	**415,575,138**
Employee Related Costs	35,651,213	45,868,423	6,802,250	20,845,905	6,297,297	115,465,088
Remuneration of Councillors	9,277,328	-	-	-	-	9,277,328
Debt Impairment	8,465,811	-	-	-	-	8,465,811
Depreciation and Amortisation	32,610,400	-	-	-	-	32,610,400
Impairments	1,884,813	-	-	-	-	1,884,813
Actuarial Losses	-	-	-	-	-	-
Finance Charges	45,876,761	-	89,124	-	-	45,965,885
Bulk Purchases	-	-	-	132,638,416	-	132,638,416
Other Expenditure	42,647,815	2,115,755	6,500,819	4,478,553	615,378	56,358,321
Repairs and Maintenance	4,710,271	820,209	322,506	6,729,142	326,948	12,909,076
Loss on Disposal of Assets	-	-	-	-	-	-
TOTAL EXPENDITURE	**181,124,412**	**48,804,387**	**13,714,699**	**164,692,017**	**7,239,623**	**415,575,138**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**37,325,767**	**(29,089,463)**	**8,652,450**	**(61,174,155)**	**27,990,319**	**(16,295,083)**
CAPITAL EXPENDITURE FOR THE YEAR	**244,198**	**4,705,809**	**15,252,462**	**16,837,890**	**380,974**	**37,421,333**

55 SEGMENT REPORTING (CONTINUED)

	Non - Segments	Segments				
Correction of errors	Municipal governance and administration R	Community and public safety R	Economic and environmental services R	Trading services - Electricity R	Trading services - Solid Waste and Street Cleaning R	Total R
REVENUE						
External Revenue from Non-Exchange Transactions	**5,831,077**	**1,727,084**	-	-	**10,789**	**7,568,950**
Property Rates	(2,693,918)	-	-	-	-	(2,693,918)
Property rates - Interest received	8,524,995	-	-	-	-	8,524,995
Government Grants and Subsidies - Operating	-	-	-	-	910,868	910,868
Government Grants and Subsidies - Capital	-	-	-	-	-	-
Contributed Property, Plant and Equipment	-	827,005	-	-	-	827,005
Fines, Penalties and Forfeits	-	-	-	-	-	-
Actuarial Gains	-	-	-	-	-	-
Fair Value Adjustments	-	-	-	-	-	-
Other Income	-	900,079	-	-	(900,079)	-
External Revenue from Exchange Transactions	**(68,822,919)**	**651,383**	-	**33,373,144**	**(1,691,108)**	**(36,489,501)**
Service Charges	(59,712,059)	-	-	33,373,144	(1,030,476)	(27,369,391)
Rental of Facilities and Equipment	-	(8,550)	-	-	-	(8,550)
Interest Earned - External Investments	-	-	-	-	-	-
Interest Earned - Outstanding Debtors	(9,110,861)	-	-	-	-	(9,110,861)
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Other Income	-	659,932	-	-	(660,632)	(700)
TOTAL REVENUE	**(62,991,842)**	**2,378,466**	-	**33,373,144**	**(1,680,319)**	**(28,920,551)**
EXPENDITURE	**70,921,139**	**7,589,403**	**337,144**	**(43,219)**	**(9,851,179)**	**68,953,287**
Employee Related Costs	1,418,196	(1,504,643)	1,387,605	(43,219)	1,041,778	2,299,718
Remuneration of Councillors	-	-	-	-	-	-
Debt Impairment	58,153,387	-	-	-	(9,992,879)	48,160,508
Depreciation and Amortisation	38,163	-	-	-	-	38,163
Impairments	-	-	-	-	-	-
Actuarial Losses	-	-	-	-	-	-
Finance Charges	-	-	-	-	-	-
Bulk Purchases	-	-	-	-	-	-
Other Expenditure	(8,410,401)	9,094,046	(1,050,461)	-	(900,079)	(1,266,895)
Repairs and Maintenance	-	-	-	-	-	-
Loss on Disposal of Assets	19,721,794	-	-	-	-	19,721,794
TOTAL EXPENDITURE	**70,921,139**	**7,589,403**	**337,144**	**(43,219)**	**(9,851,179)**	**68,953,287**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(133,912,981)**	**(5,210,937)**	**(337,144)**	**33,416,363**	**8,170,861**	**(171,928,435)**
CAPITAL EXPENDITURE FOR THE YEAR	432,018	4,138,948	(15,252,462)	(2,003,797)	9,582,970	(3,102,324)

