



MATATIELE

LOCAL MUNICIPALITY

Matatiele Local Municipality
Annual Financial Statements
for the year ended 30 June 2023

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Executive committee

Mayor	S Mngenela
Speaker	N Ngwanya
Chief Whip	N A Nkukhu
Portfolio Head: Budget and Treasury	P M Stuurman
Portfolio Head: Infrastructure	F Shale
Portfolio Head: Economic Development	M Facu
Portfolio Head: Community Services	S D Booth
Portfolio Head: Special Programmes	M Nyembezi
Portfolio Head: Corporate Services	N C Ludidi – Ndabane
Portfolio Head: Human Settlements	T Dyantyi
EXCO Member	S Sikhafungana
EXCO Member	W B Potwana
Chairperson: MPAC	M S Mokhesi
Chairperson: Public Participation	M Mapena
Chairperson: Women's Caucus	T Mtoto
Members of the council	
Member	N Baba
Member	F Zigxash
Member	N R Duma
Member	N P Jona
Member	M Kondile
Member	W K Leballo
Member	L J Leeu
Member	P T Letsie
Member	J G Luthuli
Member	T B Mantshule
Member	S C Maphasa
Member	K A Mazwi
Member	S W Mbulawa
Member	S-N Mgolombane
Member	T F Mohatla
Member	M P Mokhele
Member	M Molefe
Member	N Mpokolo
Member	N Mshuqwana
Member	T V Ngaleka
Member	L E Nkamba
Member	T Nketlana
Member	N I Nomlala
Member	N D Nondabula
Member	A N Nqodi
Member	S G S Ntabeni
Member	P V Ntlokwana
Member	M A Ntsane
Member	F L Nyamakazi
Member	N A Pambukele
Member	T Rakharebe
Member	K E Seputle
Member	M Seshea

Matatiele Local Municipality

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General Information

Member	N Shaik
Member	T S Sheane
Member	W P Sipika
Member	N N Sontangane
Member	M Tsoanyane
Member	S Vikwa
Audit committee	Mr. A Gonzalves Mr. S Nombembe Mrs. N Ntshanga Mr. Z Zulu Mr. T Nevondwe
Grading of local authority	3
Accounting Officer	Mr. L Matiwane
Chief Finance Officer (CFO)	Mr. K Mehlomakhulu
Registered office	102 Main Street Matatiele 4730
Business address	102 Main Street Matatiele 4730
Postal address	P.O. Box 35 Matatiele 4730
Bankers	Nedbank
Auditors	Auditor General of South Africa (AGSA)
Registered business telephone number	039 737 8100
Level of assurance	These annual financial statements will be audited in compliance with the applicable requirements of GRAP.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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

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Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

I certify that the salaries, allowances and benefits of councillors as disclosed in note 31 to these financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for auditing and expressing an opinion on the municipality's annual financial statements.

The annual financial statements set out on pages 6 - 88, which have been prepared on the going concern basis, were approved.



Mr. L. Matiwane
Municipal Manager

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

		2023	2022 Restated*
	Notes		
Assets			
Current Assets			
Inventories	3	1 604 844	1 874 495
Statutory receivables	4	91 070 138	81 286 951
Trade receivables from non-exchange transactions	5	426 607	247 600
VAT receivable	6	72 524	3 007 690
Trade receivables from exchange transactions	7	16 988 440	24 116 760
Security held in Eskom	8	4 721 193	4 517 888
Cash and cash equivalents	9	255 385 028	237 174 556
		370 268 774	352 225 940
Non-Current Assets			
Investment property	10	4 960 309	4 960 309
Property, plant and equipment	11	1 104 604 836	1 120 868 478
Property, plant and equipment - capitalised restoration cost	12	12 071 381	12 585 130
Intangible assets	13	910 923	205 953
Heritage assets	14	1 542 530	870 000
		1 124 089 979	1 139 489 870
Total Assets		1 494 358 753	1 491 715 810
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	61 814 783	57 832 231
Consumer deposits	16	413 324	390 324
Unspent conditional grants and receipts	17	4 904 470	12 339 858
Employee benefit obligation	18	1 437 000	1 174 000
Provisions	19	17 328 677	15 162 167
		85 898 254	86 898 580
Non-Current Liabilities			
Employee benefit obligation	18	16 021 003	16 388 003
Provisions	19	21 827 408	22 439 174
		37 848 411	38 827 177
Total Liabilities		123 746 665	125 725 757
Net Assets		1 370 612 088	1 365 990 053
Reserves			
Revaluation reserve	20	130 306 987	173 369 572
Accumulated surplus		1 240 305 101	1 192 620 481
Total Net Assets		1 370 612 088	1 365 990 053

* See Note 57

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

		2023	2022 Restated*
	Notes		
Revenue			
Revenue from exchange transactions			
Service charges	21	70 827 549	68 145 618
Rental of facilities and equipment	22	1 048 717	1 158 358
Agency services	23	1 779 757	1 649 721
Licences and permits	24	1 880 723	1 756 879
Other income	25	1 322 541	1 307 925
Interest revenue	26	35 621 735	25 931 263
Total revenue from exchange transactions		112 481 022	99 949 764
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	27	48 715 628	48 725 788
Transfer revenue			
Government grants & subsidies	28	402 115 384	432 883 059
Fine receipts	29	2 609 430	2 058 439
Total revenue from non-exchange transactions		453 440 442	483 667 286
Total revenue		565 921 464	583 617 050
Expenditure			
Employee related costs	30	(149 108 144)	(131 594 283)
Remuneration of councillors	31	(22 872 392)	(21 443 891)
Remuneration of traditional leaders	32	(84 580)	(129 728)
Depreciation and amortisation	33	(55 782 443)	(54 937 604)
Finance costs	34	(133 698)	(34 877)
Material and stores	35	(5 747 744)	(6 075 204)
Bulk purchases	36	(58 339 868)	(58 160 536)
Contracted services	37	(95 475 669)	(101 958 867)
General Expenses	38	(55 903 304)	(40 379 435)
Total expenditure		(443 447 842)	(414 714 425)
Operating surplus		122 473 622	168 902 625
Loss on disposal of assets	39	(64 806 594)	(78 262 784)
Debt impairment	40	(20 692 051)	(17 650 618)
Impairment loss	41	(8 692 376)	(1 113 241)
Landfill site provision (contributions)/reversal	42	611 767	(4 467 527)
		(93 579 254)	(101 494 170)
Surplus for the year		28 894 368	67 408 455

* See Note 57

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2021	230 445 832	1 113 586 658	1 344 032 490
Changes in net assets			
Correction of error	-	25 324	25 324
Impairment losses on revalued capital assets	(45 476 217)	-	(45 476 217)
Transfer from Revaluation Reserve to Accumulated Surplus	(11 600 044)	11 600 044	-
Net income (losses) recognised directly in net assets	(57 076 261)	11 625 368	(45 450 893)
Surplus for the year restated	-	67 408 455	67 408 455
Total recognised income and expenses for the year	(57 076 261)	79 033 823	21 957 562
Total changes	(57 076 261)	79 033 823	21 957 562
Restated* Balance at 01 July 2022	173 369 571	1 192 620 481	1 365 990 052
Changes in net assets			
Impairment losses on revalued capital assets	(24 272 332)	-	(24 272 332)
Transfer from Revaluation Reserve to Accumulated Surplus	(18 790 252)	18 790 252	-
Net income (losses) recognised directly in net assets	(43 062 584)	18 790 252	(24 272 332)
Surplus for the year	-	28 894 368	28 894 368
Total recognised income and expenses for the year	(43 062 584)	47 684 620	4 622 036
Total changes	(43 062 584)	47 684 620	4 622 036
Balance at 30 June 2023	130 306 987	1 240 305 101	1 370 612 088
Note			

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* See Note 57

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

	2023	2022
	Note(s)	Restated*
Cash flows from operating activities		
Receipts		
Sale of goods and services		
Grants	100 035 144	84 197 425
Interest income	394 679 996	440 761 999
Other receipts	35 621 735	25 931 263
	8 966 908	6 646 822
	<u>539 303 783</u>	<u>557 537 509</u>
Payments		
Employee costs and suppliers	(381 805 752)	(354 010 694)
Finance costs	(133 698)	(34 877)
	<u>(381 939 450)</u>	<u>(354 045 571)</u>
Net cash flows from operating activities	44 157 364 333	203 491 938
Cash flows from investing activities		
Purchase of property, plant and equipment	11 (137 637 873)	(190 262 344)
Purchase of other intangible assets	13 (843 458)	(50 000)
Purchase of heritage assets	14 (672 530)	(870 000)
	<u>(139 153 861)</u>	<u>(191 182 344)</u>
Net increase/(decrease) in cash and cash equivalents	18 210 472	12 309 594
Cash and cash equivalents at the beginning of the year	237 174 557	224 864 963
Cash and cash equivalents at the end of the year	9 255 385 029	237 174 557

* See Note 57

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	86 941 668	-	86 941 668	70 827 549	(16 114 119)	Note 56
Rental of facilities and equipment	2 027 556	-	2 027 556	1 048 717	(978 839)	Note 56
Agency services	-	-	-	1 779 757	1 779 757	Note 56
Licences and permits	4 130 853	-	4 130 853	1 880 723	(2 250 130)	Note 56
Other income	1 470 696	306 152	1 776 848	1 322 541	(454 307)	Note 56
Interest received - investment	14 650 000	409 996	15 059 996	19 146 033	4 086 037	Note 56
Interest Received - Outstanding debtors	18 730 800	-	18 730 800	16 475 702	(2 255 098)	Note 56
Total revenue from exchange transactions	127 951 573	716 148	128 667 721	112 481 022	(16 186 699)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	54 088 413	-	54 088 413	48 715 628	(5 372 785)	Note 56
Transfer revenue						
Government grants & subsidies	395 774 000	7 805 001	403 579 001	402 115 388	(1 463 613)	Note 56
Fine receipts	1 769 000	-	1 769 000	2 609 430	840 430	Note 56
Total revenue from non-exchange transactions	451 631 413	7 805 001	459 436 414	453 440 446	(5 995 968)	
Total revenue	579 582 986	8 521 149	588 104 135	565 921 468	(22 182 667)	
Expenditure						
Employee related costs	(141 262 224)	(14 133 988)	(155 396 212)	(149 108 144)	6 288 068	Note 56
Remuneration of councillors	(22 459 248)	(420 000)	(22 879 248)	(22 872 392)	6 856	Note 56
Remuneration of traditional leaders	-	(100 000)	(100 000)	(84 580)	15 420	Note 56
Depreciation, amortisation and impairment loss	(53 336 148)	(19 800 000)	(73 136 148)	(55 782 443)	17 353 705	Note 56
Finance costs	-	-	-	(133 698)	(133 698)	Note 56
Lease rentals on operating lease	(1 500 000)	250 000	(1 250 000)	-	1 250 000	Note 56
Stores and materials	(7 746 996)	(395 000)	(8 141 996)	(5 747 744)	2 394 252	Note 56
Bulk purchases	(61 382 988)	-	(61 382 988)	(58 339 868)	3 043 120	Note 56
Contracted Services	(113 584 116)	2 807 852	(110 776 264)	(95 475 669)	15 300 595	Note 56
General Expenses	(72 751 512)	4 066 649	(68 684 863)	(64 595 684)	4 089 179	Note 56
Total expenditure	(474 023 232)	(27 724 487)	(501 747 719)	(452 140 222)	49 607 497	
Operating surplus	105 559 754	(19 203 338)	86 356 416	113 781 246	27 424 830	
Loss on disposal of assets and liabilities	-	(105 000 000)	(105 000 000)	(64 806 594)	40 193 406	Note 56
Debt impairment	(6 000 000)	-	(6 000 000)	(20 692 051)	(14 692 051)	Note 56
Landfill site provision contribution	-	-	-	611 767	611 767	Note 56
	(6 000 000)	(105 000 000)	(111 000 000)	(84 886 878)	26 113 122	
Surplus before taxation	99 559 754	(124 203 338)	(24 643 584)	28 894 368	53 537 952	

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	99 559 754	(124 203 338)	(24 643 584)	28 894 368	53 537 952	
Reconciliation						

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	1 093 345	1 000	1 094 345	1 604 844	510 499	Note 56
Statutory receivables	70 501 790	19 136 249	89 638 039	91 070 138	1 432 099	Note 56
Trade receivables from non-exchange transactions	-	-	-	426 607	426 607	Note 56
VAT receivable	-	-	-	72 524	72 524	Note 56
Consumer debtors	4 936 892	12 745 630	17 682 522	16 988 440	(694 082)	Note 56
Security held in Eskom	-	-	-	4 721 193	4 721 193	Note 56
Cash and cash equivalents	232 938 324	13 059 427	245 997 751	255 385 029	9 387 278	Note 56
	309 470 351	44 942 306	354 412 657	370 268 775	15 856 118	
Non-Current Assets						
Investment property	-	-	-	4 960 309	4 960 309	Note 56
Property, plant and equipment	1 356 483 136	(118 803 328)	1 237 679 808	1 104 604 836	(133 074 972)	Note 56
Property, plant and equipment - capitalised restoration cost	-	-	-	12 071 381	12 071 381	Note 56
Intangible assets	4 625 918	-	4 625 918	910 923	(3 714 995)	Note 56
Heritage assets	620 004	-	620 004	1 542 530	922 526	Note 56
	1 361 729 058	(118 803 328)	1 242 925 730	1 124 089 979	(118 835 751)	
Total Assets	1 671 199 409	(73 861 022)	1 597 338 387	1 494 358 754	(102 979 633)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	62 797 922	50 142 317	112 940 239	61 814 784	(51 125 455)	Note 56
Consumer deposits	822 198	-	822 198	413 324	(408 874)	Note 56
Employee benefit obligation	-	-	-	1 437 000	1 437 000	Note 56
Unspent conditional grants and receipts	-	-	-	4 904 470	4 904 470	Note 56
Provisions	35 752 330	-	35 752 330	17 328 677	(18 423 653)	Note 56
	99 372 450	50 142 317	149 514 767	85 898 255	(63 616 512)	
Non-Current Liabilities						
Employee benefit obligation	-	-	-	16 021 003	16 021 003	Note 56
Provisions	14 441 631	-	14 441 631	21 827 408	7 385 777	Note 56
	14 441 631	-	14 441 631	37 848 411	23 406 780	
Total Liabilities	113 814 081	50 142 317	163 956 398	123 746 666	(40 209 732)	
Net Assets	1 557 385 328	(124 003 339)	1 433 381 989	1 370 612 088	(62 769 901)	
Reserves						
Revaluation reserve	379 337 259	(307 758 000)	71 579 259	130 306 987	58 727 728	Note 56
Accumulated surplus	1 178 048 069	183 754 661	1 361 802 730	1 240 305 101	(121 497 629)	Note 56
Total Net Assets	1 557 385 328	(124 003 339)	1 433 381 989	1 370 612 088	(62 769 901)	

