



City of Ekurhuleni Metropolitan Municipality
Consolidated Annual Financial Statements
for the year ended 30 June 2024

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	City
Legislation governing the entity's operations	Municipal Finance Management Act (Act No. 56 of 2003)
Mayoral committee	
Executive Mayor	Ald: N Xhakaza
Speaker	Cllr: N Tshivhenga
Chief Whip	Ald: J Dlabathi
Members of Mayoral Committee	MMC: Finance : Vacant MMC: Community Services : Cllr B Thusi MMC: Water and Sanitation : Cllr T Msane MMC: Environmental Resources and Waste Management : Cllr L Manamela MMC: Community Safety : Cllr S Masuku MMC: Development Planning and Real Estate : Ald N Nkosi MMC: Roads and Transport Planning : Cllr A Mngwevu MMC: Energy : Cllr M Ngwenya MMC: Human Settlements : Cllr K Hollo MMC: Corporate and Shared Services : Ald S Ngodwana
Grading of local authority	The City is a category A grade 6 local authority in terms of item 4 of the Government Notice R1227 of 18 December 2007 published in terms of the Remuneration of Public Office Bearers act, 1998.
City Manager	Dr. I Mashazi 011 999 0760 imogen.mashazi@ekurhuleni.gov.za
Group Chief Financial Officer (GCFO)	Mr. K Lerutla 011 999 1310 kagiso.lerutla@ekurhuleni.gov.za
Registered office	Corner of Rose and Cross Streets Germiston 1400
Business address	Corner of Rose and Cross Streets Germiston 1400
Postal address	Private Bag X69 Germiston 1400
Bankers	ABSA Bank
Auditors	Auditor-General of South Africa

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

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

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

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 consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of the City as at the end of the financial year and the results of its operations and cash flows for the period then ended.

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

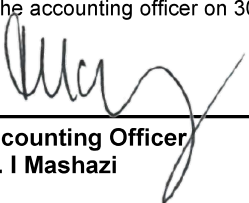
The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the City and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the City and all employees are required to maintain the highest ethical standards in ensuring the City's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the City is on identifying, assessing, managing and monitoring all known forms of risk across the City. While operating risk cannot be fully eliminated, the City 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 consolidated 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 City's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the City has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer is responsible for the financial affairs of the City, and he is assisted by the City's Senior management team.

The consolidated annual financial statements set out on page 4 to 104, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2024 and were signed by:



Accounting Officer
Dr. I Mashazi



Group Chief Financial Officer
Mr. K Lerutla

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2024	2023 Restated*	2024	2023 Restated*
Assets					
Current Assets					
Inventories	11	1,720,821,048	1,894,129,941	1,720,821,048	1,894,129,941
Other Investments	8	145,957,182	899,504,856	136,171,520	890,612,075
Current tax receivable		939,692	1,153,176	-	-
Receivables from exchange transactions	12&14	9,827,911,452	7,334,653,439	9,790,168,428	7,322,938,256
Receivables from non-exchange transactions (Statutory)	13&14	1,771,448,888	2,226,106,610	1,771,448,888	2,226,106,610
Cash and cash equivalents	15	742,871,721	1,114,201,150	615,825,182	592,053,671
		14,209,949,983	13,469,749,172	14,034,435,066	12,925,840,553
Non-Current Assets					
Investment property	3	711,132,796	701,261,975	464,799,246	474,528,351
Property, plant and equipment	4	62,852,666,242	62,889,644,827	60,805,412,204	60,766,635,794
Intangible assets	5	1,335,575,052	1,394,725,606	1,330,917,050	1,389,195,721
Heritage assets	6	82,007,433	82,007,433	82,007,433	82,007,433
Investments in controlled entities	7	-	-	100	100
Other Investments	8	112,893,886	12,558,160	112,893,886	12,558,160
Long term receivables	10	19,715,909	19,591,646	3,923,169	4,539,425
		65,113,991,318	65,099,789,647	62,799,953,088	62,729,464,984
Total Assets		79,323,941,301	78,569,538,819	76,834,388,154	75,655,305,537
Liabilities					
Current Liabilities					
Short term liabilities	16	1,092,502,259	1,890,141,724	1,050,194,567	1,835,759,689
Trade and other payables from exchange transactions	19	12,987,622,344	10,892,791,021	13,736,220,128	11,037,011,793
Deposits	20	1,207,084,517	1,133,341,947	1,207,084,517	1,133,341,947
Retirement benefit obligation	17	125,940,647	125,668,576	122,480,596	122,484,576
Unspent conditional grants and receipts	21	10,189,451	154,050,781	9,542,846	153,404,176
Provisions	18	1,021,137,253	1,000,440,357	991,197,663	967,638,520
Finance lease obligation		1,786,253	-	-	-
		16,446,262,724	15,196,434,406	17,116,720,317	15,249,640,701
Non-Current Liabilities					
Long term liabilities	16	7,448,517,042	8,425,326,426	7,256,029,588	8,190,018,981
Finance lease obligation		2,899,423	-	-	-
Retirement benefit obligation	17	2,033,489,138	2,086,001,470	1,965,280,958	2,026,322,470
Deferred tax	9	3,941,115	16,188,323	-	-
Provisions	18	1,087,863,688	1,110,330,732	1,087,863,688	1,110,330,732
		10,576,710,406	11,637,846,951	10,309,174,234	11,326,672,183
Total Liabilities		27,022,973,130	26,834,281,357	27,425,894,551	26,576,312,884
Net Assets		52,300,968,171	51,735,257,462	49,408,493,603	49,078,992,653
Accumulated surplus		52,220,045,661	51,661,174,195	49,408,493,603	49,078,992,653
		52,220,045,661	51,661,174,195	49,408,493,603	49,078,992,653
Non-controlling interest		80,922,510	74,083,267	-	-
Total Net Assets		52,300,968,171	51,735,257,462	49,408,493,603	49,078,992,653

* See Note 54

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2024	2023 Restated*	2024	2023 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	23	30,863,493,975	29,787,819,610	30,879,193,024	29,793,852,824
Rental of facilities and equipment	24	157,746,308	144,954,295	106,113,758	97,911,532
Interest earned on outstanding debtors		1,031,736,167	1,131,900,996	1,031,736,167	1,131,900,996
Income from agency services	56	329,710,220	319,731,584	329,710,220	319,731,584
Construction Contract - HSDG	25	85,170,089	30,171,857	85,170,089	30,171,857
Licences and permits		42,896,703	48,983,795	42,896,703	48,983,795
Other income	26	319,990,833	238,590,747	274,658,058	188,269,916
Interest revenue	27	223,825,944	144,968,063	135,879,644	115,038,073
Dividends received		87,869	111,753	-	-
Total revenue from exchange transactions		33,054,658,108	31,847,232,700	32,885,357,663	31,725,860,577
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	29	8,823,217,846	7,841,075,519	8,823,217,846	7,841,075,519
Property rates - penalties and collection charges	29	316,821,029	279,449,362	316,821,029	279,449,362
Transfer revenue					
Government grants & subsidies	28	10,282,015,706	9,490,553,551	10,255,455,534	9,486,868,639
Public contributions and donations		170,606,747	179,665,463	170,606,747	179,665,463
Fines		861,824,707	857,009,452	861,824,707	857,009,452
Total revenue from non-exchange transactions		20,454,486,035	18,647,753,347	20,427,925,863	18,644,068,435
Total revenue	22	53,509,144,143	50,494,986,047	53,313,283,526	50,369,929,012
Expenditure					
Employee related costs	30	(10,301,661,027)	(9,995,862,172)	(9,840,310,000)	(9,553,362,575)
Remuneration of councillors	31	(158,376,569)	(146,095,823)	(158,376,569)	(146,095,823)
Depreciation and amortisation	32	(2,809,110,349)	(2,793,473,414)	(2,692,698,351)	(2,669,110,395)
Impairment and derecognition loss	33	(115,907,192)	(74,368,813)	(12,930,631)	(22,997,709)
Finance costs	34	(1,471,551,928)	(1,449,487,878)	(1,429,261,792)	(1,412,085,521)
Debt Impairment	36	(6,897,073,401)	(8,181,982,855)	(6,798,252,543)	(8,135,243,702)
Collection costs		(210,315,346)	(241,803,580)	(210,315,346)	(241,803,580)
Bulk purchases	37	(21,822,659,729)	(19,168,207,274)	(22,914,763,416)	(20,214,500,978)
Contracted services	38	(2,907,798,038)	(2,753,049,524)	(2,907,798,038)	(2,753,049,524)
Grants and subsidies paid	39	(760,908,360)	(641,692,935)	(886,115,450)	(744,501,335)
General Expenses	40	(5,499,211,714)	(4,501,677,472)	(5,132,960,436)	(4,159,433,989)
Total expenditure		(52,954,573,653)	(49,947,701,740)	(52,983,782,572)	(50,052,185,131)
Surplus before taxation		554,570,490	547,284,307	329,500,954	317,743,881
Taxation		(11,140,217)	(6,534,129)	-	-
Surplus for the period		565,710,707	553,818,436	329,500,954	317,743,881
Attributable to:					
Owners of the controlling entity		558,871,464	546,101,368	329,500,954	317,743,881
Non-controlling interest		6,839,243	7,717,068	-	-
		565,710,707	553,818,436	329,500,954	317,743,881