WALTER SISULU LOCAL MUNICIPALITY
ANNEXURE A - APPROPRIATION STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2024	Unauthorised expenditure	Variance	Variance (Actual Outcome as % of Final Budget)	Variance (Actual Outcome as % of Original Budget)	Variance (Unauthorised as % of Final Budget)
		R		R	R	R	R	R	R	R			%
REVENUE													
Exchange													
Service Charges - Electricity	Service Charges	189,531,118		189,531,118	-	-	189,531,118	194,819,535	-	5,288,417	103%	103%	0.00%
Service Charges - Waste management		25,809,404	6,503,000	32,312,404	-	-	32,312,404	33,004,358	-	691,954	102%	128%	0.00%
Sales of Goods and Rendering of Services	Other income	2,536,781		2,536,781	-	-	2,536,781	4,543,850	-	2,007,069	179%	179%	0.00%
Agency Services	Agency Services	2,402,702		2,402,702	-	-	2,402,702	2,231,599	-	(171,103)	93%	93%	0.00%
Interest	Interest Earned - External Investments	1,631,010		1,631,010	-	-	1,631,010	862,602	-	(768,408)	53%	53%	0.00%
Interest earned from receivables	Interest Earned - Outstanding Debtors	24,469,921	4,982,000	29,451,921	-	-	29,451,921	30,521,084	-	1,069,163	104%	125%	0.00%
Rental from Fixed Assets	Rental of Facilities and Equipment	2,361,388		2,361,388	-	-	2,361,388	1,562,574	-	(798,814)	66%	66%	0.00%
Licences and Permits	Licences and Permits	910,605		910,605	-	-	910,605	1,591,363	-	680,758	175%	175%	0.00%
Operational revenue	Operational revenue	6,437		6,437	-	-	6,437	-	-	(6,437)	0%	0%	0.00%
Non-exchange									-				
Property Rates	Property Rates	53,921,728	8,142,000	62,063,728	-	-		41,429,644	-	41,429,644	100%	77%	0.00%
Fines, penalties and forfeits	Fines, Penalties and Forfeits	386,791		386,791	-	-		1,308,907	-	1,308,907	100%	338%	0.00%
Licences and Permits	Licences and Permits	4,254,642		4,254,642	-	-		-	-	-	100%	0%	0.00%
Transfers and subsidies - operational	Government Grants and Subsidies (Operational only)	82,899,087	(72,800)	82,826,287	-	-	82,826,287	85,623,538	-	2,797,251	103%	103%	0.00%
Debt forgiven	Debt forgiven	-	-	-	-	-	-	31,755,375	-	31,755,375	100%	100%	0.00%
Interest	Interest Earned - Non-exchange Transactions	8,451,099		8,451,099	-	-	8,451,099	9,764,983	-	1,313,884	116%	116%	0.00%
Operational revenue	Operational Revenue			-	-	-	-			-	0%	0%	0.00%
	Public Contributions and Donations			-	-	-	-			-	0%	0%	0.00%
	Availability charges			-	-	-	-			-	0%	0%	0.00%
Gains on disposal of assets	Gains on Sale of Fixed Assets			-	-	-	-	-	-	-	0%	0%	0.00%
Other gains		-	-	-	-	-	-	87,062,020	-	87,062,020	0%	0%	0.00%
	Actuarial Gains	-		-	-	-	-	1,616,592	-	1,616,592			
	Concessionary loans received	-		-	-	-	-	85,343,830	-	85,343,830			
	Profit/(Loss) on Fair Value Adjustments	-		-	-	-	-	101,599	-	101,599			
	Profit/(Loss) from Discontinued Operations	-		-	-	-	-	-	-	-			
Total Revenue (excluding capital transfers and contributions)		399,572,713	19,554,200	419,126,913	-	-	352,421,752	526,081,433	-	173,659,681			

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2024	Unauthorised expenditure	Variance	Variance (Actual Outcome as % of Final Budget)	Variance (Actual Outcome as % of Original Budget)	Variance (Unauthorised as % of Final Budget)
		R		R	R	R	R	R	R	R			%