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	112 824 066	(5 300 000)	107 524 066	100 035 144	(7 488 922)	Note 56
Grants	395 774 000	7 805 005	403 579 005	394 679 996	(8 899 009)	Note 56
Interest income	14 649 996	410 000	15 059 996	35 621 735	20 561 739	Note 56
Other receipts	7 598 492	23 865 610	31 464 102	8 966 908	(22 497 194)	Note 56
	530 846 554	26 780 615	557 627 169	539 303 783	(18 323 386)	
Payments						
Suppliers	(420 686 900)	(7 724 518)	(428 411 418)	(381 805 752)	46 605 666	Note 56
Finance costs	-	-	-	(133 698)	(133 698)	Note 56
	(420 686 900)	(7 724 518)	(428 411 418)	(381 939 450)	46 471 968	
Net cash flows from operating activities	110 159 654	19 056 097	129 215 751	157 364 333	28 148 582	
Cash flows from investing activities						
Purchase of property, plant and equipment	(171 309 299)	(5 996 685)	(177 305 984)	(137 637 874)	39 668 110	Note 56
Purchase of intangible assets	-	-	-	(843 457)	(843 457)	Note 56
Purchases of heritage assets	-	-	-	(672 530)	(672 530)	Note 56
Net cash flows from investing activities	(171 309 299)	(5 996 685)	(177 305 984)	(139 153 861)	38 152 123	
Net increase/(decrease) in cash and cash equivalents	(61 149 645)	13 059 412	(48 090 233)	18 210 472	66 300 705	Note 56
Cash and cash equivalents at the beginning of the year	294 087 969	-	294 087 969	237 174 557	(56 913 412)	Note 56
Cash and cash equivalents at the end of the year	232 938 324	13 059 412	245 997 736	255 385 029	9 387 293	
Reconciliation						

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2022											
Financial Performance											
Property rates	54 088 413	-	54 088 413	-	-	54 088 413	48 715 628		(5 372 785)	90 %	90 %
Service charges	86 941 668	-	86 941 668	-	-	86 941 668	70 827 549		(16 114 119)	81 %	81 %
Investment revenue	33 380 800	409 996	33 790 796	-	-	33 790 796	35 621 735		1 830 939	105 %	107 %
Transfers recognised - operational	293 418 000	1 808 337	295 226 337	-	-	295 226 337	292 768 004		(2 458 333)	99 %	100 %
Other own revenue	9 398 105	306 152	9 704 257	-	-	9 704 257	9 455 070		(249 187)	97 %	101 %
Total revenue (excluding capital transfers and contributions)	477 226 986	2 524 485	479 751 471	-	-	479 751 471	457 387 986		(22 363 485)	95 %	96 %
Employee costs	(141 262 224)	(14 133 988)	(155 396 212)	-	-	(155 396 212)	(149 108 144)		6 288 068	96 %	106 %
Remuneration of councillors	(22 459 248)	(420 000)	(22 879 248)	-	-	(22 879 248)	(22 872 392)		6 856	100 %	102 %
Depreciation and asset impairment	(53 336 148)	(19 800 000)	(73 136 148)	-	-	(73 136 148)	(64 474 819)		8 661 329	88 %	121 %
Finance charges	-	-	-	-	-	-	(133 698)		(133 698)	DIV/0 %	DIV/0 %
Materials and bulk purchases	(61 382 988)	-	(61 382 988)	-	-	(61 382 988)	(58 339 868)		3 043 120	95 %	95 %
Other expenditure	(201 582 624)	(98 370 499)	(299 953 123)	-	-	(299 953 123)	(242 912 081)		57 041 042	81 %	121 %
Total expenditure	(480 023 232)	(132 724 487)	(612 747 719)	-	-	(612 747 719)	(537 841 002)		74 906 717	88 %	112 %
Surplus/(Deficit)	(2 796 246)	(130 200 002)	(132 996 248)	-	-	(132 996 248)	(80 453 016)		52 543 232	60 %	2 877 %

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Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	102 356 000	5 996 672	108 352 672	-	-	108 352 672	109 347 384		994 712	101 %	107 %
Surplus (Deficit) after capital transfers and contributions	99 559 754	(124 203 330)	(24 643 576)	-	-	(24 643 576)	28 894 368		53 537 944	(117)%	29 %
Surplus/(Deficit) for the year	99 559 754	(124 203 330)	(24 643 576)	-	-	(24 643 576)	28 894 368		53 537 944	(117)%	29 %
Capital expenditure and funds sources											
Total capital expenditure	102 356 000	5 996 672	108 352 672	-	-	108 352 672	164 892 922		56 540 250	152 %	161 %
Cash flows											
Net cash from (used) operating	110 159 654	19 056 097	129 215 751	-	-	129 215 751	157 364 333		28 148 582	122 %	143 %
Net cash from (used) investing	(171 309 299)	(5 996 685)	(177 305 984)	-	-	(177 305 984)	(139 153 861)		38 152 123	78 %	81 %
Net increase/(decrease) in cash and cash equivalents	(61 149 645)	13 059 412	(48 090 233)	-	-	(48 090 233)	18 210 472		66 300 705	(38)%	(30)%
Cash and cash equivalents at the beginning of the year	294 087 969	-	294 087 969	-	-	294 087 969	237 174 557		(56 913 412)	81 %	81 %
Cash and cash equivalents at year end	232 938 324	13 059 412	245 997 736	-	-	245 997 736	255 385 029		(9 387 293)	104 %	110 %

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2022				
Financial Performance				
Property rates				48 725 788
Service charges				68 145 618
Investment revenue				25 931 263
Transfers recognised - operational				267 121 651
Other own revenue				7 931 322
Total revenue (excluding capital transfers and contributions)				417 855 642
Employee costs	-	-	-	(131 594 283)
Remuneration of councillors	-	-	-	(21 443 891)
Depreciation and asset impairment	-	-	-	(56 050 845)
Finance charges	-	-	-	(34 877)
Materials and bulk purchases	-	-	-	(58 160 536)
Other expenditure	-	-	-	(248 924 163)
Total expenditure				(516 208 595)
Surplus/(Deficit)				(98 352 953)
Transfers recognised - capital				165 761 408
Surplus (Deficit) after capital transfers and contributions				67 408 455
Surplus/(Deficit) for the year				67 408 455
Capital expenditure and funds sources				
Total capital expenditure				194 045 159

Matatiele Local Municipality
 Annual Financial Statements for the year ended 30 June 2023
Appropriation Statement

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be Restated recovered	audited outcome
				V
Cash flows				
Net cash from (used) operating				203 491 938
Net cash from (used) investing				(191 182 344)
Net increase/(decrease) in cash and cash equivalents				12 309 594
Cash and cash equivalents at the beginning of the year				224 864 963
Cash and cash equivalents at year end				237 174 557

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

	Notes	2023	2022
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1. Presentation of Annual Financial Statements

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

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

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

Reference	Description
GRAP Framework	Framework for the preparation and presentation of financial statements
GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 9	Revenue from Exchange Transactions
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures (Revised)
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget information in Financial Statements
GRAP 25	Employee Benefits
GRAP 31	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principles and Agents

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All amounts are rounded to the nearest Rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. In preparing the financial statements, management is required to make estimates and assumptions that impact on the municipality financial statements once implemented. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

1.3 Comparative Information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors 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.

1.4 Municipal Standard Chart of Accounts (mSCOA) Implementation and Reclassification

The Municipal Regulations on Standard Chart of Accounts promulgated in terms of Government Gazette 37577 dated 22 April 2014 apply to all municipalities and municipal entities and became effective from 1 July 2017.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.4 Municipal Standard Chart of Accounts (mSCOA) Implementation and Reclassification (continued)

The main objective of this regulation is to provide for a national standard in respect of uniform recording and classification of municipal budget and financial information at a transaction level by prescribing a standard chart of accounts for municipalities and municipal entities which:

- a) are aligned to the budget formats and accounting standards prescribed for municipalities and municipal entities and with the standard chart of accounts for national and provincial government; and
- b) enable uniform information sets recorded in terms of national norms and standards across the whole of government for the purposes of national policy coordination and reporting, benchmarking and performance measurement in the local government sphere.

The impact of this mSCOA regulations affected the municipality's current business processes; transacting and reporting requirements.

1.5 Significant judgements and sources of estimation uncertainty

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

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

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Allowance for doubtful debts

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

Debtors from 90 days and above are impaired (debtors less than 90 days are not impaired).

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, as well as land with no determinable future use. Investment property is recognised as an asset i.e. probable that future economic benefits will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Costs include costs incurred initially and cost incurred subsequently to add to, or to replace a part or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 Investment property (continued)

Subsequent measurement

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

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

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Subsequent measurement

The following categories of Property, plant and equipment are carried on the revaluation model, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses:

- Land and Buildings
- Infrastructure
- Community Assets

The following categories of Property, plant and equipment are carried on the cost model, being the cost less accumulated depreciation and any impairment losses:

- Other property, plant and equipment
- Capital under construction

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

Capital under construction is not depreciated as the asset has not been brought into use yet. Land is not depreciated as it is deemed to have an indefinite useful life.

Revaluations are made every 5 years such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The land and buildings are checked against deeds information to ensure that the properties included in the register are owned and controlled by the municipality.

Market values are analysed to ensure that the value reflect the fair value of the fixed asset concerned. The assets with significant high market values to their carrying values are assessed for reasonableness as per requirements of GRAP 17.

The market value is split between land and buildings using a 10:90 split respectively.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Depreciation

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

Land is not depreciated as it is regarded as having an indefinite life. Depreciation on assets other than land is calculated on cost or revalued amount, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year end:

Item	Depreciation method
Infrastructure	Straight-line
• Roads and paving	15-30 years
• Electricity	20-50 years
• Water	20-50 years
• Sewerage	15-50 years
• Landfill sites	10-65 years
• Housing	30-50 years
• Pedestrian mall	15-30 years
Community	Straight-line
• Improvements	25-30 years
• Recreational facilities	20-50 years
• Security	05-15 years

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

Components

• Doors and iron	Straight-line 08-15 years
• Doors and iron (extensive)	15-30 years
• Fittings	05-15 years
• Fittings and fixtures	15-30 years
• Windows and glazing	08-15 years
• Windows and glazing (extensive)	15-30 years
• External roof structure/covering	15-35 years
• Floor finish	05-15 years
• Wall structure (internal)	20-50 years
• Electrical	10-30 years
Other property, plant and equipment	Straight-line
• Buildings	15-75 years
• Specialist vehicles	10 years
• Other vehicles	05-10 years
• Office equipment	05-10 years
• Furniture and fittings	07-10 years
• Watercraft	15 years
• Bins and containers	05-10 years
• Specialised equipment	10-15 years
• Other plant and equipment	02-15 years
• External wall	20-30 years
• Floor structure	20-40 years
• Wall painting	05-10 years
• Drainage	10-30 years
• Plumbing	10-30 years

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

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

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

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

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

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

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

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

1.8 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost:

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

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

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

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

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

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

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

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

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.9 Financial instruments

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

Initial recognition and measurement

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

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

The Effective Interest Rate Method

The Effective Interest Rate Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

Amortised cost

Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or collectability.

Fair value method and assumptions

The fair values of Financial Instruments are determined as follows:

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

Classification

In accordance with GRAP 104 the Financial Assets and Financial Liabilities of the municipality are classified as follows into the three categories allowed by this standard:

- Financial assets (or financial liabilities) 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. Financial assets (or financial liabilities) at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less an allowance for impairment.
- Financial assets (or financial liabilities) at fair value are financial instruments that meet either of the following conditions:
 - a. derivatives;
 - b. combined instruments that are designated at fair value;
 - c. instruments held for trading;
 - d. non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - e. financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.
- Financial assets (or financial liabilities) 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.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

Included under the major classes of financial instruments below, are line items that are separately disclosed in the notes that do not meet the definition of a financial instrument (such as Prepaid expenses, Payments made in advance etc.). The balances are clearly identifiable by the naming of the line items. Such items are excluded from the balances disclose in Note 46. In rare instances, aggregation within a line item of a note might contain both financial instruments and balances that do not meet the definition of a financial instrument. In these cases the individual line items would be assessed with reference to its significance. Where insignificant, non-financial instruments would be included in the aggregated line items that would normally meet the definition of a financial instrument. this disclosure aggregation was specifically selected to ensure comprehensive classification.

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Cash and cash equivalents (*)	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Finance lease receivables	Financial asset measured at amortised cost

Cash and cash equivalents include cash on hand (including petty cash) and cash with banks. Cash equivalents are both short-term highly liquid investments, readily convertible into known amounts of cash, and fixed term deposits that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash with banks and call deposits held with banks.

In accordance with GRAP 104 the Financial Assets of the municipality are all classified as financial assets at amortised cost, (*) except for cash floats and petty cash, which are classified as financial assets at fair value.

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

- Financial Liabilities measured at Fair Value;
- Financial Liabilities measured at Amortised Cost; or
- Financial Liabilities measured at Cost.

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at fair value
Unspent conditional grants and receipts	Financial liability measured at amortised cost

In accordance with GRAP 104 the Financial Liabilities of the municipality are all classified as financial liabilities at amortised cost, except for Consumer deposits, which are classified as financial liabilities at fair value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Initial and subsequent measurement

Financial Assets

Financial Assets measured at Amortised Cost

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

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

Financial Assets measured at Fair Value

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

Financial Liabilities

Financial Liabilities measured at fair value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at Amortised Cost

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

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the Accrual Basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Subsequent measurement of financial assets and financial liabilities

Impairment and uncollectibility 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 (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

An allowance 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. The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Initially receivables from exchange and non-exchange transactions are valued at fair value and subsequently carried at amortised cost using the effective interest rate method, less an allowance for impairment. The allowance is made in accordance with GRAP 104, whereby the recoverability of receivables is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at year-end. Amounts are written off in the year during which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

Annual impairment testing is conducted on all Receivable balances. The effects of the annual impairment testing are accounted for against the Provision for Bad Debts Allowance. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance against the Reversal of Impairment Loss/(Impairment Loss) on Receivables. Accounts identified and written-off during the year is recognised against Bad Debts Written Off in the Statement of Financial Performance.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition

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, except when Council approves the write-off of Financial Assets due to non-recoverability.