* See Note 54

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

	Accumulated surplus / deficit	Total attributable to owners of the economic entity / controlling entity	Non-controlling interest	Total net assets
Figures in Rand				
Economic entity				
Opening balance as previously reported	51,294,016,393	51,294,016,393	67,847,041	51,361,863,434
Adjustments				
Prior year adjustments 54	(178,943,565)	(178,943,565)	(1,480,842)	(180,424,407)
Balance at 01 July 2022 as restated*	51,115,072,828	51,115,072,828	66,366,199	51,181,439,027
Changes in net assets				
Surplus for the year	546,101,367	546,101,367	7,717,068	553,818,435
Total changes	546,101,367	546,101,367	7,717,068	553,818,435
Restated* Balance at 01 July 2023	51,661,174,203	51,661,174,203	74,083,267	51,735,257,470
Changes in net assets				
Surplus for the year	558,871,458	558,871,458	6,839,243	565,710,701
Total changes	558,871,458	558,871,458	6,839,243	565,710,701
Balance at 30 June 2024	52,220,045,661	52,220,045,661	80,922,510	52,300,968,171
Controlling entity				
Opening balance as previously reported	48,939,268,013	48,939,268,013	-	48,939,268,013
Adjustments				
Prior year adjustments 54	(178,019,240)	(178,019,240)	-	(178,019,240)
Balance at 01 July 2022 as restated*	48,761,248,773	48,761,248,773	-	48,761,248,773
Changes in net assets				
Surplus for the year	317,743,880	317,743,880	-	317,743,880
Total changes	317,743,880	317,743,880	-	317,743,880
Restated* Balance at 01 July 2023	49,078,992,655	49,078,992,655	-	49,078,992,655
Changes in net assets				
Surplus for the year	329,500,948	329,500,948	-	329,500,948
Total changes	329,500,948	329,500,948	-	329,500,948
Balance at 30 June 2024	49,408,493,603	49,408,493,603	-	49,408,493,603

* See Note 54

City of Ekurhuleni Metropolitan Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2024	2023 Restated*	2024	2023 Restated*
Cash flows from operating activities					
Receipts					
Property rates		7,990,788,898	7,138,776,530	7,990,788,898	7,138,776,530
Income from services rendered		24,728,086,963	24,389,305,731	24,868,634,711	24,460,363,105
Grants - operational		7,901,411,423	7,303,251,483	7,789,681,162	7,375,455,956
Grants - capital		2,236,742,953	2,200,427,373	2,321,913,041	2,128,119,479
Interest income		223,825,944	144,968,063	135,879,644	115,038,073
Other receipts		1,422,495,510	1,274,441,366	1,325,442,316	1,176,966,025
		44,503,351,691	42,451,170,546	44,432,339,772	42,394,719,168
Payments					
Employee costs		(10,783,282,526)	(10,230,312,156)	(10,319,832,483)	(9,799,986,151)
Suppliers		(27,961,529,265)	(26,139,932,043)	(28,083,004,660)	(26,824,760,250)
Finance costs		(1,077,848,484)	(1,088,651,306)	(1,043,600,348)	(1,056,575,949)
Other payments		(1,188,284,880)	(1,684,162,666)	(1,301,244,774)	(1,786,509,511)
Taxes on surpluses		11,353,701	(3,347,558)	-	-
		(40,999,591,454)	(39,146,405,729)	(40,747,682,265)	(39,467,831,861)
Net cash flows from operating activities	41	3,503,760,237	3,304,764,817	3,684,657,507	2,926,887,307
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(2,698,457,034)	(3,034,685,874)	(2,560,490,752)	(2,936,599,621)
Purchase of investment property	3	(24,257,605)	(9,728,702)	(190,750)	(4,258,186)
Purchase of intangible assets	5	(35,699,539)	(44,717,942)	(35,371,060)	(44,717,942)
(Increase)/decrease in investments		653,211,948	(64,658,157)	654,104,829	(63,971,731)
Increase in long term receivables		(124,263)	(114,938)	616,252	(114,939)
Net cash flows from investing activities		(2,105,326,493)	(3,153,905,613)	(1,941,331,481)	(3,049,662,419)
Cash flows from financing activities					
Long-term liabilities raised		-	741,982,950	-	741,982,950
Repayment of long term liabilities		(1,774,448,849)	(851,612,729)	(1,719,564,527)	(800,297,416)
Finance lease payments		4,685,676	(305,462)	-	-
Net cash flows from financing activities		(1,769,763,173)	(111,157,084)	(1,719,554,515)	(58,314,466)
Net increase/(decrease) in cash and cash equivalents		(371,329,429)	39,702,120	23,771,511	(181,089,578)
Cash and cash equivalents at the beginning of the year		1,114,201,150	1,074,499,030	592,053,671	773,143,249
Cash and cash equivalents at the end of the year	15	742,871,721	1,114,201,150	615,825,182	592,053,671

* See Note 54

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	35,321,026,471	65,444,882	35,386,471,353	30,863,493,975	(4,522,977,378)	
Construction contracts	-	91,279,699	91,279,699	85,170,089	(6,109,610)	
Rental of facilities and equipment	141,012,608	3,678,106	144,690,714	157,746,308	13,055,594	
Interest received (trading)	1,197,713,014	(181,972,647)	1,015,740,367	1,031,736,167	15,995,800	
Agency services	324,921,779	-	324,921,779	329,710,220	4,788,441	
Licences and permits	46,623,702	(7,855,334)	38,768,368	42,896,703	4,128,335	
Other income	92,779,897	67,091,448	159,871,345	319,990,833	160,119,488	
Interest received - investment	127,166,317	27,264,672	154,430,989	223,825,944	69,394,955	
Total revenue from exchange transactions	37,251,243,788	64,930,826	37,316,174,614	33,054,570,239	(4,261,604,375)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	8,175,037,720	305,777,681	8,480,815,401	8,823,217,846	342,402,445	
Property rates - penalties imposed	137,772,894	138,107,716	275,880,610	316,821,029	40,940,419	
Transfer revenue						
Government grants & subsidies	10,448,368,152	(190,030,443)	10,258,337,709	10,282,015,706	23,677,997	
Public contributions and donations	-	-	-	170,606,747	170,606,747	
Fines	1,017,316,184	(33,500)	1,017,282,684	861,824,707	(155,457,977)	
Total revenue from non-exchange transactions	19,778,494,950	253,821,454	20,032,316,404	20,454,486,035	422,169,631	
Total revenue	57,029,738,738	318,752,280	57,348,491,018	53,509,056,274	(3,839,434,744)	
Expenditure						
Employee related cost	(11,518,574,788)	(183,073,079)	(11,701,647,867)	(10,301,661,027)	1,399,986,840	
Remuneration of councillors	(157,677,579)	(6,683,776)	(164,361,355)	(158,376,569)	5,984,786	
Depreciation and amortisation	(3,043,464,736)	(35,424,571)	(3,078,889,307)	(2,809,110,349)	269,778,958	
Impairment loss/ Reversal of impairments	-	-	-	(115,907,192)	(115,907,192)	
Finance costs	(1,539,780,664)	(12,108,783)	(1,551,889,447)	(1,471,551,928)	80,337,519	
Debt Impairment	(6,085,306,334)	(10,026,810)	(6,095,333,144)	(6,897,073,401)	(801,740,257)	
Collection costs	(195,666,405)	2,089,249	(193,577,156)	(210,315,346)	(16,738,190)	
Bulk purchases	(23,142,631,192)	523,159,747	(22,619,471,445)	(21,822,659,729)	796,811,716	
Contracted Services	(2,768,297,764)	90,734,998	(2,677,562,766)	(2,907,798,038)	(230,235,272)	
Transfers and subsidies paid	(1,338,369,323)	(129,202,948)	(1,467,572,271)	(760,908,360)	706,663,911	
General Expenses	(4,426,866,091)	(581,868,139)	(5,008,734,230)	(5,499,211,714)	(490,477,484)	
Total expenditure	(54,216,634,876)	(342,404,112)	(54,559,038,988)	(52,954,573,653)	1,604,465,335	
Operating surplus	2,813,103,862	(23,651,832)	2,789,452,030	554,482,621	(2,234,969,409)	
Dividends received	-	-	-	87,869	87,869	
Surplus before taxation	2,813,103,862	(23,651,832)	2,789,452,030	554,570,490	(2,234,881,540)	
Taxation	2,222,779	-	2,222,779	(11,140,217)	(13,362,996)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	2,810,881,083	(23,651,832)	2,787,229,251	565,710,707	(2,221,518,544)	