WALTER SISULU LOCAL MUNICIPALITY
APPROPRIATION STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2024	Unauthorised expenditure	Variance	Variance (Actual Outcome as % of Final Budget)	Variance (Actual Outcome as % of Original Budget)	Variance (Actual Outcome as % of Final Budget)
		R		R	R	R	R	R	R	R			%
EXPENDITURE													
Employee Related Costs		134,818,788	(4,479,918)	130,338,870	-	-	130,338,870	132,945,214		2,606,344	102%	99%	0.00%
Remuneration of Councillors		9,037,320		9,037,320	-	-	9,037,320	9,946,335		909,015	110%	110%	0.00%
Debt Impairment	Reversal of Impairment Loss/(Impairment Loss) on Receivables	15,000,000		15,000,000	-	-	15,000,000	80,418,144		65,418,144	536%	536%	0.00%
Depreciation and Amortisation	Depreciation and Amortisation	35,255,822		35,255,822	-	-	35,255,822	31,975,814		(3,280,008)	91%	91%	0.00%
Interest	Finance Charges	15,261,110	10,000,000	25,261,110	-	-	25,261,110	75,905,444		50,644,334	300%	497%	0.00%
Bulk Purchases - electricity	Bulk Purchases (Electricity only)	163,052,608		163,052,608	-	-	163,052,608	154,282,217		(8,770,391)	95%	95%	0.00%
Contracted Services		26,947,965	581,608	27,529,573	-	-	27,529,573			(27,529,573)	0%	0%	0.00%
Transfers and Subsidies		60,000		60,000	-	-	60,000	-		(60,000)	0%	0%	0.00%
Operational costs		25,753,587	14,258,810	40,012,397	-	-	40,012,397	97,642,953		57,630,556	244%	379%	0.00%
	Operational Costs	25,753,587	14,258,810	40,012,397	-	-	40,012,397	97,642,953		57,630,556	244%	379%	-100.00%
Losses on disposal of assets	(Loss) on Sale of Fixed Assets			-	-	-	-	3,273,649		3,273,649	100%	100%	0.00%
Other losses													
	Actuarial Losses	-	-	-	-	-	-			-	0%	0%	0.00%
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-	-	-	-			-	0%	0%	0.00%
	Profit/(Loss) on Fair Value Adjustments	-	-	-	-	-	-			-	0%	0%	0.00%
	Inventories:(Write-down)/Reversal of Write-down to Net Realisable Value	-	-	-	-	-	-			-	0%	0%	0.00%
	Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-			-	0%	0%	0.00%
	Water Losses	-	-	-	-	-	-			-	0%	0%	0.00%
Total Expenditure		425,187,200	20,360,500	445,547,700	-	-	445,547,700	586,389,771		140,842,071	132%	138%	0.00%
Surplus/(Deficit)		(25,614,487)	(806,300)	(26,420,787)	-	-	(93,125,948)	(60,308,338)		32,817,610	65%	235%	0.00%
Transfers and subsidies - capital (monetary allocations)	Government Grants and Subsidies (Capital only)	20,683,400	(1,383,200)	19,300,200	-	-	19,300,200	19,300,200		-	100%	93%	0.00%
Surplus/(Deficit) after Capital Transfers & Contributions		(4,931,087)	(2,189,500)	(7,120,587)	-	-	(73,825,748)	(41,008,138)	-	32,817,610	56%	832%	0.00%
Taxation		-	-	-							0%	0%	0.00%
Surplus/(Deficit) after Taxation		(4,931,087)	(2,189,500)	(7,120,587)	-	-	(73,825,748)	(41,008,138)	-	32,817,610	56%	832%	0.00%
Attributable to Minorities		-	-	-	-	-	-	-		-	0%	0%	0.00%
Surplus/(Deficit) Attributable to Municipality		(4,931,087)	(2,189,500)	(7,120,587)	-	-	(73,825,748)	(41,008,138)	-	32,817,610	56%	832%	-100.00%
Share of Surplus/(Deficit) of Associate		-	-	-	-	-	-	-		-	0%	0%	0.00%
Surplus/(Deficit) for the year		(4,931,087)	(2,189,500)	(7,120,587)	-	-	(73,825,748)	(41,008,138)	-	32,817,610	56%	832%	-100.00%

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2024	Unauthorised expenditure	Variance	Variance (Actual Outcome as % of Final Budget)	Variance (Actual Outcome as % of Original Budget)	Variance (Unauthorised as % of Final Budget)
		R		R	R	R	R	R	R	R			%

WALTER SISULU LOCAL MUNICIPALITY
APPROPRIATION STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2024	Unauthorised expenditure	Variance	Variance (Actual Outcome as % of Final Budget)	Variance (Actual Outcome as % of Original Budget)	Variance (Actual Outcome as % of Final Budget)
		R		R	R	R	R	R	R	R			%
CAPITAL EXPENDITURE AND FUND SOURCES													
Total expenditure and funds sources													
Total Capital expenditure		33,215,400	-2,160,000	31,055,400	-	-	-	20,424,953	-	20,424,953	100%	61%	100%
Sources of capital funds													
Transfers recognised - capital		20,683,400	-	20,683,400	-	-	-	19,300,200	-	19,300,200	100%	93%	0%
Public contributions and donations		-	-	-	-	-	-	-	-	-	0%	0%	0%
Borrowing		-	-	-	-	-	-	-	-	-	0%	0%	0%
Internally generated funds		12,532,000	-2,160,000	10,372,000	-	-	-	1,124,753	-	1,124,753	100%	9%	0%
Total sources of capital funds		33,215,400	-2,160,000	31,055,400	-	-	-	20,424,953	-	20,424,953	200%	102%	-100%
CASHFLOWS													
Net cash from / (used) in operating activities		-99,120,529	-12,980,544	-112,101,073	-	-	-	17,346,361	-	17,346,361	100%	-18%	0%
Net cash from / (used) in investing activities		-38,197,710	2,484,000	-35,713,710	-	-	-	-19,582,813	-	-19,582,813	100%	51%	0%
Net cash from / (used) in financing activities		-	-	-	-	-	-	-332,825	-	-332,825	100%	100%	0%
Net increase/(decrease) in cash and cash equivalents at year end		-137,318,239	-10,496,544	-147,814,783	-	-	-	-2,569,276	-	-2,569,276	100%	2%	0%
Cash and cash equivalents at the beginning of the year		168,047,783	-	168,047,783	-	-	-	5,372,250	-	-19,582,813	100%	3%	0%
Cash and cash equivalents at the end of the year		30,729,544	-10,496,544	20,233,000	-	-	-	2,802,973	-	-22,152,089	100%	9%	0%

ANNEXURES DO NOT FORM PART OF THE ANNUAL FINANCIAL STATEMENTS AND HAVE NOT BEEN AUDITED.