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

Financial assets and financial liabilities are only offset when the municipality has a legally enforceable right to do so and expects to settle or recover the instruments on a net basis.

Financial liabilities

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

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

1.10 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Statutory receivables (continued)

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

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

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

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

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

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

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

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Statutory receivables (continued)

Derecognition

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

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

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

1.11 Leases

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

1.12 Inventories

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

Subsequently inventories are measured at the lower of cost and net realisable value except where the following applies:

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

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

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

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

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

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

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

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.13 Impairment of assets

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash generating assets), the asset is considered impaired and is written down to its recoverable amount or recoverable service amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses on receivables are determined based on specific and objective evidence that assets are impaired and is measured as the difference between the carrying amount of assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the profit or loss.

1.14 Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged, cancelled or has expired.

1.15 Employee costs

These are all costs paid by an employer in exchange for services rendered by an employee. These include employee benefits such as salaries, bonuses, housing allowance, medical and other contributions, which are recognised in the income statement during the period in which the employee renders the related service. Detailed policies can also be noted under the Employee Benefits note.

1.16 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

All Actuarial gains and losses are recognised immediately in surplus or deficit when they occur.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

1.18 Revenue from exchange transactions

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

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

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

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.18 Revenue from exchange transactions (continued)

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts and rebates allowed by the entity. Fair value is the amount for which an asset could be exchanged, or a liability, between knowledgeable, willing parties in an arm's length transaction.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when 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.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

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 recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

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.

1.19 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. 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.

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 proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Government grants

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Unspent conditional grants

For all conditional grants, a corresponding liability is raised 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. The unspent conditional grant liability is disclosed in the Statement of Financial Position.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.20 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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 re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

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 the municipality 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:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- 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 of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

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

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

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

1.21 Unauthorised expenditure

Unauthorised expenditure means:

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.21 Unauthorised expenditure (continued)

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

1.22 Fruitless and wasteful expenditure

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

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

1.23 Irregular expenditure

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

1.24 Prepayments

The amount is not taken to profit or loss and other comprehensive income as an expense but disclosed as a current asset in the statement of financial position. The expense is only raised when it is incurred.

1.25 Accumulated Surplus

Included in the accumulated surplus is the previous years profits as well as the effects of changes in accounting policies and correction of errors.

1.26 iGRAP 1 - Probability of revenue

Initial Recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured.

Subsequent measurement

Subsequently, the collectability of the revenue is assessed and an impairment loss is recognised where appropriate.

1.27 VAT

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services.

1.28 Budget information

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

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

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

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.28 Budget information (continued)

The basis which has been applied in determining material variances is 10%. Income we have only provided reasons where the municipality has under achieved and for expenditure both over and under achieved where its 10% less or more than budget. The municipality treats employee costs as a major expense in its statement of financial performance hence we have provided a reason for that variance.

1.29 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other Senior Managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.30 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. A distinction is made between capital and current commitments. Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are to be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

1.31 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.32 Deferred revenue

The calculation is done on the week commencing 15 June with the assumption that the electricity purchased in the first and second week of the month will be consumed of the financial year. An average tariff has been applied for domestic as the municipality is on stepped tariff. The indigent is not deferred.

1.33 Investment income

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

1.34 Comparative figures

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

1.35 Segment Reporting

A segment is an activity of an entity:

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

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.35 Segment Reporting (continued)

Measurement

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

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

1.36 Heritage assets

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

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

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

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

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

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

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

1.37 Events after reporting date

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

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

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

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

Standard/ Interpretation:

- | | | |
|---|---------------|--|
| • iGRAP 7 (as revised 2021): Limit on defined benefit asset, minimum funding requirements and their interaction | | |
| • iGRAP 21: The Effect of Past Decisions on Materiality | 01 April 2023 | Unlikely there will be a material impact |
| • GRAP 2020: Improvements to the standards of GRAP 2020 | 01 April 2023 | Unlikely there will be a material impact |
| • GRAP 1 (amended): Presentation of Financial Statements | 01 April 2023 | Unlikely there will be a material impact |

3. Inventories

Consumable stores		
COVID-19 PPE	1 537 881	1 746 470
Medallions - at cost	85 322	140 591
	2 669	2 669
Inventories (write-downs)	1 625 872	1 889 730
	(21 028)	(15 235)
	1 604 844	1 874 495

No inventory is held as security by the municipality.

4. Statutory receivables

Traffic fines debtor	7 386 340	5 402 158
Rates from non-exchange transactions	143 548 575	126 487 464
Impairment	(59 864 777)	(50 602 671)
	91 070 138	81 286 951

Statutory receivables general information

The carrying value of Statutory 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 is charged at 18% per annum on overdue accounts.

Rates from non-exchange transactions

These are the receivables as rates that are levied on the properties within the jurisdiction of Matatiele Local Municipality. The rates that are applicable to a particular property are determined using the valuation roll. Rates are determined in accordance with the Municipal Property Rates Act No. 6 of 2004 as amended in 2014.

Traffic fines

These are the receivables for the fines in terms of the Road Traffic Regulations and the Municipal Bylaws where applicable. Fines are determined based on the Road Traffic Management Act.

Statutory receivables impairment

The Allowance for impairment of Statutory 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.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
4. Statutory receivables (continued)		
Reconciliation of provision for impairment of statutory receivables		
Opening balance	50 602 671	42 154 321
Provision for impairment	9 262 106	8 448 350
	59 864 777	50 602 671
Rates from non-exchange transactions		
Current		
31-60 days	1 294 506	1 242 133
61-90 days	1 300 945	1 188 412
91-120 days	1 942 861	1 871 293
121-365 days	1 936 215	1 772 719
Over 365 days	40 046 524	37 346 963
Total	97 027 524	83 065 944
Impairment	143 548 575 (53 156 223)	126 487 464 (45 905 461)
	90 392 352	80 582 003
Traffic Fines from non-exchange transactions		
Current		
61-90 days	115 800	417 300
91-120 days	353 600	287 650
121-365 days	183 000	636 150
Over 365 days	2 128 750	382 150
Total	4 605 190	3 678 908
Impairment	7 386 340 (6 708 554)	5 402 158 (4 697 210)
	677 786	704 948
5. Trade receivables from non-exchange transactions		
Sundry Debtors	3 207 380	2 902 157
Impairment on Sundry Debtors	(2 780 773)	(2 654 557)
	426 607	247 600
No receivables from non-exchange is held as security by the municipality.		
Included in Sundry Debtors is medical aid for pensioners and payroll debtors.		
The net balance of receivables from non-exchange transactions approximate the fair value of these receivables.		
6. VAT receivable		
Value Added Tax (VAT)	72 524	3 007 690
Prior period adjustment		
Previously stated	-	2 761 258
General expenditure	-	53 523
Property, plant and equipment	-	192 909
Restated balance	-	3 007 690

Refer to note 57 for further details on prior period adjustment.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
6. VAT receivable (continued)		
The Municipality accounts for Value Added Tax (VAT) on the payments basis. This means that VAT is declared to the South African Revenue Service as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services.		
All VAT returns due for the period under review were submitted to SARS timeously.		
7. Trade receivables from exchange transactions		
Gross balances		
Electricity from exchange transactions	12 936 352	19 420 911
Refuse from exchange transactions	28 465 334	25 279 619
Principal/Agency sales electricity	24 631 290	17 157 038
	66 032 976	61 857 568
Prior period adjustment - Interest accrued from investments		
Previously reported	-	442 642
Cash and cash equivalents	-	(442 642)
Restated balance	-	-
Refer to note 57 for further details.		
Less: Allowance for impairment		
Electricity from exchange transactions	(424 573)	(362 188)
Refuse from exchange transactions	(25 884 133)	(22 943 867)
Principal/Agency sales electricity	(22 735 830)	(14 434 753)
	(49 044 536)	(37 740 808)
Net balance		
Electricity from exchange transactions	12 511 779	19 058 723
Refuse from exchange transactions	2 581 201	2 335 752
Principal/Agency sales electricity	1 895 460	2 722 285
	16 988 440	24 116 760
Electricity		
Current (0 -30 days)	3 945 356	3 424 055
31 - 60 days	1 881 207	1 808 644
61 - 90 days	1 432 302	1 495 430
91 - 120 days	892 745	684 968
121 - 365 days	4 530 274	5 025 033
> 365 days	254 468	6 982 781
	12 936 352	19 420 911
Refuse		
Current (0 -30 days)	906 981	888 913
31 - 60 days	600 070	588 972
61 - 90 days	485 013	485 147
91 - 120 days	458 492	423 237
121 - 365 days	3 336 814	2 939 471
> 365 days	22 677 964	19 953 879
	28 465 334	25 279 619

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
7. Trade receivables from exchange transactions (continued)		
Principal/Agency sales electricity		
Current (0 -30 days)	-	2 183 606
31 - 60 days	760 587	-
61 - 90 days	550 167	-
91 - 120 days	584 707	-
121 - 365 days	2 692 465	-
> 365 days	20 043 364	14 973 432
	24 631 290	17 157 038
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	595 577	577 667
31 - 60 days	513 998	485 045
61 - 90 days	418 500	428 572
91 - 120 days	399 931	392 210
121 - 365 days	3 129 407	2 763 401
> 365 days	21 966 477	19 290 419
	27 023 890	23 937 314
Less: Allowance for impairment	(25 072 816)	(22 220 580)
	1 951 074	1 716 734
Industrial/commercial		
Current (0 -30 days)	2 410 692	4 666 897
31 - 60 days	1 471 478	756 855
61 - 90 days	1 052 390	328 704
91 - 120 days	807 926	69 917
121 - 365 days	3 047 549	275 436
> 365 days	20 130 892	15 392 937
	28 920 927	21 490 746
Less: Allowance for impairment	(23 160 402)	(15 520 228)
	5 760 525	5 970 518
National and provincial government		
Current (0 -30 days)	1 560 124	1 252 010
31 - 60 days	1 186 642	1 155 716
61 - 90 days	943 764	1 223 301
91 - 120 days	681 612	646 078
121 - 365 days	4 236 530	4 925 666
> 365 days	206 670	6 784 094
	8 815 342	15 986 865
Total		
Current (0 -30 days)	4 852 338	6 496 574
31 - 60 days	3 241 863	2 397 616
61 - 90 days	2 467 482	1 980 577
91 - 120 days	1 935 945	1 108 205
121 - 365 days	10 559 553	7 964 503
> 365 days	42 975 795	41 910 093
	66 032 976	61 857 568
Less: Allowance for impairment	(49 044 536)	(37 740 808)
	16 988 440	24 116 760

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
7. Trade receivables from exchange transactions (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(37 740 808)	(28 765 552)
Contributions to allowance	(11 303 728)	(8 975 256)
	(49 044 536)	(37 740 808)
Consumer debtors past due but not impaired		
Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2023, R11 990 105 (2022: R9 862 303) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	6 648 152	6 174 510
2 months past due	2 737 940	1 650 156
3 months past due	2 604 013	2 037 637
Consumer debtors impaired		
As of 30 June 2023, consumer debtors of R66 032 976 (2022: R61 857 568) were impaired and provided for.		
The amount of the provision was R49 044 536 as of 30 June 2023 (2022: R37 740 808).		
The ageing of these debtors is as follows:		
3 to 6 months	1 759 499	448 229
Over 6 months	47 285 037	37 244 014
In determining the recoverability of a Consumer receivable, the municipality considers any change in the credit quality of the Consumer receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the allowance for doubtful debts.		
8. Security held in Eskom		
Electricity deposits	4 721 193	4 517 888

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand		1 250	1 250
Bank balances		15 490 838	8 718 773
Short-term deposits		239 892 940	228 454 534
		255 385 028	237 174 557

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Nedbank - Current Account (main) - 1011292106	9 638 057	3 024 458	2 128 380	2 945 059
Standard Bank - Current Account - 060435224	11 016 918	4 016 044	11 016 918	4 016 044
First National Bank - Current Account - 62108495187	2 345 541	1 757 671	2 345 541	1 757 671
Standard Bank - 60 Day Notice Account - 68600704/001	131 384 582	95 884 582	131 384 582	95 884 582
Standard Bank - 60 Day Notice Account - 68600704/002	12 103 528	11 461 582	12 103 528	11 461 582
First National Bank - Money Market - 62108496573	6 805 396	6 805 396	6 805 396	6 805 396
Nedbank - Call Account - 03/7881006129/000004	55 967 185	61 864 893	55 967 185	61 864 893
Nedbank - Call Account - 03/7881120797/000001	915 468	10 000	915 468	10 000
Nedbank - 32 day Notice - 03/7881006129/0006	7 107 477	6 646 805	7 107 477	6 646 805
First National Bank - Money Market - 62215611121	2 122 148	2 015 578	2 122 148	2 015 578
First National Bank - Money Market - 62286478906	645 795	613 365	645 795	613 365
Nedbank - Call Account - 03/7881134496/000001	59 777	56 318	59 777	56 318
Nedbank - Electrification - 03/7881140356/000001	298 439	281 170	298 439	281 170
Nedbank MIG - 03/7881096624/000001	352 024	7 331 852	352 024	7 331 852
First National Bank - 62175310045	208 191	197 736	208 191	197 736
Nedbank - Disaster Relief Fund - 03/7881160276/000001	843 262	794 466	843 262	794 467
Nedbank - COVID-19 Solidarity Fund - 03/7881160454/000001	102 181	96 134	102 182	96 135
Nedbank - 03/7881127902/000001	14 032 915	27 605 371	14 032 915	27 605 371
Nedbank - Termination Guarantee - 03/7881169443/000001	144 641	144 641	144 641	144 641
Nedbank - Account Guarantee - 03/7881169451/000001	6 202 000	6 202 000	6 202 000	6 202 000
Interest accrued	-	-	597 929	442 642
Total	262 295 525	236 810 062	255 383 778	237 173 307

No investments are held with unregistered banks on behalf of Matatiele Local Municipality.

Prior period adjustment - Bank balances

Previously reported	-	228 011 891
Trade receivables from exchange transactions	-	442 642
Restated balance	-	228 454 533

Refer to note 57 for further details.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

10. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	4 960 309	-	4 960 309	4 960 309	-	4 960 309

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	4 960 309	-	4 960 309

Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	4 960 309	-	4 960 309

All of the municipality's investment properties are held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality and are held for capital appreciation.