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	34,566,428,383	(170,000,000)	34,396,428,383	30,879,193,024	(3,517,235,359)	
Construction contracts - HSDG grant	-	91,279,699	91,279,699	85,170,089	(6,109,610)	
Rental of facilities and equipment	87,726,264	5,071,970	92,798,234	106,113,758	13,315,524	
Interest earned on outstanding debtors	1,197,713,014	(181,972,647)	1,015,740,367	1,031,736,167	15,995,800	
Income from agency services	324,921,779	-	324,921,779	329,710,220	4,788,441	
Licences and permits	46,623,702	(7,855,334)	38,768,368	42,896,703	4,128,335	
Other income	56,879,066	71,591,448	128,470,514	274,658,058	146,187,544	
Interest revenue	120,064,609	-	120,064,609	135,879,644	15,815,035	
Total revenue from exchange transactions	36,400,356,817	(191,884,864)	36,208,471,953	32,885,357,663	(3,323,114,290)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	8,175,143,747	305,777,681	8,480,921,428	8,823,217,846	342,296,418	
Property rates - penalties and collection charges	137,772,894	138,107,716	275,880,610	316,821,029	40,940,419	
Transfer revenue						
Government grants & subsidies	10,448,368,152	(193,517,000)	10,254,851,152	10,255,455,534	604,382	
Public contributions and donations	-	-	-	170,606,747	170,606,747	
Fines	1,017,316,184	(33,500)	1,017,282,684	861,824,707	(155,457,977)	
Total revenue from non-exchange transactions	19,778,600,977	250,334,897	20,028,935,874	20,427,925,863	398,989,989	
Total revenue	56,178,957,794	58,450,033	56,237,407,827	53,313,283,526	(2,924,124,301)	
Expenditure						
Employee related costs	(10,998,852,291)	(184,787,994)	(11,183,640,285)	(9,840,310,000)	1,343,330,285	
Remuneration of councillors	(157,677,579)	(6,683,776)	(164,361,355)	(158,376,569)	5,984,786	
Depreciation and amortisation	(2,931,717,005)	80,000	(2,931,637,005)	(2,692,698,351)	238,938,654	
Impairment and derecognition loss	-	-	-	(12,930,631)	(12,930,631)	
Finance costs	(1,511,851,110)	-	(1,511,851,110)	(1,429,261,792)	82,589,318	
Debt Impairment	(6,083,068,269)	-	(6,083,068,269)	(6,798,252,543)	(715,184,274)	
Collection costs	(195,666,405)	2,088,889	(193,577,516)	(210,315,346)	(16,737,830)	
Bulk purchases	(24,038,099,608)	502,290,399	(23,535,809,209)	(22,914,763,416)	621,045,793	
Contracted Services	(2,763,353,446)	90,707,927	(2,672,645,519)	(2,907,798,038)	(235,152,519)	
Grants and subsidies paid	(753,369,206)	50,797,052	(702,572,154)	(886,115,450)	(183,543,296)	
General Expenses	(4,015,800,954)	(535,629,277)	(4,551,430,231)	(5,132,960,436)	(581,530,205)	
Total expenditure	(53,449,455,873)	(81,136,780)	(53,530,592,653)	(52,983,782,572)	546,810,081	
Surplus before taxation	2,729,501,921	(22,686,387)	2,706,815,534	329,500,954	(2,377,314,580)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	2,729,501,921	(22,686,387)	2,706,815,534	329,500,954	(2,377,314,580)	

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Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Note
Economic entity - 2024												
Financial Performance												
Property rates	8,312,810,614	443,885,397	8,756,696,011	-		8,756,696,011	9,140,038,875		383,342,864	104 %	110 %	
Service charges	35,321,026,471	65,444,882	35,386,471,353	-		35,386,471,353	30,863,493,975		(4,522,977,378)	87 %	87 %	
Investment revenue	127,166,317	27,264,672	154,430,989	-		154,430,989	223,825,944		69,394,955	145 %	176 %	58
Transfers recognised - operational	8,033,088,321	(98,078,611)	7,935,009,710	-		7,935,009,710	8,045,272,753		110,263,043	101 %	100 %	
Other own revenue	2,820,367,184	(27,812,228)	2,792,554,956	-		2,792,554,956	2,829,162,896		36,607,940	101 %	100 %	
Total revenue (excluding capital transfers and contributions)	54,614,458,907	410,704,112	55,025,163,019	-		55,025,163,019	51,101,794,443		(3,923,368,576)	93 %	94 %	
Employee costs	(11,518,574,788)	(184,288,613)	(11,702,863,401)	-	1,215,534	(11,701,647,867)	(10,301,661,027)	-	1,399,986,840	88 %	89 %	
Remuneration of councillors	(157,677,579)	(6,683,776)	(164,361,355)	-	-	(164,361,355)	(158,376,569)	-	5,984,786	96 %	100 %	
Debt impairment	(6,085,306,334)	(10,026,810)	(6,095,333,144)			(6,095,333,144)	(6,897,073,401)	-	(801,740,257)	113 %	113 %	
Depreciation and asset impairment	(3,043,464,736)	(35,424,571)	(3,078,889,307)			(3,078,889,307)	(2,925,017,541)	-	153,871,766	95 %	96 %	
Finance charges	(1,539,780,664)	(12,108,783)	(1,551,889,447)	-	-	(1,551,889,447)	(1,471,551,928)	-	80,337,519	95 %	96 %	
Materials and bulk purchases	(23,142,631,192)	523,159,747	(22,619,471,445)	-	-	(22,619,471,445)	(21,822,659,729)	-	796,811,716	96 %	94 %	
Transfers and grants	(1,338,369,323)	(136,402,377)	(1,474,771,700)	-	7,199,429	(1,467,572,271)	(760,908,360)	-	706,663,911	52 %	57 %	58
Other expenditure	(7,393,053,039)	(480,628,929)	(7,873,681,968)	-	(8,414,963)	(7,882,096,931)	(8,617,325,098)	-	(735,228,167)	109 %	117 %	58
Total expenditure	(54,218,857,655)	(342,404,112)	(54,561,261,767)	-	-	(54,561,261,767)	(52,954,573,653)	-	1,606,688,114	97 %	98 %	
Surplus/(Deficit)	395,601,252	68,300,000	463,901,252	-		463,901,252	(1,852,779,210)		(2,316,680,462)	(399)%	(399)%	

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Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Ref
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,415,279,831	(91,951,832)	2,323,327,999	-		2,323,327,999	2,236,742,953		(86,585,046)	96 %	93 %	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Department Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-		-	170,606,747		170,606,747	DIV/0 %	DIV/0 %	
Surplus (Deficit) after capital transfers and contributions	2,810,881,083	(23,651,832)	2,787,229,251	-		2,787,229,251	554,570,490		(2,232,658,761)	20 %	20 %	
Taxation	-	-	-	-		-	(11,140,217)		(11,140,217)	DIV/0 %	DIV/0 %	
Attributable to minorities	-	-	-	-		-	6,839,243		6,839,243	DIV/0 %	DIV/0 %	
Surplus/(Deficit) for the year	2,810,881,083	(23,651,832)	2,787,229,251	-		2,787,229,251	558,871,464		(2,228,357,787)	20 %	20 %	
Capital expenditure and funds sources												
Total capital expenditure	2,767,670,180	(7,329,030)	2,760,341,150	-		2,760,341,150	2,753,208,993		(7,132,157)	100 %	99 %	

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Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Ref
Cash flows												
Net cash from (used) operating	3,850,831,820	1,517,318,132	5,368,149,952	-		5,368,149,952	3,503,760,237		(1,864,389,715)	65 %	91 %	
Net cash from (used) investing	(2,018,291,230)	(700,428,919)	(2,718,720,149)	-		(2,718,720,149)	(2,105,326,493)		613,393,656	77 %	104 %	
Net cash from (used) financing	(1,650,134,940)	3,939,497	(1,646,195,443)	-		(1,646,195,443)	(1,769,763,173)		(123,567,730)	108 %	107 %	
Net increase/(decrease) in cash and cash equivalents	182,405,650	820,828,710	1,003,234,360	-		1,003,234,360	(371,329,429)		(1,374,563,789)	(37)%	(204)%	
Cash and cash equivalents at the beginning of the year	1,721,142,581	(825,753,627)	895,388,954	-		895,388,954	1,114,201,150		218,812,196	124 %	65 %	
Cash and cash equivalents at year end	1,903,548,231	(4,924,917)	1,898,623,314	-		1,898,623,314	742,871,721		(1,155,751,593)	39 %	39 %	

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Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Controlling entity - 2024											
Financial Performance											
Property rates	8,312,916,641	443,885,397	8,756,802,038	-		8,756,802,038	9,140,038,875		383,236,837	104 %	110 %
Service charges	34,566,428,383	(170,000,000)	34,396,428,383	-		34,396,428,383	30,879,193,024		(3,517,235,359)	90 %	89 %
Investment revenue	120,064,609	-	120,064,609	-		120,064,609	135,879,644		15,815,035	113 %	113 %
Transfers recognised - operational	8,116,367,699	(99,665,168)	8,016,702,531	-		8,016,702,531	8,018,712,581		2,010,050	100 %	99 %
Other own revenue	2,731,180,009	(21,918,364)	2,709,261,645	-		2,709,261,645	2,732,109,702		22,848,057	101 %	100 %
Total revenue (excluding capital transfers and contributions)	53,846,957,341	152,301,865	53,999,259,206	-		53,999,259,206	50,905,933,826		(3,093,325,380)	94 %	95 %
Employee costs	(10,998,852,291)	(186,003,528)	(11,184,855,819)	-	1,215,534	(11,183,640,285)	(9,840,310,000)	-	1,343,330,285	88 %	89 %
Remuneration of councillors	(157,677,579)	(6,683,776)	(164,361,355)	-	-	(164,361,355)	(158,376,569)	-	5,984,786	96 %	100 %
Depreciation and asset impairment	(2,931,717,005)	80,000	(2,931,637,005)			(2,931,637,005)	(2,705,628,982)	-	226,008,023	92 %	92 %
Debt impairment	(6,083,068,269)	-	(6,083,068,269)	-	-	(6,083,068,269)	(6,798,252,543)	-	(715,184,274)	112 %	112 %
Finance charges	(1,511,851,110)	-	(1,511,851,110)	-	-	(1,511,851,110)	(1,429,261,792)	-	82,589,318	95 %	95 %
Inventory consumed and bulk purchases	(24,038,099,608)	502,290,399	(23,535,809,209)	-	-	(23,535,809,209)	(22,914,763,416)	-	621,045,793	97 %	95 %
Transfers and grants	(753,369,206)	43,597,623	(709,771,583)	-	7,199,429	(702,572,154)	(886,115,450)	-	(183,543,296)	126 %	118 %
Other expenditure	(6,974,820,805)	(434,417,138)	(7,409,237,943)	-	(8,414,963)	(7,417,652,906)	(8,251,073,820)	-	(833,420,914)	111 %	118 %
Total expenditure	(53,449,455,873)	(81,136,420)	(53,530,592,293)	-	-	(53,530,592,293)	(52,983,782,572)	-	546,809,721	99 %	99 %
Surplus/(Deficit)	397,501,468	71,165,445	468,666,913	-		468,666,913	(2,077,848,746)		(2,546,515,659)	(443)%	(523)%

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Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Ref
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,332,000,453	(93,851,832)	2,238,148,621	-		2,238,148,621	2,236,742,952		(1,405,669)	100 %	96 %	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Department Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-		-	170,606,747		170,606,747	DIV/0 %	DIV/0 %	
Surplus (Deficit) after capital transfers and contributions	2,729,501,921	(22,686,387)	2,706,815,534	-		2,706,815,534	329,500,953		(2,377,314,581)	12 %	12 %	
Surplus/(Deficit) for the year	2,729,501,921	(22,686,387)	2,706,815,534	-		2,706,815,534	329,500,953		(2,377,314,581)	12 %	12 %	
Capital expenditure and funds sources												
Total capital expenditure	2,638,644,927	(14,333,585)	2,624,311,342	-		2,624,311,342	2,596,052,564		(28,258,778)	99 %	98 %	

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Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Ref
Cash flows												
Net cash from (used) operating	1,293,157,495	-	1,293,157,495	-		1,293,157,495	3,684,657,507		2,391,500,012	285 %	285 %	
Net cash from (used) investing	(1,917,372,366)	-	(1,917,372,366)	-		(1,917,372,366)	(1,941,331,481)		(23,959,115)	101 %	101 %	
Net cash from (used) financing	744,233,479	-	744,233,479	-		744,233,479	(1,719,554,515)		(2,463,787,994)	(231)%	(231)%	
Net increase/(decrease) in cash and cash equivalents	120,018,608	-	120,018,608	-		120,018,608	23,771,511		(96,247,097)	20 %	20 %	
Cash and cash equivalents at the beginning of the year	1,601,123,973	-	1,601,123,973	-		1,601,123,973	592,053,671		(1,009,070,302)	37 %	37 %	
Cash and cash equivalents at year end	1,721,142,581	-	1,721,142,581	-		1,721,142,581	615,825,182		1,105,317,399	36 %	36 %	

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

	Economic entity	Controlling entity
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1. Presentation of Consolidated Annual Financial Statements

Basis of Preparation

The consolidated annual financial statements were prepared in accordance with 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 No 56 of 2003).

The consolidated annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where otherwise specified.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3, interpretation, guidelines and directives issued by the accounting standard board, read with directive 5 (GRAP Reporting Framework).

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies, applied in the preparation of these consolidated annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year consolidated annual financial statements, unless, otherwise specified. Details of any changes in the accounting policies are provided in the note "Changes in accounting policy, where applicable".

The amounts presented in the consolidated annual financial statements are rounded to the nearest rand.

1.1 Consolidation

Basis of consolidation

Consolidated annual financial statements are the of the economic entity presented as those of a single entity.

The incorporate of the controlling entity and all controlled entity, including special purpose entities, which are controlled by the controlling entity.

Consolidated annual financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The results of controlled entities, are included in the consolidated annual financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal, including the cumulative amount of any exchange differences that relate to the controlled entity recognised in net assets in accordance with the Standard of GRAP on The Effects of Changes in Foreign Exchange Rates is recognised in the Consolidated Statement of Financial Performance as the surplus or deficit on the disposal of the controlled entity.

An investment in the City is accounted for in accordance with the accounting policy on financial instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as the fair value on initial recognition of a financial asset in accordance with the accounting policy on financial instruments.

The consolidated annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the consolidated annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets. Losses applicable to the minority in a consolidated controlled entity may exceed the non-controlling interest in the controlled entity's net assets. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make an additional investment to cover the losses. If the controlled entity subsequently reports surpluses, such surpluses are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

Non-controlling interests in the statement of financial performance of the economic entity is separately disclosed.

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.1 Consolidation (continued)

The Controlling entities' operations are not the extension of the City's operations but independent operations. The amounts are consolidated in similar items and not aggregated into the Group's transactions.

1.2 Significant judgements and sources of estimation uncertainty

In the process of applying the City's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have significant effect on the amounts recognised in the consolidated annual financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively:

• Going Concern

Management considers key financial metrics and approved medium-term budgets, together with the City's dependency on the grants from national and provincial government, to conclude that the going concern assumptions used in the compilation of its consolidated annual financial statements, is appropriate.

• Operating lease commitments - City as lessor or leases

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received or paid under operating leases are recognised in statement of financial performance on a straight-line basis over the period of the lease.