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

There are no contractual obligations on investment property.

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

The effective date of the revaluations was 1 June 2021.

The valuation was performed using data based on arm's length transactions and related market evidence.

This was done by an independent and professional valuer with the Registration Number 70006/09, a member of SAIV (South African Institute of Valuers) by the name of Tshepo Patrick Mokhuwa

Rental revenue	1 048 293	1 158 358
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Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

	2023		2022	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Land	52 734 059	-	52 734 059	-
Buildings	184 555 698	(23 639 719)	160 915 979	(17 080 860)
Infrastructure	687 252 912	(209 558 176)	477 694 736	(151 386 291)
Community	183 216 770	(42 157 888)	141 058 882	(32 019 503)
Other property, plant and equipment	94 969 166	(45 793 188)	49 175 978	(46 045 210)
Capital work under construction	134 959 510	-	134 959 510	-
Assets held in consignment for Eskom	88 065 692	-	88 065 692	-
Total	1 425 753 807	(321 148 971)	1 104 604 836	(246 531 864)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Electrification Disposals	Depreciation	Impairment loss	Total
Land	52 734 059	-	-	-	-	-	-	52 734 059
Buildings	167 054 838	420 000	-	-	-	(6 558 859)	-	160 915 979
Infrastructure	491 488 783	2 766 392	(10 070 623)	56 988 615	-	(30 513 723)	(32 964 708)	477 694 736
Community	124 561 576	224 100	-	26 411 591	-	(10 138 385)	-	141 058 882
Other property, plant and equipment	51 495 319	6 677 739	(1 077 833)	-	-	(7 919 247)	-	49 175 978
Capital work under construction	167 510 427	127 549 642	-	(160 100 559)	-	-	-	134 959 510
Assets held in consignment for Eskom	66 023 476	-	-	76 700 353	(54 658 137)	-	-	88 065 692
Total	1 120 868 478	137 637 873	(11 148 456)	-	(54 658 137)	(55 130 214)	(32 964 708)	1 104 604 836

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers received	Electrification disposals	Depreciation	Impairment loss	Correction of error	Total
Land	52 734 059	-	-	-	-	-	-	-	52 734 059
Buildings	63 758 629	1 222 073	-	108 784 162	-	(6 710 026)	-	-	167 054 838
Infrastructure	487 150 618	4 593 955	(20 942 331)	97 903 515	-	(30 627 386)	(46 589 458)	(130)	491 488 783
Community	133 150 811	129 426	-	210 000	-	(8 928 661)	-	-	124 561 576
Other property, plant and equipment	53 135 923	6 287 830	(43 468)	-	-	(7 910 421)	-	25 454	51 495 319
Capital work under construction	247 686 012	178 029 060	-	(258 204 644)	-	-	-	-	167 510 427
Assets held in consignment for Eskom	71 993 497	-	-	51 306 967	(57 276 988)	-	-	-	66 023 476
	1 109 609 549	190 262 344	(20 985 799)	-	(57 276 988)	(54 176 494)	(46 589 458)	25 324	1 120 868 478

Prior period adjustment - Buildings

Previously stated	-	168 332 206
Trade payables	-	1 222 073
Accumulated depreciation	-	(2 499 441)
Restated balance	-	167 054 838

Prior year adjustment - Capital work under construction

Previously stated	-	167 489 015
Trade payables	-	21 412
Restated balance	-	167 510 427

Prior period adjustment - Accumulated depreciation - community assets

Previously stated	-	32 104 607
Depreciation	-	(85 104)
	-	32 019 503

Matatiële Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Prior period adjustment - Accumulated depreciation - other property, plant and equipment

Previously stated	-	39 665 681
Depreciation	-	(164 394)
Accumulated surplus	-	(25 454)
	-	39 475 833

Prior period adjustment - Infrastructure

Previously stated	-	642 832 497
Trade payables	-	42 577
Restated balance	-	642 875 074

Refer to note 57 for further details.

Pledged as security

No property, plant and equipment was pledged as security on behalf of the municipality.

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Land and Buildings	Total
Opening balance	206 353 004	25 813 545	1 367 521	233 534 070
Additions/capital expenditure	123 194 569	2 792 586	1 562 486	127 549 641
Transfers to Eskom	(54 658 137)	-	-	(54 658 137)
Transferred to completed items	(56 988 617)	(26 411 591)	-	(83 400 208)
	217 900 819	2 194 540	2 930 007	223 025 366

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

11. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Land and Buildings	Total
Opening balance	115 418 982	23 482 869	108 577 006	247 478 857
Additions/capital expenditure	174 142 274	2 519 263	1 367 521	178 029 058
Transfers to Eskom	(51 306 967)	-	-	(51 306 967)
Transferred to completed items	(97 903 515)	(210 000)	(108 577 006)	(206 690 521)
	140 350 774	25 792 132	1 367 521	167 510 427

Expenditure incurred to repair and maintain property, plant and equipment

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

Repairs on buildings	4 398 155	5 413 315
Repairs on equipment	6 865 599	5 064 146
Repairs on mains	650 454	6 225 386
	11 914 208	16 702 847

The Matatiele area was affected by severe weather conditions (floods) during the current year that resulted in some road infrastructure being significantly affected in terms of functionality and service delivery.

Funding of property, plant and equipment acquisitions

Additions to property, plant and equipment was funded from the following sources:

Infrastructure Assets

Own funds	2 766 392	4 551 378
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Community Assets

Own funds	224 100	129 425
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Work in Progress

Municipal infrastructure grant	50 769 384	56 717 802
Integrated national electrification programme	40 250 440	85 127 037
Own funds	36 529 818	36 184 225

Other Assets

Own funds	8 613 728	7 509 900
	139 153 862	190 219 767

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

12. Property, plant and equipment - capitalised restoration cost

	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Landfill site	14 640 111	(2 568 730)	12 071 381	14 640 111	(2 054 981)	12 585 130

Reconciliation of property, plant and equipment - capitalised restoration cost - 2023

	Opening balance	Depreciation	Total
Landfill site	12 585 130	(513 749)	12 071 381

Reconciliation of property, plant and equipment - capitalised restoration cost - 2022

	Opening balance	Depreciation	Total
Landfill site	13 098 876	(513 746)	12 585 130

The municipality is required by relevant Environmental Legislation to rehabilitate landfill site at the closure date. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill site under control of the Matatiele Local Municipality.

Although this item is accounted for under Property, Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE. Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 19 for more detail relating to this asset financed by way of a provision.

13. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4 266 930	(3 356 007)	910 923	3 681 872	(3 475 919)	205 953

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	205 954	843 458	(138 489)	910 923

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	403 318	50 000	(247 364)	205 954

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023

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13. Intangible assets (continued)

Other information

There is a register containing the information required by Section 63 of the MFMA which is available for inspection at the registered office of the Municipality.

None of the intangible assets are pledged as a security as at year end.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

14. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	1 542 530	-	1 542 530	870 000	-	870 000

Reconciliation of heritage assets 2023

	Opening balance	Additions	Total
Historical monuments	870 000	672 530	1 542 530

Reconciliation of heritage assets 2022

	Opening balance	Additions	Total
Historical monuments	-	870 000	870 000

15. Payables from exchange transactions

Trade payables	49 514 095	45 620 467
Income received in advance	5 991 305	6 402 846
Deposits received	1 222 587	1 187 971
Bonus accrual	3 042 002	2 576 153
Payable water services	2 044 794	2 044 794
	61 814 783	57 832 231

Prior period adjustment - Trade Payables

Previously stated	-	43 430 161
Remuneration of councillors	-	316
Employee related costs	-	204 646
Contracted services	-	96 000
General expenses	-	356 846
Vat receivable	-	236 838
Property, plant and equipment - Buildings	-	1 222 073
Property, plant and equipment - Capital work under construction	-	24 624
Property, plant and equipment - Infrastructure	-	48 963
Restated balance	-	45 620 467

Refer to note 57 for further details.

Fair value of trade and other payables

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

Income received in advance is due to payments received for hall hire, sale of municipal vacant plots and prepaid electricity. The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

Bonus accrual is calculated on a 13th cheque attributable to all staff.

Payable water services relates to money collected on behalf of Alfred Nzo District Municipality.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
16. Consumer deposits		
Electricity	413 324	390 324
Consumers on application for electricity connections pay consumer deposits. The deposit is repaid when the connection is terminated. Consumer deposits are refunded when a property changed ownership in the form of rental or permanent transfer(sold).		
In cases when consumers default on their accounts, council can utilise the deposit as payment against the outstanding amount.		
Consumer deposits approximate their fair value.		
17. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Alien plant eradication grant	465 060	465 060
Disaster relief grant	2 251 000	-
Library upgrade	1 463 613	1 808 337
Local economic development projects	506 536	506 537
Municipal infrastructure grant	-	9 341 672
Other grants	218 261	218 252
	4 904 470	12 339 858
Movement during the period		
Balance at the beginning of the period	12 339 858	4 460 918
Additions during the period	108 371 996	181 936 000
Income recognition during the period	(115 807 384)	(174 057 060)
	4 904 470	12 339 858
See note 28 for reconciliation of grants from National/Provincial Government.		
These amounts are invested in a ring-fenced investment until utilised.		
18. Employee benefit obligations		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(17 458 003)	(17 562 003)
Non-current liabilities	(16 021 003)	(16 388 003)
Current liabilities	(1 437 000)	(1 174 000)
	(17 458 003)	(17 562 003)
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	14 277 361	13 212 361
Contributions by plan participants	(1 174 000)	(1 248 000)
Net expense recognised in the statement of financial performance	1 070 000	2 313 000
	14 173 361	14 277 361

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

18. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Current service cost	1 511 000	1 408 000
Interest cost	1 957 000	1 536 000
Actuarial (gains) losses	(2 398 000)	(631 000)
	1 070 000	2 313 000

Key assumptions used

Assumptions used at the reporting date:

Actual return on plan assets	62	62
Discount rates used	10,92 %	11,85 %
Expected rate of return on assets	6,39 %	7,98 %
Expected rate of return on reimbursement rights	4,26 %	1,60 %

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	3 468 000	3 419 000
Effect on defined benefit obligation	12 925 000	14 011 000

Amounts for the current and previous four years are as follows:

	2023	2022	2021	2020	2019
Defined benefit obligation	17 458 003	17 562 003	16 497 003	14 616 000	15 215 831
Surplus (deficit)	(17 458 003)	(17 652 003)	(16 497 003)	(14 616 000)	(15 215 831)

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees [or specify number of employees covered]. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans; but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). The municipality accounted for this (these) plan(s) as a defined contribution plan(s).

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

19. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	22 439 174	-	(611 766)	21 827 408
Performance bonus	2 567 956	735 565	-	3 303 521
Leave	12 594 211	3 356 468	(1 925 523)	14 025 156
	37 601 341	4 092 033	(2 537 289)	39 156 085

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	17 971 648	4 467 526	-	22 439 174
Performance bonus	2 399 197	168 759	-	2 567 956
Leave	13 790 395	1 642 550	(2 838 734)	12 594 211
	34 161 240	6 278 835	(2 838 734)	37 601 341

Non-current liabilities			21 827 408	22 439 174
Current liabilities			17 328 677	15 162 167
			39 156 085	37 601 341

Environmental rehabilitation provision

The minimum requirements for waste disposal by landfill as stated by the Department of Water Affairs and Forestry, " All land fills, except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be legally closed. Closure will involve, inter alia, the application of final cover, top soiling, vegetating, drainage maintenance and leachate management."

The financial implications for the rehabilitation of the landfill site were performed by Adv. Coenraad Paul Herbst, who is registered with the Law Society of South Africa. This was carried out on the 12 July 2023 for the effective date, 30 June 2023. Currently no appointment for the closure has been made, and therefore estimates have been compiled. The provision is based on a 15 year estimation.

The life of a Landfill site can be acceptable up to a period of 25 years and seldom is it necessary to extend that. Periods longer than 25 years have only a marginal affect on the final value. This landfill site still have a validity period of 7 years.

Landfill sites generally fall into 3 categories, which are separated by the size of the landfill, the type of waste and the amount of leachate produced. The land fill site closure design is based on it falling in the G:S:B+ formation which has the following capping layers:

- 200mm Topsoil
- 300mm Compacted clay

In calculating the provision for rehabilitation, the following four items have been included:

Direct contract costs - this equates to a unit cost of 90 Rand per square meter based on previous closure of the Ducats landfill. Unit costs are used to estimate rehabilitation costs until a service provider is appointed to perform an investigation and design.

Indirect professional fees - these fees are fixed and are based on a percentage of the contract.

Indirect disbursements - These are estimated by obtaining quotations from third party service providers for similar works.

Escalation has also been considered and included in the costs.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

19. Provisions (continued)

The monetary value for the provision for the landfill site at 30 June 2023 is R16 193 149 (2022: R16 050 717).

Environmental rehabilitation provision

Rehabilitation provision - Landfill site	16 193 149	16 050 717
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The movement in Rehabilitation Provision - Landfill Site are reconciled as follows:

Opening balance	16 050 717	14 374 066
Contribution/(reduction) during the year	142 432	1 676 651
	16 193 149	16 050 717

It is estimated that the site will not be rehabilitated within 1 year from the reporting date and thus there is no short term portion associated with this provision. The timing of the outflow of resources relating to this provision is uncertain, but management expects the timing to be in line with the legal requirement subsequent to the expected closure date of the site as indicated below.

The total obligation at year end is attributed to the following site:

Site	Expected Closure Date		
Matatiele Landfill Site	2029	16 193 149	16 050 717

The Environmental Specialists were utilised to determine the cost of rehabilitation of landfill site as well to assist the municipality in identifying any changes (if any) to estimated closure dates previously reported on in former entities.

The estimated area per site to be rehabilitated at year end were as follow (Rehabilitation area - per metre squared).

Matatiele Landfill Site	150 000	150 000
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The cost of rehabilitation per square metre is based on the current cost of construction at each reporting period. The cost per square metre were estimated as follows:

Matatiele Landfill Site	88	88
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Employee benefit cost provision

Leave

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

Performance Bonus

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
20. Revaluation reserve		
Opening balance	173 369 571	230 445 832
Impairment losses on revalued capital assets	(24 272 332)	(45 476 217)
Transfer from revaluation reserve to accumulated surplus	(18 790 252)	(11 600 044)
	130 306 987	173 369 571

The revaluation reserve arose on the revaluation of land and buildings and infrastructure asset in prior periods. Where revalued land and buildings and infrastructure assets are sold, the portion of the revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to accumulated surplus. The revaluation reserve is also realised through the transfer of depreciation on revalued assets to accumulated surplus. Distribution from the revaluation reserve can be made where they are in accordance with the requirements of the municipality's accounting policy and relevant case law. The payment of cash distribution out of the reserve is restricted by the terms of the municipality's accounting policy. These restrictions do not apply to any amounts transferred to accumulated surplus. The council does not currently intend to make any distributions from the revaluation reserve.