• Pension and other post – employment benefits

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further assumptions and estimates are disclosed in note 17 to the consolidated annual financial statements.

• Cash-generating assets

The City is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of the tariff.

As such, management has determined that the City does not control assets that meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will apply to all assets of the City.

• Impairment of receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. The City first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

• Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

• Residual value of property, plant and equipment

Management has determined that none of its infrastructure assets have an active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

• Useful lives of property, plant and equipment and investment property held at cost

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management judgements on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

• Significant delays in assets under construction

The City regards delays in assets under construction of more than three years as significant. Further disclosures are made in notes 3 to 5 to the consolidated annual financial statements.

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

• Investment accounted using the cost model

The City has accounted for the investment in Rand airport using the cost model, the City has a 20% shareholding. The reason for accounting this under the cost model is due to the fact the City has not exercised significant control, does not participate in operations or management decision nor serve on the board of directors of the entity.

• Provisions, contingent liabilities and contingent assets

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities and assets. Provisions are discounted, where the effect of discounting is material, using cost of capital.

• Traffic Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the City.

• Budget information

A difference of 8% or more between budget and actual amounts is regarded as material. All material differences are explained in the notes to the consolidated annual financial statements.

• Material losses

Material losses are losses that occur due to factors other than normal production and utilisation and are regarded as material if their omission or misstatement will affect the decisions made by users of the information. The losses disclosed include that of technical losses and non-technical losses related to water and electricity.

Losses that occur due to normal production and utilisation are classified as production costs and factored into the City's tariffs. They, therefore, do not constitute material losses. If actual production and utilisation losses exceed the normal budgeted production and utilisation losses factored into the tariff, this difference is considered material losses.

• Service charges

Service charges relating to electricity, water and sanitation are based on consumption. Waste removal is based on the size of the bin and the number of times it is collected. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Waste removal services are billed on a monthly basis.

• Service provided on a prepaid basis

Various services are provided on a prepaid basis in which case no formal billing takes place and revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

1.3 Presentation currency

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

1.4 Investment property

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

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

At initial recognition, the City measures an investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Cost model

Investment property is subsequently measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

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Significant Accounting Policies

1.4 Investment property (continued)

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The City depreciates separately each part of an item of investment property that has a cost that is significant in relation to the total cost of the item. A significant part of an item of investment property may have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item. Such parts may be grouped in determining the depreciation charge. Costs of replacing parts are capitalised and the existing parts being replaced are derecognised. The annual depreciation rates are based on the following estimated average asset lives:

Item	Useful life
Property - land	Indefinite
Property - buildings - Economic	14 - 82 years
Property - buildings - Controlling	14 - 80 years

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

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

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

1.5 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 City; and
- the cost or the fair value 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. Cost also includes initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located. 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. Servitudes that are acquired with the relevant infrastructure items are capitalised with the relating infrastructure asset when it is an integral part of the asset.

Assets under construction represents capital expenditure incurred on projects not yet completed nor ready for use at period end. Assets under construction are carried at cost.

Property, plant and equipment are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses. Where property, plant and equipment are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition. The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent cost is capitalised when the recognition and measurement criteria of an asset are met.

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

The City maintains and acquires assets to provide a social service to the community. The useful lives and economic lives of these assets are equal and consequently no residual values are determined.

The City depreciates separately each part of an item of property, plant and equipment that has a cost that is significant in relation to the total cost of the item. A significant part of an item of property, plant and equipment may have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item. Such parts may be grouped in determining the depreciation charge. Costs of replacing parts are capitalised and the existing parts being replaced are derecognised. Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. Depreciation starts when the asset is available for use. Assets under construction are not depreciated.

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Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	14 - 80 years
Infrastructure	Straight-line	
• Roads and storm water		2 - 100 years
• Pedestrian bridges		10 - 60 years
• Electricity		3 - 100 years
• Water		3 - 100 years
• Sewer		3 - 100 years
• Housing		80 years
• Solid Waste		5 - 100 years
• ICT		5 - 50 years
• Waste water purification works		2 - 82 years
Community	Straight-line	
• Buildings		14 - 80 years
• Recreational facilities		10 - 80 years
• Security		5 - 15 years
• Landfill sites		10 - 80 years
Other property, plant and equipment	Straight-line	
• Furniture and fittings		3 - 45 years
• Water craft		15 years
• Office equipment		3 - 35 years
• Specialised plant and equipment		10 - 26 years
• Other items of plant and equipment		2 - 56 years
• Buildings		20 - 80 years
• Specialised vehicles		3 - 20 years
• Other vehicles		3 - 54 years

The asset management policy contains the details of the components and their specific useful life estimates.

The residual value, the useful life and the depreciation method of property, plant and equipment are reviewed at least at every reporting date.

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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the statement of financial performance.

The City assesses at each reporting date whether there is any indication that the City's 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 City 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 the statement of financial performance 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 the statement of financial performance 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.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Significant Accounting Policies

1.6 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets and obligations.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the City, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated 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.

Intangible assets are de recognised on disposal, or when no future economic benefits are expected from its use or disposal. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation to intangible assets is provided on a straight line basis as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	1 - 23 years
Servitudes	Straight-line	Indefinite

The gain or loss arising from the derecognition of an intangible asset is recognised in the statement of financial performance when the asset is derecognised.

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

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

1.7 Heritage assets

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

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

Heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The cost of a purchased heritage asset comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Heritage assets are subsequently measured at cost, less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset and transfers from heritage assets are made only when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.

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

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Significant Accounting Policies

1.7 Heritage assets (continued)

Most heritage assets have an indefinite useful life as they are to be preserved for current and future generations and might appreciate in value over time due to their cultural, environmental, historical, natural, scientific, technological and/or artistic significance. Based on this analysis, there is no definite limit to the period over which a heritage asset is expected to be held by the City. The useful life of the heritage asset is therefore likely to be indefinite or the annual depreciation is likely to be immaterial.

The City de-recognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of a heritage asset is recognised in the statement of financial performance when the asset is derecognised.

1.8 Investments in controlled entities

Municipal controlled entities are those entities which the City owns or over whose financial and operating policies it has the power to exercise beneficial control.

In the controlling entity's annual financial statements, investments in controlled entities are carried at cost less any accumulated impairment.

Significant Accounting Policies

1.9 Financial instruments

Financial Instruments

A financial instrument is recognised if the City becomes a party to the contractual provisions of the instrument.

Financial Assets

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with the Standards of GRAP 104 the financial assets of the City are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost being a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current asset.

The City has the following types of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

Type of financial assets	Classifications
Other investments	Amortised cost
Receivables from exchange	Amortised cost
Cash and cash equivalents	Amortised cost
Long-term receivables	Amortised cost
Other investments (unlisted shares)	Cost
Other investment	Fair value

Financial Liabilities

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

The following main categories of financial liabilities and the classification determining how they are measure:

- Financial liabilities measured at amortised cost.

The City has the following types of financial liabilities as reflected on the face of the statement of financial position or in the notes thereto:

Type of financial liability	Classifications
Long-term liabilities	Amortised cost
Trade and other-payables from exchange transactions	Amortised cost
Consumer deposits	Amortised cost

Initial recognition

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

The City recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The City measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost; and
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review at each reporting period.

Gains and losses

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

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in the statement of financial performance when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The City assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

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Significant Accounting Policies

1.9 Financial instruments (continued)

a) Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly through the use of an allowance account. The amount of the loss is recognised in the statement of financial performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the statement of financial performance.

b) Financial assets measured at cost:

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

Derecognition

a) Financial assets

The City derecognises financial assets (or part of a financial assets) when the contractual rights to the cash flows from the financial asset expire, are settled or waived or when the City has transferred all of the significant risks and rewards of ownership using trade date accounting.

On de recognition of a financial asset (or part of a financial asset), the difference between the carrying amount and the sum of the consideration received is recognised in the statement of financial performance.

b) Financial liabilities

The City removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished (when the obligation specified in the contract is discharged, cancelled, expires or waived).

The difference between the carrying amount of a 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, is recognised in the statement of financial performance. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in the statement of financial performance.

Gains and losses relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in the statement of financial performance.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the City currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the City does not offset the transferred asset and the associated liability.

City of Ekurhuleni Metropolitan Municipality

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Significant Accounting Policies

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.

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. Statutory receivables consists of property rates and traffic fines.

An entity shall recognise statutory receivables as follows:

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

Statutory receivables that meets the definition of an asset shall be recognised as an asset when, and only when:

- (a) it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- (b) the fair value of the asset can be measured reliably.

Statutory receivables are included as part of the non-exchange receivables on the face of the Statement of Financial Position in accordance to GRAP 1 Presentation of Financial Statements.

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

- (a) the rights to the cash flows from the receivable are settled, expire or are waived; or
- (b) the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable.

An entity shall measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

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

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

Interest on statutory receivables shall be recognised as revenue.

Statutory receivables are tested for impairment on an annual basis and results thereof will be recognised.

No discounting to the transactions is applied.

If there is objective evidence that there is an impairment loss on statutory receivables, the amount of the loss is measured by comparing the carrying amount of the receivable to the cash flows the entity expects to receive. The cash flows are discounted if the time value of money is material. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly by adjusting an allowance account. The reversal does not result in a carrying amount of the statutory receivable would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the statement of financial performance.

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Significant Accounting Policies

1.11 Inventories

Inventories are assets:

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

Inventories shall be recognised as an asset if, and only if:

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

Inventories are initially recognised at cost. The cost of inventory shall comprise of all costs, costs of conversion and other costs, incurred to bringing the inventories to their present location and condition.

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

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

Inventories held for consumption, distribution, consumables stores, raw materials, finished goods and unsold properties, are valued at lower of cost and net replacement cost.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. The first-in-first-out method is the basis of allocating costs to inventories, except for water balance which is determined at weighted average cost at the reporting date based on the water volume in the network on hand.

Redundant and slow-moving inventories are identified and written down to the estimated net realisable value, and are recognised as an expense in the period in which the write-down or loss occurs. Inventories identified for write-down/write-off, but for which a council resolution, to authorise the write-down/write-off, has not yet been obtained, is provided for as a provision for obsolete stock. Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Tax

Current tax assets and liabilities

Controlling entity

The City is exempt from tax in terms of section 10(1)(c)B(i)(ff) of the Income Tax Act.

Economic entity

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

City of Ekurhuleni Metropolitan Municipality

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Significant Accounting Policies

1.12 Tax (continued)

Tax expenses

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.13 Provisions and contingencies

A provision is recognised when the City has a present obligation (legal or constructive) as a result of a past event and 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 amount of the obligation.

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

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

a) COID provision

The provision for COID pensions and medical aid liability is based on eligible members, their current age and their future life expectancy. Cash flows are projected on the basis of current pension payments escalated at 4.9% (2023: 5.4%) per annum over members' expected lives. Resulting cash flows have been discounted to Net Present Value applying a discount rate of 10.93% (2023: 10.89%).

b) Landfill rehabilitation provision

The landfill rehabilitation provision is created for the rehabilitation of the current operational sites at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the statement of financial position date at the cost of capital (time value of money), which is currently 10.93% (2023: 10.89%).

The City has an obligation to rehabilitate these landfill sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which the City incurs as a consequence of having used the property during a particular period for landfill purposes. The City estimates the useful lives and make assumptions as to the useful lives of these assets, which influence the provision for future costs.

Changes in the measurement of the provision that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

- a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of financial performance; and
- c) if the adjustment results in an addition to the cost of an asset, the City considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If such an indication exists, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in the statement of financial performance.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in the statement of financial performance as they occur.

The periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost as it occurs.

City of Ekurhuleni Metropolitan Municipality

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Significant Accounting Policies

1.14 Construction contracts and receivables

Revenue from the construction contracts arise from grants received on the Human Settlements Development Grants (HSDG) received from the Gauteng Department of Human Settlement for the development and construction of housing units on behalf of the department. The accounting treatment of the grant as a construction revenue is in accordance with the ASB Guide for Housing Arrangements, where the City is responsible for the appointment of contractors (service provide for the construction of these units). Grants funds received will initially be recognised as a grant liability, and realised when the contractor bills the progress payment.

Construction revenue will be realized based on the progress billing by the Contractor (service Provider) for work done to date as certified by the City.

Any unspent funds will remain as part of the unspent grant liability subject to a rollover request from the Gauteng Department of Human Settlement.

No Construction receivable is recognized as funds are received in advance.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

1.15 Impairment of cash-generating assets

The City does not have any cash generating assets, as its primary objective is service delivery, nor can any of its assets be associated with the purpose of making a commercial return.

1.16 Impairment of non-cash-generating assets

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

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

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset.

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

The present value of the remaining service potential of a non-cash-generating asset is determined using the most appropriate of the following approaches depending on the impairment event:

- Depreciated replacement cost approach; or
- Restoration cost approach; or
- Service units approach.

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

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

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

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

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

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

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

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

Designation

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

The City designates an asset or a cash-generating unit as cash-generating when:

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

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

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

1.17 Employee benefits

The City provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

Benefits

Short-term employee benefits

Remuneration to employees is recognised in the statement of financial performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

The 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 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 and a reliable estimate can be made at the reporting date.

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end, any unused leave days are forfeited six months after the end of leave cycle.

Long services awards

The City offers various types of long service awards to its employees. The provision is to recognise the present value of the obligation as at the reporting date.

Retirement funds

The City contributes to defined contribution and defined benefit funds. These funds are multi-employer funds.

Defined contribution plans

A defined contribution plan is a plan under which the City pays fixed contributions into a separate entity. The City has no legal or constructive obligation to pay further contributions, should the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The City's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the statement of financial performance in the period in which the service is rendered by the relevant employees.

Significant Accounting Policies

1.17 Employee benefits (continued)

Defined benefit plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate.

Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the statement of financial performance.

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.

The City recognises all liabilities and all gains and losses.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the City is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In statement of financial performance, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

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.

The City does not apply "defined benefit accounting" to the defined benefit funds to which it is a member where these funds are classified in terms of GRAP 25 as multi-employer plans, as sufficient information is not available to apply the principles involved.

To the extent that a surplus or deficit in the plan, based on available information, may affect the amount of future contributions, these are assessed. In the case of surpluses, no change is made in the rate of contributions. In the case of deficits, the City will increase contributions on a phased basis. To the extent that the full discounted value of obligations to the funds is not fully accounted for at year end, a contingent liability arises and is reported on accordingly.

Medical Aid: Continued Members

The City provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the City is associated, a member (subject to the applicable conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for the portion as determined by Council from time to time, of the medical aid membership fee, and the City for the remaining portion.

Multi-Employer Benefits Plans

The City participates in a multi-employer benefits plan for the purpose of providing retirement benefits for its employees. The City's accounting treatment of multi-employer benefits plans as defined contribution plans as there is no sufficient information for their treatment as defined benefit plans, and the City's risk is not exposed on any shortfall liability thereof.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.18 Revenue from exchange transactions

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

An exchange transaction is one in which the City 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.

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.18 Revenue from exchange transactions (continued)

The City recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the City and when specific criteria have been met for each of the City's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The City bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

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

Service Charges

Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis and are recognised as revenue when billed. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Services provided on prepaid

Various services are provided on a prepaid services in which case there is no formal billing takes place and revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

Sale of goods

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

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

Income from agency services

Income from agency services, where the entity acts as an agent, is recognised monthly once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

Interest

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment.

Revenue Recognition of Unclaimed Deposits – exchange revenue

Unclaimed deposits older than one (1) year are recognised as revenue.

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.19 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the City 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.

Rates and Taxes – non-exchange revenue

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

Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the City is expected to enforce.

Subsequent to initial recognition and measurement, the City assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

Donations and Contributions

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

Transfers and subsidies

Unconditional Grants

Equitable share allocations are recognised in revenue when they are appropriated and received by the City.

Conditional Grants

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

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the City's interest it is recognised as interest earned in the Statement of Financial Performance.

Services Received in-kind

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

Unspent conditional grants and receipts

Amounts received before the related work is performed are included in the statement of financial position as a liability, as unspent conditional grants and receipts.

1.20 Grant-in-aid (expense)

The City annually awards grants to individuals and organisations based on merit. When making these transfers, the City does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the consolidated annual financial statements as expenses in the period that the events giving rise to the transfer occurred.