21. Service charges

Sale of electricity	59 114 260	56 530 475
Refuse removal	11 713 289	11 615 143
	70 827 549	68 145 618

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

22. Rental of facilities and equipment

Hall hire	162 504	225 582
Site rental	854 526	904 405
Stadium hire	31 687	28 371
	1 048 717	1 158 358

23. Agency services

Motor vehicle licenses	1 779 757	1 649 721
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24. Licences and permits (exchange)

Drivers and motor vehicle licenses	1 800 244	1 698 908
Business licenses	64 108	48 156
Hoarding permits	-	1 432
Fishing licenses	16 371	8 383
	1 880 723	1 756 879

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
25. Other income		
Building plans	97 470	135 851
Camping fees	122	122
Cemetery fees	62 589	113 308
Demolition fees	8 261	11 729
Pool fees	22 079	39 448
Rates certificates	15 462	23 378
Rezoning certificates	18 580	55 841
SETA refund	260 002	279 245
Special consent	28 679	15 583
Sub-division planning	8 449	-
Sundry services	188 716	102 084
Temporary structure planning	8 766	14 766
Tender documents	603 366	516 570
	1 322 541	1 307 925

The amounts disclosed above for other income are in respect of services rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

26. Interest revenue

Interest on short term deposits	19 146 033	9 598 956
Interest on electricity and rates	16 269 454	16 187 979
Interest on Eskom deposit	203 305	144 328
Interest received - SARS	2 943	-
	35 621 735	25 931 263

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
27. Property rates		
Rates received		
Commercial	7 130 409	7 008 537
Communal land	1 602 568	1 510 367
Municipal	31 713 580	32 230 529
Residential	7 440 080	7 149 448
Vacant land	828 991	826 907
	48 715 628	48 725 788

Supplementary assessment rates are levied on the value of land and improvements, for which a valuation is performed every five years. Valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A new valuation roll has been implemented from 1 July 2018.

The council approved randage for this financial year are;

Government R0,02176, Municipality R0,013054, Vacant Land R0,02176, Residential R0,010878, Business R0,013054 and Agricultural R0,0026403.

Rebates are as follows:

Public Benefit Organisation 100%, Municipal Rebate 100%, Agriculture 70%, Residential Rebate 40% and Business 15%. Residential properties receives R65 000 exemption

Valuations

Residential	1 399 874 039	1 395 349 039
Commercial	835 088 720	828 658 720
State	1 260 537 441	1 247 677 441
Vacant land	38 540 725	38 565 725
Municipal and local government (rural)	1 481 572 385	1 481 572 385
Exempted properties	366 081 970	366 601 970
	5 381 695 280	5 358 425 280

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
28. Government grants and subsidies		
Operating grants		
Equitable share	286 308 000	258 826 000
Local government financial management grant	1 650 000	1 650 000
Expanded public works programme integrated	4 810 000	4 887 000
Nature reserve alien cleaning	-	1 758 651
	292 768 000	267 121 651
Capital grants		
Municipal infrastructure grant	62 064 672	67 754 304
Integrated national electrification programme	46 287 988	97 778 000
Library upgrade	994 724	229 104
	109 347 384	165 761 408
	402 115 384	432 883 059
Local government financial management grant		
Current-year receipts	1 650 000	1 650 000
Conditions met - transferred to revenue	(1 650 000)	(1 650 000)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
Integrated national electrification programme grant		
Current-year receipts	46 287 988	97 778 000
Conditions met - transferred to revenue	(46 287 988)	(97 778 000)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
Grant is utilised for the new electrification network within Matatiele.		
Expanded public works programme integrated grant		
Current-year receipts	4 810 000	4 887 000
Conditions met - transferred to revenue	(4 810 000)	(4 887 000)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
Alien Plant Eradication Grant		
Balance unspent at beginning of year	465 060	2 223 711
Conditions met - transferred to revenue	-	(1 758 651)
	465 060	465 060
Conditions still to be met - remain liabilities (see note 17).		
Disaster relief grant		
Current-year receipts	2 251 000	-

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

28. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 17).

The Disaster Relief Grant is a conditional grant which was received in this financial year, however, it pertains to a grant allocation for the 2023/2024 financial year. It will be spent in accordance with the conditions of the grant in the next financial year.

Library upgrade

Balance unspent at the beginning of the period	1 808 337	1 512 417
Current-year receipts	650 000	650 000
Conditions met - transferred to revenue	(994 724)	(354 080)
	<u>1 463 613</u>	<u>1 808 337</u>

Conditions still to be met - remain liabilities (see note 17).

Local economic development projects

Balance unspent at the beginning of the period	506 537	506 537
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Conditions still to be met - remain liabilities (see note 17).

Municipal infrastructure grant

Balance unspent at beginning of year	9 341 672	-
Current-year receipts	52 723 000	76 971 000
Conditions met - transferred to revenue	(62 064 672)	(67 629 328)
	<u>-</u>	<u>9 341 672</u>

Conditions still to be met - remain liabilities (see note 17).

Other grants

Balance unspent at the beginning of the period	218 252	218 252
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Conditions still to be met - remain liabilities (see note 17).

29. Fine receipts

Fines : Pound Fees	22 028	284 536
Traffic : Municipal	2 587 402	1 773 903
	<u>2 609 430</u>	<u>2 058 439</u>

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
30. Employee related costs		
Basic	99 712 149	87 618 736
Bonus	8 090 934	6 209 360
Car allowance	6 607 946	5 876 930
Cellular and telephone allowances	6 000	6 000
Housing benefits and allowances	6 147 949	5 823 629
Leave pay provision charge	3 252 468	1 642 551
Long-service awards	427 203	523 482
Medical aid - company contributions	5 292 998	5 781 502
Overtime payments	2 529 968	1 789 968
Pension fund contributions	13 839 413	12 508 935
SDL	1 452 257	1 275 868
UIF	750 237	683 023
WCA	998 622	1 854 299
	149 108 144	131 594 283
Prior period adjustment - Basic		
Previously reported	-	87 414 090
Trade payables	-	204 646
Restated balance	-	87 618 736

Refer to note 57 for further details.

Remuneration of Municipal Manager

Annual Remuneration	293 409	827 579
Back pay	174 840	-
Bonus	53 379	139 315
Contributions to UIF, Medical and Pension Funds	116 757	74 897
Remote allowance	84 433	97 065
Car Allowance	363 071	346 659
Housing Allowance	195 203	-
	1 281 092	1 485 515

Mr. L Matiwane's contract ended 31 July 2022, Mrs Ntsalla acted on Municipal Manager's position from August to September 2022. No acting allowance was paid. Mr. L Matiwane was re-appointed as the Municipal Manager from 01 October 2022.

Remuneration of Chief Finance Officer

Annual remuneration	476 952	620 078
Car Allowance	245 361	226 693
Bonus	115 216	60 000
Housing allowance	245 361	226 693
Remote allowance	82 949	79 342
Back pay	99 280	-
Contributions to UIF, Medical and Pension Funds	25 359	1 813
	1 290 478	1 214 619

Mr. K Mehloimakulu served as Chief Financial Officer for the entire period.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

30. Employee related costs (continued)

Remuneration of Corporate Services General Manager

Annual remuneration	622 519	384 867
Car Allowance	381 193	203 563
Performance Bonuses	72 263	-
Acting allowance	-	11 173
Contributions to UIF, Medical and Pension Funds	2 211	1 218
Back pay	86 833	119 508
Remote allowance	82 949	52 895
Bonus	114 774	47 704
	1 362 742	820 928

Mr. C.K Magadla served as Corporate Services Manager for the entire period..

Remuneration of Community Services General Manager

Annual remuneration	-	142 276
Car allowance	-	151 128
Contributions to UIF, Medical and Pension Funds	-	28 636
Housing allowance	-	151 128
Remote allowance	-	42 442
Acting allowance	7 548	3 855
	7 548	519 465

From August 2022 to October 2022 Mr Ndinisa was appointed to act on the position. Acting allowance of R4 043.52 was paid to him. From mid December 2022 Ms Leeu was appointed to act on the position. Acting allowance of R3 504.26 was paid to her. Ms Ganya was appointed as Acting Community Services General Manager from April 2023 to July 2023. No acting allowance was paid to her.

Remuneration of the Economic Development Planning General Manager

Annual remuneration	162 917	348 000
Car allowance	216 774	392 732
Back pay	79 423	-
Contributions to UIF, Medical and Pension Funds	17 777	1 813
Housing allowance	216 774	392 732
Remote allowance	48 848	79 342
Acting allowance	6 739	-
	749 252	1 214 619

Ms T.S. Ntsalla contract ended 31 December 2022, Ms Matela acted on Economic Development Planning Manager's post from January 2023 to 31 May 2023. Acting allowance of R6 739 was paid to her. From 01 June 2023 Mr Ntshikilana was appointed as Economic Development Planning General Manager.

Remuneration of the Infrastructure General Manager

Annual remuneration	296 886	680 078
Car allowance	175 842	283 366
Performance Bonuses	82 471	-
Bonus	64 287	113 346
Acting allowance	8 087	-
Housing allowance	9 446	56 673
Back pay	184 939	-
Remote allowance	50 632	79 342
Contributions to UIF, Medical and Pension Funds	22 406	1 813

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
30. Employee related costs (continued)		
	894 996	1 214 618
<p>Mr M. Lehlehla resigned on the 31 August 2022. Mr Gqamani acted on the position from 1 September 2022 to 31 January 2023. Acting allowance of R8 087 was paid to him. Mrs Sako was appointed as the Infrastructure General Manager from 01 February 2023.</p>		
Staff leave benefits		
Municipal Manager	75 007	209 756
Chief Financial Officer	218 732	223 868
Community Services	190 742	185 785
EDP Manager	3 257	205 212
Corporate Services Manager	209 592	74 623
Infrastructure Manager	35 960	223 868
	733 290	1 123 112
31. Remuneration of councillors		
Executive Mayor	967 383	935 712
Speaker	783 308	753 742
Chief Whip	737 290	709 415
MPAC Chair	723 421	696 581
Executive committee	5 159 917	4 905 615
Councillors	14 501 073	13 442 826
	22 872 392	21 443 891
Prior period adjustment - Executive Mayor		
Previously stated	-	935 396
Trade payables	-	316
Restated balance	-	935 712

Refer to note 57 for further details.

In-kind benefits

The Mayor and the Speaker are full-time Councillors each have the use of separate Council owned vehicles for official duties.

The Mayor has one driver and one mayoral aid. The Speaker has one driver and one speaker's aid.

Matatiele Local Municipality

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Notes to the Annual Financial Statements

	2023	2022
31. Remuneration of councillors (continued)		
Additional information		
The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.		
Mayor (1 July 2021 to 4 November 2021)		
Annual Remuneration	-	306 131
Telephone allowances	-	15 293
	-	321 424
Mayor (Current)		
Annual Remuneration	512 593	584 856
Cellphone Allowance	47 004	29 107
Housing Allowance	358 062	-
Pension Fund	39 779	-
	957 438	613 963
Speaker (1 July 2021 to 4 November 2021)		
Annual Remuneration	-	240 737
Telephone allowances	-	15 293
	-	256 030
Speaker (Current)		
Annual Remuneration	502 559	468 612
Cellphone Allowance	47 004	29 107
Housing Allowance	185 761	-
Medical Aid	17 280	-
Pension Fund	37 692	-
	790 296	497 719
Chief Whip (1 July 2021 to 4 November 2021)		
Annual Remuneration	-	225 464
Telephone allowances	-	44 400
	-	269 864
Chief Whip (Current)		
Annual Remuneration	480 781	439 551
Cellphone Allowance	47 004	29 107
Housing Allowance	172 211	-
Pension Fund	36 059	-
	736 055	468 658
EXCO (1 July 2021 to 4 November 2021)		
Annual Remuneration	-	1 542 551
Telephone allowances	-	137 640
	-	1 680 191

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
31. Remuneration of councillors (continued)		
EXCO (Current)		
Annual Remuneration	3 222 856	2 963 463
Cellphone Allowance	423 036	26 960
Medical Aid	42 041	-
Housing Allowance	1 139 028	-
Pension Fund	200 224	-
Car Allowance	113 990	-
	5 141 175	2 990 423
MPAC (1 July 2021 to 4 November 2021)		
Annual Remuneration	-	224 986
Telephone allowances	-	15 293
	-	240 279
MPAC (Current)		
Annual Remuneration	417 646	427 195
Cellphone Allowance	47 004	29 107
Housing Allowance	169 104	-
Pension Fund	77 387	-
	711 141	456 302
Councillors (1 July 2021 to 4 November 2021)		
Annual Remuneration	-	2 808 712
Telephone allowances	-	581 147
	-	3 389 859
Councillors (Current)		
Annual Remuneration	8 560 546	8 426 135
Cellphone Allowance	1 941 261	1 194 117
Medical Aid	464 985	432 713
Housing Allowance	2 994 954	-
Pension Fund	525 733	-
Car Allowance	43 851	-
	14 531 330	10 052 965
32. Remuneration of traditional leaders		
Sitting allowance	84 580	129 728
33. Depreciation and amortisation		
Property, plant and equipment	55 643 960	54 690 239
Intangible assets	138 483	247 365
	55 782 443	54 937 604
Prior period adjustment - Depreciation and amortisation		
Previously stated	-	52 798 286
Accumulated depreciation	-	2 251 375
Accumulated amortisation	-	(112 057)
Restated balance	-	54 937 604