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.21 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the City. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Finance leases - lessor

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

1.22 Borrowing costs

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

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

1.23 Accounting by principals and agents

Identification

When an entity is party to a principal-agent arrangement, it shall assess 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 an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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

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

Where an entity 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 in paragraph .25(a) to conclude that it is an agent. Entities shall apply judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

An agent recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal. An entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

1.24 Value Added Tax

The City accounts for value-added tax (VAT) on the payment basis.

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.25 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, City or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful 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.

1.27 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 City'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.

1.28 Internal reserves

Included in the accumulated surplus are internal reserves, no separate line items are presented, in accordance with the GRAP reporting framework, but provision is made in the budget process for funding of these reserve. The amounts set aside for these reserves are invested in accordance with the investment policy of the City. The following internal reserves are maintained:

Capital replacement reserve (CRR)

The reserve is created for the replacement of service delivery assets when they reach the end of their economic lives to ensure continue of provision of such services, and to minimise the impact of raising external funding or over reliance on grant funds.

Self-insurance reserve

A self-insurance reserve was established for a self-insurance purpose and to minimize the external insurance costs. The reserve is based on recognised insurance industry principles to complement the external cover provided by insurance companies.

Sinking funds reserve

The reserve is created for the provision of repayments of long-term borrowing raised to funds capital projects, and to meet repayment conditions on such borrowings.

1.29 Segment information

An entity shall report separately information about each segment that has been identified or results from aggregating two or more of those segments.

The segments of the City has been identified as those activities of the City that generate economic benefits or service potential whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing it's performance and for which separate financial information is available.

The City has aggregated some segments in accordance with GRAP 18.

These conditions are required to be met for aggregation of the City's segments:

Share nature of goods and services delivered;

Share class of customer or consumer;

Share methods used to distribute the services or goods;

Share nature of regulatory environment.

Or

May aggregate individually insignificant segments where practical limit of 10 segments has been reached;

The City shall disclose the segment information in the financial statements in accordance with the standard;

The City shall disclose the reportable segments, segment specific disclosures and geographic disclosures as prescribed by the standard.

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.30 Budget information

The approved budget is prepared in accordance with GRAP standards on an accrual basis, and are consistent with accounting policies as adopted by the Council for the preparation of the consolidated annual financial statements, and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30. These figures are those approved by Council both at the beginning and during the year, following a period of consultation with the public as part of the Integrated Development Plan (IDP). The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments to material differences are provided in the notes to the consolidated annual financial statements.

1.31 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, City Manager, Head of departments and all other managers reporting directly to the City Manager or as designated by the City Manager.

1.32 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).

Reporting date means the date of the last day of the reporting period to which the consolidated annual financial statements relate. The City adjusts the amounts recognised in its consolidated annual financial statements to reflect adjusting events after the reporting date. The City does not adjust the amounts recognised in its consolidated annual financial statements to reflect non-adjusting events after the reporting date.

1.33 Commitments

The City discloses capital expenditure as approved in the budget for each class of capital assets (PPE, investment properties, intangible assets and heritage assets) and as well as future minimum lease payments under non-cancellable operating leases. No commitments are disclosed for operating expenditure as the nature of the contracts "As and when required".

1.34 Going concern

This consolidated annual financial statements have been prepared based on the expectation that the City will continue to operate as a going concern for at least the next 12 months. The City's budget for the next financial year as approved by Council is fully funded.

1.35 Comparative figures

When the presentation or classification of items in the consolidated annual financial statements is amended due to better presentation and/or better understand ability and/or comparability and/or due to the implementation of a new or amended standard, prior period comparative amounts are restated. 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.

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Not yet set	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	Not yet set	Unlikely there will be a material impact
• GRAP 104 (Revised): Financial Instruments	01 April 2025	Unable to reliably estimate the impact
• GRAP 105 (Revised): Transfer of Functions Between Entities under Common Control	Not yet set	Unlikely there will be a material impact
• GRAP 106 (Revised): Transfer of Functions Between Entities Not under Common Control	Not yet set	Unlikely there will be a material impact
• GRAP 107 (Revised): Mergers	Not yet set	Unlikely there will be a material impact

Notes to the Consolidated Annual Financial Statements

Figures in Rand

3. Investment property

Economic entity

2024			2023		
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
926,130,289	(214,997,493)	711,132,796	900,324,699	(199,062,724)	701,261,975

Investment property

Controlling entity

2024			2023		
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
631,403,319	(166,604,073)	464,799,246	629,664,584	(155,136,233)	474,528,351

Investment property

Reconciliation of investment property - Economic entity - 2024

Opening balance	Additions	Disposals	Transfer (to)/from other classes	Depreciation	Total
701,261,975	24,257,605	(7,400)	1,555,385	(15,934,769)	711,132,796

Investment property

Reconciliation of investment property - Economic entity - 2023

Opening balance	Additions	Depreciation	Total
707,429,387	9,728,702	(15,896,114)	701,261,975

Investment property

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand

3. Investment property (continued)

Reconciliation of investment property - Controlling entity - 2024

	Opening balance	Additions	Disposals	Transfers from assets under construction	Transfers out of assets under construction	Transfer (to)/from other classes	Depreciation	Total
Investment property	474,528,352	190,750	(7,400)	-	-	1,555,385	(11,467,841)	464,799,246

Reconciliation of investment property - Controlling entity - 2023

	Opening balance	Additions	Disposals	Transfer (to)/from other changes	Depreciation	Total
Investment property	481,699,346	4,258,186	-	-	(11,429,181)	474,528,351

Investment property in the process of being constructed or developed

Cumulative expenditure of assets under construction included in carrying value of investment properties

Asset under construction	190,750	-	190,750	-
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Other transfer received

The transfer received were as follows from R1,479,848 from land class and R75,537 was received from inventory

Carrying value of Investment property that is taking a significantly longer period of time to complete than expected

Clayville Ext 45	41,847,522	41,847,522	-	-
During the financial year the project came to standstill due to budget constraints	41,847,522	41,847,522	-	-

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

3. Investment property (continued)

Other disclosure

Total rental income received on investment property	87,953,524	79,048,983	36,320,973	32,006,220
Disclosure of repairs and maintenance (material and other cost)	24,643,338	14,462,179	22,562,201	10,676,405

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 City.

No assets of the City were pledged as security and there are no restrictions on the assets' title deeds.

Notes to the Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

Economic entity

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2,179,409,064	-	2,179,409,064	2,176,728,002	-	2,176,728,002
Infrastructure	76,914,317,967	(26,375,672,719)	50,538,645,248	74,518,171,983	(24,258,906,235)	50,259,265,748
Community	9,366,164,124	(3,171,421,348)	6,194,742,776	9,070,803,298	(2,908,360,200)	6,162,443,098
Moveable Assets	4,632,287,173	(3,836,099,563)	796,187,610	4,553,521,964	(3,570,084,907)	983,437,057
Operational and housing buildings	4,917,565,529	(1,773,883,985)	3,143,681,544	4,931,434,861	(1,623,663,939)	3,307,770,922
Total	98,009,743,857	(35,157,077,615)	62,852,666,242	95,250,660,108	(32,361,015,281)	62,889,644,827

Controlling entity

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2,166,391,781	-	2,166,391,781	2,163,710,719	-	2,163,710,719
Infrastructure	73,961,229,293	(25,325,297,764)	48,635,931,529	71,674,532,408	(23,399,385,598)	48,275,146,810
Community	9,366,164,124	(3,171,421,348)	6,194,742,776	9,070,803,298	(2,908,360,200)	6,162,443,098
Moveable Assets	4,429,476,096	(3,726,792,545)	702,683,551	4,368,908,798	(3,471,307,073)	897,601,725
Operational and housing buildings	4,865,859,491	(1,760,196,924)	3,105,662,567	4,880,031,155	(1,612,297,713)	3,267,733,442
Total	94,789,120,785	(33,983,708,581)	60,805,412,204	92,157,986,378	(31,391,350,584)	60,766,635,794

City of Ekurhuleni Metropolitan Municipality

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2024

	Opening balance	Additions	Disposals	Transfers to/from other assets classes	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Total
Land	2,176,728,002	-	(39,090)	2,720,152	-	-	-	-	2,179,409,064
Infrastructure	50,259,265,748	2,385,365,845	(6,328,830)	(59,278,067)	80,269,518	(2,024,504,885)	(104,068,454)	7,924,373	50,538,645,248
Community	6,162,443,098	175,457,546	(202,188)	120,670,501	-	(256,647,190)	(6,978,991)	-	6,194,742,776
Moveable Assets	983,437,057	80,611,484	(578,029)	-	-	(266,995,778)	(287,124)	-	796,187,610
Operational and housing buildings	3,307,770,922	57,022,159	(4,161,578)	(65,592,447)	-	(150,363,518)	(993,994)	-	3,143,681,544
	62,889,644,827	2,698,457,034	(11,309,715)	(1,479,861)	80,269,518	(2,698,511,371)	(112,328,563)	7,924,373	62,852,666,242