Refer to note 57 for further details.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
34. Finance costs		
Interest on late payments	133 698	34 877
35. Material and stores		
Material and stores	(5 747 744)	(6 075 204)
36. Bulk purchases		
Electricity	58 339 868	58 160 536
<p>Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to consumers. Electricity is purchased from Eskom. The municipality incurred electricity line losses of R2 301 125 at a percentage of 3.86% (2022: R1 622 338 at a percentage of 5.02%) in the current year.</p> <p>Water is supplied directly to residents and businesses by the District Municipality.</p>		
37. Contracted services		
Outsourced Services		
Business and Advisory	29 695 060	36 519 396
Catering Services	2 274 981	1 708 655
Cleaning Services	101 520	4 793 177
Connection/Dis-connection	110 499	111 526
Refuse Removal	5 651 031	5 682 078
Electrical	1 816 117	721 880
Consultants and Professional Services		
Business and Advisory	20 235 785	24 227 582
Legal Cost	2 685 866	3 376 829
Contractors		
Employee Wellness	90 980	368 891
Event Promoters	607 250	237 129
Maintenance of Unspecified Assets	11 914 207	11 815 850
Prepaid Electricity Vendors	4 877 048	-
Preservation/Restoration/Dismantling/Cleaning Service	-	1 067 835
Tracing Agents and Debt Collectors	2 030 796	633 339
Safeguard and Security	13 384 529	10 694 700
	95 475 669	101 958 867
Prior period adjustment - Outsourced Services - Business Advisory		
Previously stated	-	36 423 396
Trade payables	-	96 000
Restated balance	-	36 519 396

Refer to note 57 for further details.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
38. General expenses		
Achievement and awards	1 055 783	592 493
Advertising	1 958 928	2 486 649
Audit fees	4 160 189	4 521 174
Bank charges	289 345	216 347
Bursaries and learnerships	3 968 893	2 917 700
Communication	202 000	389 832
Conferences and seminars	409 480	136 162
Delegate expenses	9 701 611	5 035 903
Electricity	312 694	416 872
External computer services	4 316 284	3 406 978
Hire charges	2 535 316	1 738 948
Insurance	2 875 569	3 032 604
Motor vehicle expenses	226 125	185 226
Obsolete stock written off	21 028	15 235
Other expenses	5 315 391	3 127 372
Postage and courier	149 465	202 018
Printing and stationery	230 791	159 334
Remuneration to ward committees	4 694 500	2 226 000
Subscriptions and membership fees	1 745 528	1 524 069
Telephone and fax	4 537 441	2 845 565
Transport provided as part of departmental activities	902 398	833 282
Uniforms and protective clothing	2 289 522	1 979 977
Wet fuel and oil	4 005 023	2 389 695
	55 903 304	40 379 435
Prior period adjustment - External Computer Services		
Previously stated	-	3 050 131
Trade payables	-	356 847
Restated balance	-	3 406 978
Refer to note 57 for further details.		
39. Loss on disposal of assets		
Assets transferred to Eskom	54 658 137	57 276 988
Assets written-off	10 113 082	20 985 796
	64 771 219	78 262 784
40. Debt impairment		
Impairment of debtors	20 692 051	17 650 618
41. Impairment of assets		
Impairments		
Property, plant and equipment	8 692 376	1 113 241
The carrying value of assets were assessed at year end and considered impaired as a result of the Matatiele area being affected by severe weather conditions (floods) during the current year that resulted in some road infrastructure being significantly affected in terms of functionality and service delivery.		
42. Landfill site provision (contribution)/reversal		
Reversal / (contribution)	611 767	(4 467 527)

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
43. Operating lease		
The Municipality had the following operating leases in the current year:		
Nedbank - for a period of 5 years. At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
Nedbank - Cashvault		
Up to 1 year	88 209	84 008
2-5 years	176 418	252 025
	264 627	336 033
Telkom VPN - The lease is for a period of 5 years.		
Up to 1 year	382 017	450 225
2-5 years	63 669	525 262
	445 686	975 487
Telkom - The lease is for a period of 5 years.		
Up to 1 year	439 319	480 426
2-5 years	146 440	640 568
	585 759	1 120 994
Itec - The lease is for a period of 3 years.		
Up to 1 year	800 668	800 667
2-5 years	66 722	867 389
	867 390	1 668 056
Nedbank - The lease is for a period of 3 years.		
Up to 1 year	67 826	-
2-5 years	58 806	-
	126 632	-
44. Cash generated from operations		
Surplus	28 894 368	67 408 455
Adjustments for:		
Depreciation and amortisation	55 782 443	54 937 604
Loss on sale of assets and liabilities	64 806 594	78 262 784
Debt impairment	20 692 051	17 650 618
Impairment loss	8 692 376	1 113 241
Movements in retirement benefit assets and liabilities	(104 000)	1 065 000
Movements in provisions	1 554 744	3 440 101
Changes in working capital:		
Inventories	269 651	262 587
Trade receivables from exchange transactions	7 128 320	(9 043 464)
Statutory receivables	(29 475 238)	(24 832 121)
Trade receivables from non-exchange transactions	(179 007)	104 008
Security held in Eskom	(203 305)	(144 325)
Payables from exchange transactions	3 982 554	6 599 364
VAT	2 935 170	(1 232 154)
Unspent conditional grants and receipts	(7 435 388)	7 878 940
Consumer deposits	23 000	21 300
	157 364 333	203 491 938

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
45. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	61 563 089	26 463 096
Total capital commitments		
Already contracted for but not provided for	61 563 089	26 463 096
Authorised operational expenditure		
Total commitments		
Total commitments		
Authorised capital expenditure	61 563 089	26 463 096

The committed expenditure relates to property, plant and equipment contracts that will be finished in the coming years. The commitments will be financed by grants as well as own revenue.

The commitment amounts are exclusive of VAT.

The commitments for the current year will be funded as follows, Integrated National Electrification Programme R6 334 693, Municipal Infrastructure Grant R31 924 309 and from Own Operational Revenue R6 615 097.

Matatiele Local Municipality

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	2023	2022
46. Contingencies		
Contingent Liabilities		
DCT Nakin vs Matatiele Local Municipality The municipality is being sued for damages and the case is still pending.	2 086 357	2 086 357
Two Sisters vs Matatiele Local Municipality The municipality is being sued for non-payment of services rendered.	300 000	300 000
Going Places Construction and Projects vs Matatiele Local Municipality This is an application to interdict the municipality.	100 000	95 000
Joubert Darren vs Matatiele Local Municipality Summons being claimed.	78 000	50 000
Lateral Unison Insurance Brokers vs Matatiele Local Municipality The matter has been settled on the basis that the application is withdrawn with each party to bear their own costs	-	80 000
MP Vutela vs Matatiele Local Municipality The employee has referred an unfair labour practice dispute to the bargaining council.	275 000	275 000
Rechal Bloem vs Matatiele Local Municipality The Municipality is being sued due to a minor child being electrocuted by Municipal electricity.	300 000	250 000
Liana Consulting vs Matatiele Local Municipality This matter has been closed.	-	250 000
M Nxele vs Matatiele Local Municipality The applicant brought a claim in the Labour Court seeking payment of outstanding remuneration and benefits.	100 000	-
	3 239 357	3 386 357
Contingent Assets		
Matatiele Municipality vs Lubbe Construction The municipality lodged a claim against the contractor for construction of the Council chambers which was not carried out with due skill, diligence and regularity.	22 173 329	22 173 329
Matatiele Municipality vs Branded Soul Attorneys are in the process of recovering the legal cost as there is a possibility that the case will not be continued.	15 000	15 000
Matatiele Local Municipality vs Soul Goods The Municipality is in a process of recovering the legal costs from Soul Goods, the case is at an advanced stage.	13 000	13 000
Matatiele Local Municipality vs Various The Municipality is claiming pound and storage fees for vehicles which have been impounded.	1 580 000	70 000
	23 781 329	22 271 329

47. Risk management

Financial risk management

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

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by a budget and treasury department (municipal treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas.

The amount of interest that has been charged on outstanding debtors for the current year is R16 475 702 (2022: R16 332 307).

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47. Risk management (continued)

Liquidity risk

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

Cash flow forecasts are prepared and used with borrowing facilities being monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position 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.

Liquidity risk is mainly concentrated on the trade and other payables balances. The municipality does not have any collateral and / or credit enhancements that aid in the mitigation of the liquidity risk.

Credit risk

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

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

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

Financial assets

Trade receivables	108 485 185	105 651 311
Nedbank	2 128 380	2 945 059
Standard bank	11 016 918	4 016 044
First National bank	2 345 541	1 757 671
Short Term Investments	239 295 011	228 011 892
Security held in Eskom	4 721 193	4 517 888
	367 992 228	346 899 865

Financial liabilities

Trade Payables	61 814 783	57 783 269
Consumer deposits	413 324	390 324
	62 228 107	58 173 593

48. Unauthorised expenditure

Opening balance as previously reported	93 380 933	69 601 085
Opening balance as restated	93 380 933	69 601 085
Add: Expenditure identified - current	-	93 380 933
Less: Approved/condoned/authorised by council	(93 380 933)	(69 601 085)
Closing balance	-	93 380 933

After the investigation by MPAC, the Council that sat on 30 August 2023, as per Council Resolution No.464/30/08/2023, resolved that Unauthorised Expenditure amounting to R93 380 933 from the previous financial year be written-off. There is no unauthorised expenditure in the current year hence the Nil values on the cash and non-cash analysis below.

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	2023	2022
48. Unauthorised expenditure (continued)		
Analysed as follows: non-cash		
Debt impairment	-	10 650 622
Provision of landfill site contribution expense	-	4 467 527
Loss on disposal of property, plant and equipment	-	78 262 784
	-	93 380 933
49. Fruitless and wasteful expenditure		
Opening balance as previously reported	948 569	913 692
Opening balance as restated	948 569	913 692
Add: Expenditure identified - current	134 122	34 877
Less: Amounts recovered - current	(424)	-
Less: Amount written off	(1 082 267)	-
Closing balance	-	948 569
After the investigation by MPAC, the Council that sat on 30 August 2023, as per Council Resolution No.464/30/08/2023, resolved that Fruitless and Wasteful Expenditure amounting to R1 082 267 for (2021/2022/2023) financial years be written-off.		
50. Irregular expenditure		
Opening balance as previously reported	8 755 891	15 178 146
Opening balance as restated	8 755 891	15 178 146
Add: Irregular Expenditure - current	200 000	8 705 462
Less: Amount written off - current	(8 955 891)	(15 127 717)
Closing balance	-	8 755 891
Amounts written-off		
After the investigation by MPAC, the Council that sat on 30 August 2023, as per Council Resolution No. 464/30/08/2023, resolved that Irregular Expenditure amounting to R8 955 891 from the previous financial years (2021/2022/2023) be written-off.		
51. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	1 608 788	1 516 111
Amount paid - current year	(1 608 788)	(1 516 111)
	-	-
Audit fees		
Current year subscription / fee	4 160 189	4 521 174
Amount paid - current year	(4 160 189)	(4 521 174)
	-	-
PAYE and UIF		
Current year subscription / fee	23 266 025	21 975 209
Amount paid - current year	(23 266 025)	(21 975 209)
	-	-

Matatiele Local Municipality

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

Pension and Medical Aid Deductions

Current year subscription / fee	19 132 411	18 290 437
Amount paid - current year	(19 132 411)	(18 290 437)
	-	-

Councillors' arrear consumer accounts

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

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
PM Stuurman	-	3 353	3 353

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
WC Mdolomba	-	8 106	8 106

Supply chain management regulations

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

Incident		
Emergency	1 978 922	80 000
Impractical Impossible	4 145 552	-
Special works of art	-	1 773 910
	6 124 474	1 853 910

Matatiele Local Municipality

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2023 2022

52. Segment information

Segment surplus or deficit, assets and liabilities

2022

	Community and Social Services	Energy Sources	Planning and Development	Public Safety	Road Transport	Waste Management	Other segments with no economic benefits	Total
Revenue								
Revenue from non-exchange transactions								
Property rates	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	48 715 628	48 715 628
Transfers and subsidies	5 619 516	46 287 988	-	2 609 430	62 064 672	-	288 143 208	2 609 430
								402 115 384
Revenue from exchange transactions								
Service charges - electricity revenue	-	59 114 260	-	-	-	-	-	59 114 260
Service charges - refuse revenue	-	-	-	-	-	11 713 289	-	11 713 289
Licences and permits	-	-	-	-	-	16 371	-	1 880 723
Rental of facilities and equipment	836 371	-	-	1 864 352	-	17 730	194 616	1 048 717
Interest earned - external investments	-	-	-	-	-	-	19 146 033	19 146 033
Interest earned - outstanding debtors	-	1 516 530	-	-	-	-	14 959 172	16 475 702
Other revenue	22 201	-	87 750	-	82 454	62 589	1 067 547	1 322 541
Agency fees	-	-	-	1 779 757	-	-	-	1 779 757
Reversal of landfill site contribution	-	-	-	-	-	-	611 767	611 767
Total segment revenue	6 478 088	106 918 778	87 750	6 253 539	62 147 126	11 809 979	372 837 971	566 533 231
Total segment revenue								566 533 231

Expenditure

Employee related cost	20 089 310	7 612 560	8 633 154	19 263 000	17 001 732	6 686 541	69 821 847	149 108 144
Remuneration of councillors and traditional leaders	-	-	-	-	-	-	22 956 972	22 956 972
Depreciation and amortisation	-	3 419 927	-	-	26 799 287	20 621 180	4 942 049	55 782 443
Finance charges	-	-	-	-	-	-	133 698	133 698
Bulk purchases	-	58 339 868	-	-	-	-	-	58 339 868
Other materials	416 304	634 752	158 821	336 967	2 526 795	522 899	1 151 206	5 747 744
Contracted services	2 624 680	2 088 091	9 078 357	526 207	1 593 055	8 380 711	71 184 568	95 475 669
General expenditure	1 182 844	502 124	2 067 236	1 584 275	1 655 826	952 182	47 958 817	55 903 304

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52. Segment information (continued)

Loss on disposal of assets	-	64 806 594	-	-	-	-	-	-	64 806 594
Debt impairment	-	-	-	-	-	-	-	20 692 051	20 692 051
Impairment loss	-	-	-	-	-	-	-	-	8 692 376
Total segment expenditure	24 313 138	137 403 916	19 937 568	21 710 449	58 269 071	37 163 513	238 841 208	537 638 863	28 894 368
Total segmental surplus/(deficit)									
Assets									
Segment assets	-	-	-	-	-	-	-	-	-
VAT	(30 808)	32 922 075	3 687 213	(903 716)	39 343 862	2 330 534	(77 276 636)	-	72 524
Cash and Bank	(43 052 369)	(206 726 426)	(40 099 724)	14 905 033	(355 894 568)	(15 176 446)	901 429 529	255 385 029	255 385 029
Inventory	(968 407)	(2 070 210)	(442 936)	(769 329)	(930 396)	(522 599)	7 308 721	1 604 844	1 604 844
Statutory and Exchange Receivables	105 510	30 440 455	-	(5 550 111)	-	14 839 700	68 649 630	108 485 184	108 485 184
Non-Currents Assets	5 762 756	216 378 559	(63 880 918)	4 135 700	(5 664 148)	(58 829 358)	1 026 187 388	1 124 089 979	1 124 089 979
Security held in Eskom	-	4 721 193	-	-	-	-	-	4 721 193	4 721 193
Total segment assets	(38 183 318)	75 665 646	(100 736 365)	11 817 577	(323 145 250)	(57 358 169)	1 926 298 632	1 494 358 753	1 494 358 753
Total assets as per Statement of financial Position									
Liabilities									
Segment liabilities	-	-	-	-	-	-	-	-	-
Trade payables from exchange transactions	(220 372)	(157 072)	75 952	(16 784)	(11 922 460)	(22 500)	(49 551 547)	(61 814 783)	(61 814 783)
Unspent conditional grants and subsidies	(110 219)	-	(642 289)	-	1 515 758	1 758 651	(7 426 371)	(4 904 470)	(4 904 470)
Consumer deposits	-	(413 324)	-	-	-	-	-	(413 324)	(413 324)
Employee benefit obligation	-	-	-	-	-	-	(17 458 003)	(17 458 003)	(17 458 003)
Provisions	-	-	-	-	-	-	(39 156 085)	(39 156 085)	(39 156 085)
Total segment liabilities	(330 591)	(570 396)	(566 337)	(16 784)	(10 406 702)	1 736 151	(113 592 006)	(123 746 665)	(123 746 665)
Total liabilities as per Statement of financial Position									

Reportable Segments for the year ended 30 June 2023.

For management purposes, the municipality is organised and operates in six key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Notes to the Annual Financial Statements

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52. Segment information (continued)

Types of goods and/or services by segment

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

Reportable segment

- Community and Social Services

- Energy Sources

- Planning and Development

- Public Safety

- Road Transport

- Waste Management

Goods and/or services

Library Services, Cemeteries and Recreational facilities

Electricity distribution

Local Economic Development, Property Services, Spatial Planning

Traffic Police

Provision of infrastructure and maintenance of roads

Refuse removal services

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

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes.

The segments with no economic benefits have been included on the segment reporting for reconciliation purposes with the statement of financial performance.

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52. Segment information (continued)

2022

	Community and Social Services	Energy Sources	Planning and Development	Public Safety	Road Transport	Waste Management	Other segments with no economic benefits	Total
Revenue								
Revenue from non-exchange transactions	-	-	-	-	-	-	-	-
Property rates	-	-	-	-	-	-	48 725 788	48 725 788
Fines, penalties and forfeits	-	-	-	-	-	-	-	2 058 439
Transfers and subsidies	5 241 080	97 778 000	-	2 058 439	68 468 298	1 758 651	259 637 030	432 883 059
Revenue from exchange transactions	-	-	-	-	-	-	-	-
Revenue from exchange transactions								
Service charges - electricity revenue	-	56 530 475	-	-	-	-	-	56 530 475
Service charges - refuse revenue	-	-	-	-	-	11 615 143	-	11 615 143
Licences and permits	-	-	49 587	1 698 909	-	8 383	253 953	1 756 879
Rental of facilities and equipment	901 640	-	-	-	-	2 765	-	1 158 358
Interest earned - external investments	-	-	-	-	-	-	9 598 956	9 598 956
Interest earned - outstanding debtors	-	2 311 964	-	-	-	-	14 020 343	16 332 307
Other revenue	39 569	-	121 270	-	112 500	113 309	921 277	1 307 925
Agency fees	-	-	-	1 649 721	-	-	-	1 649 721
Total segment revenue	6 182 289	156 620 439	170 857	5 407 069	68 580 798	13 498 251	333 157 347	583 617 050
Total segment revenue								583 617 050

Expenditure								
Employee Related Cost	3 591 328	6 648 183	13 211 461	17 978 296	15 734 044	7 163 814	67 267 157	131 594 283
Remuneration of councillors and traditional leaders	-	-	-	-	-	-	21 573 619	21 573 619
Depreciation and amortisation	-	17 174 250	-	111 814	32 091 267	-	5 560 273	54 937 604
Finance charges	-	-	-	-	-	-	34 877	34 877
Bulk purchases	-	58 160 536	-	-	-	-	-	58 160 536
Other materials	366 253	930 685	113 474	414 312	2 732 064	507 267	1 011 149	6 075 204
Contracted services	11 057 087	1 601 336	6 173 416	71 088	1 917 614	11 227 047	69 911 279	101 958 867
General expenditure	668 301	89 935	408 851	688 731	1 285 277	1 815 650	35 422 690	40 379 435

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	Community and Social Services	Energy Sources	Planning and Development	Public Safety	Road Transport	Waste Management	Other segments with no economic benefits	Total
52. Segment information (continued)								
Loss on disposal of assets	-	78 262 784	-	-	-	-	-	78 262 784
Debt impairment	-	-	-	-	-	-	17 650 618	17 650 618
Impairment loss	-	-	-	-	1 113 241	-	-	1 113 241
Landfill site contribution	-	-	-	-	-	4 467 527	-	4 467 527
Total segment expenditure	15 682 969	162 867 709	19 907 202	19 264 241	54 873 507	25 181 305	2 184 311 662	516 208 595
Total segmental surplus/(deficit)								67 408 455
Assets								
Segment assets								
VAT	-	-	-	-	-	-	-	-
Cash and Bank	1 342 925	32 922 075	3 687 213	(903 716)	39 343 862	2 330 534	(75 715 203)	3 007 690
Inventory	(43 052 369)	(206 726 426)	(40 099 724)	14 905 033	(355 894 568)	(15 176 446)	883 219 056	237 174 556
Security held Eskom	(968 407)	(2 070 210)	(442 936)	(769 329)	(949 911)	(432 599)	7 507 887	1 874 495
Statutory and Exchange Receivables	105 510	4 517 888	-	(5 550 111)	-	14 839 700	65 815 757	4 517 888
Non-Currents Assets	5 762 756	216 378 559	(63 880 918)	4 135 700	(5 664 148)	(58 829 358)	1 041 587 279	105 651 311
Total segment assets	(36 809 585)	75 462 341	(100 736 365)	11 817 577	(323 164 765)	(57 268 169)	1 922 414 776	1 491 715 810
Total assets as per Statement of financial Position								1 491 715 810
Liabilities								
Segment liabilities								
Trade payables from exchange transactions	-	-	-	-	-	-	-	-
Unspent conditional grants and subsidies	(220 372)	(157 072)	75 952	(16 784)	(11 922 460)	(22 500)	(45 568 995)	(57 832 231)
Consumer deposits	(110 219)	-	(642 289)	-	1 515 757	1 758 651	(14 861 758)	(12 339 858)
Employee benefit obligation	-	(390 324)	-	-	-	-	-	(390 324)
Provisions	-	-	-	-	-	-	(17 562 003)	(17 562 003)
Total segment liabilities	(330 591)	(547 396)	(566 337)	(16 784)	(10 406 703)	1 736 151	(115 594 097)	(125 725 757)
Total liabilities as per Statement of financial Position								(125 725 757)

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	Community and Social Services	Energy Sources	Planning and Development	Public Safety	Road Transport	Waste Management	Other segments with no economic benefits	Total
52. Segment information (continued)								
2023								
Additions to non-current assets	(166 481)	(48 814 351)	(162 585)	(1 199 301)	(84 028 197)	(1 118 610)	(2 148 348)	(137 637 873)
Cash flows from operating activities	(9 500 680)	61 317 131	(19 736 345)	(13 745 358)	47 268 644	(7 100 535)	98 861 475	157 364 333
Cash flows from investing activities	(166 481)	44 099 681	(162 585)	(1 199 301)	(84 028 197)	(1 118 610)	(96 578 368)	(139 153 861)
2022								
Additions to non-current assets	(166 481)	(97 932 521)	(162 585)	(1 199 301)	(84 028 197)	(1 118 610)	(5 654 649)	(190 262 344)
Cash flows from operating activities	(9 500 680)	61 317 131	(19 736 345)	(13 745 359)	47 268 644	(7 119 532)	145 008 079	203 491 938
Cash flows from investing activities	(166 481)	(98 076 850)	(162 585)	(1 199 301)	(84 028 197)	(1 118 610)	(7 430 320)	(191 182 344)

Information about geographical areas

The municipality does not monitor segments geographically.

The municipality does not have geographical areas and no significant locations that needs to be reported in the segment note.

Matatiele Local Municipality

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53. Principal-agent arrangements

53.1 Municipality acting as the principal

Parallax Management Consulting

4 941 082 6 034 893

The municipality has directed Parallax Management Consulting through a binding arrangement to undertake transactions with third parties on behalf of Matatiele Local Municipality, which is sale of municipal electricity. These are specialists which are used due to capacitation of the municipality and is more cost effective which provide customers easy access to prepaid electricity.

The following charges are levied for services undertaken by Parallax in fulfilling this agreement

Cloud-services AIM Solutions 4 500 meters at R154 each per month

693 000 693 000

Municipal prepaid electricity vending fixed per month

25 000 25 000

718 000 718 000

Parallax was also entitled to claim 3% of Direct Vending, Third Party Vending, Online and Mobile Vending, 5% Primary Vending and 4.25% of Bank vending.

Reconciliation of carrying amount of receivables - Municipality as the principal

Receivables - 2023

	Opening balance	Revenue principal is entitled to	Less: settlements	Closing balance
Parallax Management Consulting	25 005 312	16 889 080	(17 263 103)	24 631 289

Receivables - 2022

	Opening balance	Revenue principal is entitled to	Less: settlements	Closing balance
Parallax Management Consulting	23 754 860	1 593 620	(343 168)	25 005 312

53.2 Municipality acting as an agent

Department of transport

1 779 757 1 649 721

The municipality collects vehicle registration fees on behalf of the Department of Transport for registration of vehicles done within the municipality's jurisdiction. There have been no changes in the agreement or contracts from the prior period. The municipality is entitled to 19% of the fees collected as per the agreement as compensation for the transactions carried out. There are no liabilities or expenses that have been incurred on behalf of the Department of Transport relating to the above arrangement. No assets held by the municipality on behalf of the Department of Transport.

53,3 Municipality acting as a principal

	Opening balance	Revenue principal is entitled to	Less: settlements	Closing balance
Netvendor	-	3 405 484	(3 405 484)	-

Matatiele Local Municipality

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2022

54. Key Sources of Estimation Uncertainty and Judgements

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
Recoverable amounts of property, plant and equipment
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
Present value of defined benefit obligation
Fair value of plan assets
Provision for doubtful debts
Impairment of assets
Provision for long-term service award
Contingencies

The following areas involved judgments, apart from those involving estimations disclosed above, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets
Provisions

55. Related parties

No transactions occurred with related parties that were not at arm's length or not in the ordinary course of business during the current financial year.

When the municipality enters into agreements with service providers who made declarations that close family members or directors are in service of the State. The municipality considers the transactions to be at an arms length and in the ordinary course of business.

In terms of GRAP 20 paragraph 35, remuneration paid by the municipality to the Councillors, the Municipal Manager and section 57 personnel respectively are related parties. Refer to note 30 and 31.

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

Mr Taelo Letseka, spouse of Ms Boitumelo Letseka (Accountant Payroll), is a director of Sweet Dreams Trading	185 335	-
Mr Bathusile Welcome Mabhovula, spouse of Ms Phumeza Mabhovula (Cashier), is a director of Sebenza Zotsho	159 900	-

Matatiele Local Municipality

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2022

56. Budget variances

The basis which has been applied in determining material variances is 10% in comparison to the final budget. Income we have only provided reasons where the municipality has under achieved and for expenditure both over and under achieved where its 10% less or more than budget.

The municipality treats employee costs as a major expense in its statement of financial performance hence we have provided a reason for that variance of 6%.

Reasons for budget variances

Revenue

Revenue from exchange transactions

Services charges - 19%

Most large consumers have gone green-solar and that resulted to a reduction in profit from electricity sales together with the effect of load-shedding.

Rental of facilities - 48%

The are contracts that expired and were not renewed. The continuing contracts' rental were not increased from the previous financial year.

Agency fees - (100%)

The budget provision for Agency fees is part of Licences and permits on the final budget.

Licences and permits - 54%

Due to load-shedding, the licensing department and operations could not continue as normal and registration of motor vehicles were negatively influenced by load-shedding.

Other income - 26%

A commission from Housing due to the municipality being the implementing agent was budgeted for and increased other income.

Interest received - investment - (27%)

This is due to the hikes in interest rates experienced by the country in recent months.

Interest received - outstanding debtors - 12%

This is due to the hikes in interest rates experienced by the country in recent months.

Revenue from non-exchange transactions

Property rates - (10%)

The decrease is a result of subdivisions that were approved in Cerdaville together with the implementation of the supplementary roll.

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2023

2022

56. Budget variances (continued)

Fines receipts - 48%

The increase in actual performance resulted from more visibility of traffic and community safety section.

Expenditure

Employee related costs - 4%

The variance due to the timing of filling of vacant positions as well as the timing of service related benefits such as bonus and leave pay. It must be noted that the recruitment processes for other positions have been finalised, however, various positions remained unfilled.

Debt impairment - (249%)

The variance is due to Parallax debt that moved out of debtors to contingent assets.

Depreciation and amortisation - 24%

The variance due to delays in completion of prior year projects which influenced the capitalisation and subsequent depreciation of these assets.

Finance charges - (100%)

Interest incurred for late payment of Workmen's Compensation and bulk electricity relation to Cerdaville lights accounts.

Bulk purchases - 5%

This is due to decrease in demand for electricity purchases as a result of load-shedding.

Other materials - 29%

The variance is due to delays in procurement of working equipment and refuse bags for public amenities and waste removal services.

Contracted services - 14%

The variance is due to delayed appointment of service providers for building maintenance, town planning and electrical infrastructure maintenance.

Operating leases - (100%)

The expenditure for this item is included in contracted services.

Other expenditure - 6%

The variance is due to delayed appointment of service providers for uniforms and protective clothing.

Loss on disposal of PPE - 38%

This is due to delays in transferring all completed projects to Eskom.

Landfill site provision contributions - (100%)

The budget for this item is part of Other expenditure.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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56. Budget variances (continued)

Assets

Current assets

Trade receivable from non-exchange transactions - (100%)

The budget allocation for this item is included on other debtors on the approved budget.

VAT receivable - (100%)

The budget allocation for this item is included on other debtors on the approved budget.

Other debtors - (4%)

The budget provision included VAT.

Inventory - 47%

This is due to more stock kept at year end than anticipated.

Security held in Eskom - (100%)

The budget allocation for this item is included on other debtors on the approved budget.

Non-current assets

Investment property - (100%)

The budget allocation for this item is included in property, plant and equipment.

Property, plant and equipment - (10%)

The variance is due to delayed expenditure on capital budget projects.

Intangible assets - (80%)

The variance is due to delays in procurement of traffic and cemetery management system.

Heritage assets - (149%)

The variance is due to completion of the statue.

Liabilities

Current liabilities

Consumer deposits - (50%)

This is due to more budget provided for this item.

Trade and other payables - (45%)

This is due to incomplete projects and unpaid retentions at year end.

Provisions - (53%)

Approved budget is inclusive of employee benefit obligation.

Matatiele Local Municipality

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56. Budget variances (continued)

Employee benefit obligation - (100%)

Budget for this item is allocated under provisions.

Unspent conditional grants and receipts - (100%)

The variance is due to disaster relief grant received in the current year relating to 2023/2024 financial year and unspent funds from the library incentive grant.

Non-current liabilities

Employee benefit obligation - 100%

Budget for this item is allocated under provisions.

Provisions - 51%

Approved budget is inclusive of employee benefit obligation.

Matatiele Local Municipality

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56. Budget variances (continued)

Cash Flow

Operating activities

Receipts from ratepayers and other services

The variance is due to decrease in demand for electricity purchases as a result of load-shedding

Government grants and subsidies

The variance is due to the disaster response grant received in the current financial year, for 2023/2024 financial year.

Interest received

This is due to hikes in interest rates that the country has experienced throughout the year.

Payments to suppliers and employees

The variance is due to delayed expenditure on projects as well as unfilled positions within the municipality.

Finance charges

Interest incurred for late payment of workman's compensation and bulk electricity relating to Cerdaville lights account.

Investing activities

Purchase of property, plant and equipment

The variance is due to delayed expenditure on capital projects

Purchase of intangible assets

Budget allocation for this item is part of property, plant and equipment.

Purchase of heritage assets

Budget allocation for this item is part of property, plant and equipment.

Financing activities

Cash and cash equivalents

The variance is due to delayed expenditure on projects as well as unfilled positions within the municipality.

Changes from the approved budget to the final budget

The municipality approved its budget 2022/2023 on the 27th May 2022. The first adjustment budget was approved on the 23rd of February 2023 and the special adjustment budget was further approved by the Council on the 26th of April 2023. Detailed reasons for the changes on the approved budget have been presented on the adjustment budget reports.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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2023 2022

57. Prior-year adjustments

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

Statement of financial position

2022

	As previously reported	Correction of error	Restated
Trade payables from exchange transactions	(55 641 925)	(2 190 307)	(57 832 232)
Vat receivable	2 761 254	246 436	3 007 690
Property, plant and equipment	1 121 808 468	(939 989)	1 120 868 479
Cash and cash equivalents	228 011 891	442 642	228 454 533
Trade receivables from exchange transactions	442 642	(442 642)	-
Accumulated surplus	(1 195 392 291)	(25 324)	(1 195 417 615)
Intangible assets	93 897	112 057	205 954
	102 083 936	(2 797 127)	99 286 809

Statement of financial performance

2022

	As previously reported	Correction of error	Restated
Remuneration of councillors	21 443 575	316	21 443 891
Employee related costs	131 389 637	204 646	131 594 283
Contracted services	101 862 867	96 000	101 958 867
General expenditure	40 022 588	356 847	40 379 435
Depreciation and amortisation	52 798 286	2 139 318	54 937 604
Surplus for the year	347 516 953	2 797 127	350 314 080

Cash flow statement

2022

	As previously reported	Correction of error	Restated
Cash flow from operating activities			
Sale of goods and services	84 341 753	(586 970)	83 754 783
Employee costs and suppliers	355 296 759	(1 286 065)	354 010 694
	439 638 512	(1 873 035)	437 765 477
Cash flow from investing activities			
Purchase of property, plant and equipment	188 976 279	1 286 065	190 262 344
Security held in Eskom	(144 328)	144 328	-
	188 831 951	1 430 393	190 262 344
Cash flow from financing activities			
Cash and cash equivalents at the beginning of the year	224 422 321	442 642	224 864 963
	224 422 321	442 642	224 864 963

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023

2022

57. Prior-year adjustments (continued)

Trade payables from exchange transactions

- Input vat on accrued external computer services (microsoft licences) amounted to R53 527.
- Input vat on pound structure additions amounted to R3 212.
- External computer services accrual for microsoft licences amounted to R356 848.
- Pound structure accrual amounted to R21 412.
- Backpay accrual to senior managers amounted to R204 646.
- Backpay accrual to councillor amounted to R316.
- Contracted services accrual on outsourced services (business and advisory) amounted to R96 000.
- Buildings acquisition accrual amounted to R1 222 073.
- Input vat on council chamber acquisition amounted to R183 311
- Infrastructure (bridge) amounted to R48 963.

Vat receivable

Input vat accrual on external computer services (microsoft licences) amounted to R53 527.
Input vat accrual on pound structure acquisition amounted to R3 212.
Input vat on council chamber acquisition amounted to R183 311.
Input vat on infrastructure (bridge) amounted to R6 386.

Employee related costs

Backpay accrual to senior managers amounted to R204 646.

Remuneration to councillors

Backpay accrual to councillor amounted to R316.

Contracted services

Contracted services accrual on outsourced services (business advisory) amounted to R96 000.

Intangible assets

Accumulated amortisation on intangible assets amounted to R112 057.

Accumulated surplus

Accumulated depreciation on other property, plant and equipment amounted to (R25 454).
Accumulated depreciation on infrastructure assets amounted to R130

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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2022

57. Prior-year adjustments (continued)

General expenditure

External computer services accrual for microsoft licences amounted to R356 846.

Property, plant and equipment

Accumulated depreciation on buildings (council chamber) amounted to (R2 499 441).
Accumulated depreciation on community assets amounted to R85 104.
Accumulated depreciation on other property, plant and equipment amounted to R164 394.
Accumulated depreciation on other property, plant and equipment amounted to R25 454.
Accumulated depreciation on infrastructure assets amounted to (R1 561).
Council chambers acquisition amounted to R1 222 073.
Pound structure acquisition amounted to R21 412.
Bridge structure acquisition amounted to R42 577.

Depreciation and amortisation

Depreciation on buildings (council chamber) amounted to R2 499 441.
Depreciation on community assets amounted to (R85 104).
Depreciation on other property, plant and equipment amounted to (R164 394).
Amortisation on intangible assets amounted to (R112 057).
Depreciation on infrastructure assets amounted to R1 431.

Sale of goods and services

Security held in Eskom amounting to R144 328 has been reclassified from investing to operating activities on the cash flow.

Employee costs and suppliers

Property, plant and equipment acquisitions amounted to R1 243 488.

Cash and cash equivalents

Interest accrued from investments amounted to R442 642 was reclassified from receivables to cash and cash equivalents.

Security held in Eskom

Security held in Eskom amounted to R144 328 was reclassified from investing to operating activities on the cash flow.

Trade receivables from exchange transactions

Interest accrued from investments amounted to R442 642 was reclassified from receivables to cash and cash equivalents.

**Matatiele Local Municipality
Appendix A**

**Analysis of property, plant and equipment as at 30 June 2023
Cost/Revaluation Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Electrification Disposals Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment Loss Rand	Closing Balance Rand	Carrying value Rand
Land														
Land	52 734 059	-	-	-	-	-	52 734 059	-	-	-	-	-	-	52 734 059
Buildings														
Buildings	167 054 838	420 000	-	-	-	-	167 474 838	-	-	-	(7 687 502)	-	(7 687 502)	159 787 336
Infrastructure														
Infrastructure	491 447 768	2 956 834	(10 070 623)	27 586 617	-	-	511 920 596	-	-	-	(27 754 883)	(32 907 202)	(60 662 085)	451 258 511
	491 447 768	2 956 834	(10 070 623)	27 586 617	-	-	511 920 596	-	-	-	(27 754 883)	(32 907 202)	(60 662 085)	451 258 511

**Matatiele Local Municipality
Appendix A**

**Analysis of property, plant and equipment as at 30 June 2023
Cost/Revaluation
Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Electrification Disposals Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment Loss Rand	Closing Balance Rand	Carrying value Rand
Community														
Community	124 476 472	224 100	-	-	-	-	124 700 572	-	-	-	(8 943 630)	-	(8 943 630)	115 756 942
	124 476 472	224 100	-	-	-	-	124 700 572	-	-	-	(8 943 630)	-	(8 943 630)	115 756 942
Other Property plant and equipment														
Other Property plant and equipment	51 305 472	5 661 671	(42 459)	-	-	-	56 924 684	-	-	-	(7 785 782)	-	(7 785 782)	49 138 902
	51 305 472	5 661 671	(42 459)	-	-	-	56 924 684	-	-	-	(7 785 782)	-	(7 785 782)	49 138 902
Capital under construction														
Capital under construction	167 510 427	126 506 920	-	(104 286 970)	-	-	189 730 377	-	-	-	-	-	-	189 730 377
	167 510 427	126 506 920	-	(104 286 970)	-	-	189 730 377	-	-	-	-	-	-	189 730 377

**Matatiele Local Municipality
Appendix A**

**Analysis of property, plant and equipment as at 30 June 2023
Cost/Revaluation**

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Electrification Disposals Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment Loss Rand	Closing Balance Rand	Carrying value Rand
Land	52 734 059	-	-	-	-	-	52 734 059	-	-	-	-	-	-	52 734 059
Buildings	187 054 838	420 000	-	-	-	-	187 474 838	-	-	-	(7 687 502)	-	(7 687 502)	159 787 336
Infrastructure	491 447 788	2 956 834	(10 070 623)	27 566 617	-	-	511 920 596	-	-	-	(27 754 885)	(32 907 202)	(60 662 085)	451 258 511
Community	124 476 472	224 100	-	-	-	-	124 700 572	-	-	-	(8 943 630)	-	(8 943 630)	115 756 942
Other Property plant and equipment	51 305 472	5 661 671	(42 459)	-	-	-	56 924 684	-	-	-	(7 785 782)	-	(7 785 782)	49 138 902
Capital under construction	167 510 427	126 506 920	-	(104 286 970)	-	-	189 730 377	-	-	-	-	-	-	189 730 377
	1 054 529 036	135 769 525	(10 113 082)	(76 700 353)	-	-	1 103 485 125	-	-	-	(52 171 797)	(32 907 202)	(85 078 999)	1 018 406 127
Total	1 054 529 036	135 769 525	(10 113 082)	(76 700 353)	-	-	1 103 485 126	-	-	-	(52 171 797)	(32 907 202)	(85 078 999)	1 018 406 127

**Matatiele Local Municipality
Appendix A**

**Analysis of property, plant and equipment as at 30 June 2022
Cost/Revaluation Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers / Transfers from Investment Property	Depreciation	Impairment Loss	Closing Balance							Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land														
Land	52 734 059	-	-	-	-	-	52 734 059	-	-	-	-	-	-	52 734 059
	52 734 059						52 734 059							52 734 059
Buildings														
Buildings	63 758 629	1 222 073	-	108 784 162	(6 710 026)	-	167 054 838	-	-	-	-	-	-	167 054 838
	63 758 629	1 222 073		108 784 162	(6 710 026)		167 054 838							167 054 838
Infrastructure														
Infrastructure	487 150 618	4 551 378	(20 942 331)	97 903 515	(30 625 954)	(46 589 458)	491 447 768	-	-	-	-	-	-	491 447 768
	487 150 618	4 551 378	(20 942 331)	97 903 515	(30 625 954)	(46 589 458)	491 447 768							491 447 768

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Appendix A**

**Analysis of property, plant and equipment as at 30 June 2022
Cost/Revaluation
Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers / Transfers from Investment Property	Depreciation	Impairment Loss	Closing Balance								Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Community															
Community	133 150 811	129 426	-	210 000	(9 013 765)	-	124 476 472	-	-	-	-	-	-	-	124 476 472
	133 150 811	129 426	-	210 000	(9 013 765)	-	124 476 472	-	-	-	-	-	-	-	124 476 472
Other Property plant and equipment															
Other Property plant and equipment	53 135 923	6 287 830	(43 468)	-	(8 074 814)	-	51 305 471	-	-	-	-	-	-	-	51 305 471
	53 135 923	6 287 830	(43 468)	-	(8 074 814)	-	51 305 471	-	-	-	-	-	-	-	51 305 471
Capital under construction															
Capital under construction	247 686 012	178 029 060	-	(258 204 644)	-	-	167 510 428	-	-	-	-	-	-	-	167 510 428
	247 686 012	178 029 060	-	(258 204 644)	-	-	167 510 428	-	-	-	-	-	-	-	167 510 428

**Matatiele Local Municipality
Appendix A**

**Analysis of property, plant and equipment as at 30 June 2022
Cost/Revaluation
Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers / Transfers from Investment Property	Depreciation	Impairment Loss	Closing Balance								Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land	52 734 059	-	-	-	-	-	52 734 059	-	-	-	-	-	-	-	52 734 059
Buildings	63 758 629	1 222 073	-	108 784 162	(6 710 026)	-	167 054 838	-	-	-	-	-	-	-	167 054 838
Infrastructure	487 150 618	4 551 378	(20 942 331)	97 903 515	(30 625 954)	(46 589 458)	491 447 768	-	-	-	-	-	-	-	491 447 768
Community	133 150 811	129 426	-	210 000	(9 013 765)	-	124 476 472	-	-	-	-	-	-	-	124 476 472
Other Property plant and equipment	53 135 923	6 287 830	(43 468)	(258 204 644)	(8 074 814)	-	51 305 471	-	-	-	-	-	-	-	51 305 471
Capital under construction	247 686 012	178 029 060	-	-	-	-	167 510 428	-	-	-	-	-	-	-	167 510 428
Total	1 037 616 052	190 219 767	(20 885 799)	(51 306 967)	(54 424 559)	(46 589 458)	1 054 529 036	-	-	-	-	-	-	-	1 054 529 036
Total	1 037 616 052	190 219 767	(20 885 799)	(51 306 967)	(54 424 559)	(46 589 458)	1 054 529 036	-	-	-	-	-	-	-	1 054 529 036