Reconciliation of property, plant and equipment - Economic entity - 2023

	Opening balance	Additions	Disposals	Transfer (to)/from other assets classes	Other changes, movements	Depreciation	Impairment loss	Total
Land	2,176,734,069	-	(6,067)	-	-	-	-	2,176,728,002
Infrastructure	49,754,702,408	2,589,587,220	(4,794,948)	(280,045,487)	179,665,461	(1,932,874,804)	(46,974,102)	50,259,265,748
Community	5,880,511,763	222,438,267	(334,263)	291,369,661	59,755,836	(291,298,166)	-	6,162,443,098
Moveable Assets	1,216,504,759	90,284,258	(6,471,170)	-	-	(315,483,786)	(1,397,004)	983,437,057
Operational and housing buildings	3,305,443,274	132,376,129	(14,391,257)	29,657,904	-	(145,315,128)	-	3,307,770,922
	62,333,896,273	3,034,685,874	(25,997,705)	40,982,078	239,421,297	(2,684,971,884)	(48,371,106)	62,889,644,827

City of Ekurhuleni Metropolitan Municipality

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Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2024

	Opening balance	Additions	Disposals	Other movements	Transfer (to)/from other assets classes	Depreciation	Impairment loss	Total
Land	2,163,710,719	-	(39,090)	-	2,720,152	-	-	2,166,391,781
Infrastructure	48,275,146,810	2,267,443,750	(386,134)	80,269,518	(59,278,067)	(1,926,109,111)	(1,155,237)	48,635,931,529
Community	6,162,443,098	175,457,546	(202,188)	-	120,670,501	(256,647,190)	(6,978,991)	6,194,742,776
Moveable Assets	897,601,725	60,567,297	-	-	-	(255,485,471)	-	702,683,551
Operational and housing buildings	3,267,733,442	57,022,159	(4,161,578)	-	(65,592,447)	(149,339,009)	-	3,105,662,567
	60,766,635,794	2,560,490,752	(4,788,990)	80,269,518	(1,479,861)	(2,587,580,781)	(8,134,228)	60,805,412,204

Reconciliation of property, plant and equipment - Controlling entity - 2023

	Opening balance	Additions	Disposals	Other movement	Transfer (to)/from other assets classes	Depreciation	Impairment loss	Total
Land	2,163,716,786	-	(6,067)	-	-	-	-	2,163,710,719
Infrastructure	47,703,083,231	2,504,565,151	(4,632,993)	179,665,461	(280,045,487)	(1,827,488,553)	-	48,275,146,810
Community	5,880,511,763	222,438,267	(334,263)	59,755,836	291,369,661	(291,298,166)	-	6,162,443,098
Moveable Assets	1,125,411,101	79,757,491	(4,524,386)	-	-	(303,042,481)	-	897,601,725
Operational and housing buildings	3,266,013,762	129,838,712	(13,499,999)	-	29,657,904	(144,276,937)	-	3,267,733,442
	60,138,736,643	2,936,599,621	(22,997,708)	239,421,297	40,982,078	(2,566,106,137)	-	60,766,635,794

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

4. Property, plant and equipment (continued)

Other movements and transfers to other assets

The other movement in infrastructure assets relates to changes in the provision for landfill for (R88,337,229) and the donated assets of R168,606,747 (2023) (179 665 461) received by the city in the current year. Land fill sites were reclassified from Community assets to the Infrastructure assets. In prior the movement of landfill profill was recognised in the community assets was R59 755 836.

Transfer (to)/from other assets classes relates to:

The net movement of land of R2,720,152 is made as follows: (R1,479,838) that was transferred to investment properties and land of R4,200,000 that was received from WIP infrastructure assets.

Amount of (R59,278,067) from infrastructure assets under constructions were transferred to Community assets (R55,078,067) and the land assets R4,200,000 classes as part of the capitalisation process. In prior year the net movement of (280,045,487) is made as follows (R321,027,586) that was transferred to community assets (R291,369,661), operational building (R29,657,904) and intangible assets (R583,200) as part of the capitalisation process, and amount of R41,565,299 was received from the inventory.

Amount of R120,670,501, relating to community assets that was received from infrastructure assets R55,078,067 and operational and housing buildings R65,592,247 as a result of transfer from WIP infrastructure and other assets to WIP community assets during capitalisation of completed projects. In prior year R291,369,661 was received from the infrastructure class.

Amount of (R65,592,447) relating to operational and housing buildings that was transferred to Community assets as result of transfer from WIP other assets to WIP community assets during capitalisation of completed projects. In prior year R29,657,904 was received from the infrastructure class.

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

The City identified the followings projects deemed to be taking significantly longer to complete, the projects taking longer to complete can be categorised into the following reason, deferred due to budgets constraints (191 projects), 2023 (71 projects). These can also be attributed to adverse economic conditions and failing liquidity position.

The City disclosed the aggregate amount per class as per below:

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

Infrastructure	332,609,251	122,618,955	332,609,251	122,618,955
Community	155,402,742	71,562,553	155,402,742	71,562,553
Operational and housing buildings	92,294,075	57,176,525	92,294,075	57,176,525
	580,306,068	251,358,033	580,306,068	251,358,033

Cummulative expenditure of assets under construction included in carrying value of property, plant and equipment Economic entity - 2024

	2024	2023
Infrastructure	5,498,719,156	5,346,303,352
Community	841,614,027	776,833,066
Other Assets	467,182,414	517,633,177
	6,807,515,597	6,640,769,595

Cummulative expenditure of assets under construction included in carrying value of property, plant and equipment Controlling entity - 2024

	2024	2023
Infrastructure	5,490,353,992	5,159,361,688
Community	841,614,027	776,833,066
Other Assets	455,205,074	507,689,497
	6,787,173,093	6,443,884,251

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*

4. Property, plant and equipment (continued)

Disclosure of repairs and maintenance (material and other costs)

Infrastructure	2,437,252,908	2,077,790,334	2,203,768,461	1,825,330,419
Other assets	1,285,962,832	661,086,674	1,285,962,832	661,086,674
	3,723,215,740	2,738,877,008	3,489,731,293	2,486,417,093

Additional information

Included in other movement, are additions received from public contributed assets with deemed cost of R168,606,747 (2023: R179,665,463). Deemed cost was determined using fair value or depreciated replacement cost, depending on the most appropriate measurement for the specific asset/scenario.

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 City.

No assets of the City were pledged as security and there are no restrictions on the asset's title deeds.

The City owns living animals which are used to deliver services. However, the cost of these animals are not material and is recognised as part of Other property, plant and equipment and not separately as per GRAP 110, Living and non-living resources.

Notes to the Consolidated Annual Financial Statements

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5. Intangible assets

Economic entity

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other Servitudes	1,616,715,727 243,798,639	(524,939,314) -	1,091,776,413 243,798,639	1,581,369,682 243,798,639	(430,442,715) -	1,150,926,967 243,798,639
Total	1,860,514,366	(524,939,314)	1,335,575,052	1,825,168,321	(430,442,715)	1,394,725,606

Controlling entity

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other Servitudes	1,601,696,079 243,798,639	(514,577,668) -	1,087,118,411 243,798,639	1,566,325,020 243,798,639	(420,927,938) -	1,145,397,082 243,798,639
Total	1,845,494,718	(514,577,668)	1,330,917,050	1,810,123,659	(420,927,938)	1,389,195,721

Reconciliation of intangible assets - Economic entity - 2024

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other Servitudes	1,150,926,967 243,798,639	35,699,539 -	(185,887) -	(94,664,206) -	1,091,776,413 243,798,639
	1,394,725,606	35,699,539	(185,887)	(94,664,206)	1,335,575,052

Reconciliation of intangible assets - Economic entity - 2023

	Opening balance	Additions	Transfer from/to other assets	Amortisation	Total
Computer software, other Servitudes	1,198,231,243 243,798,639	44,717,942 -	583,200 -	(92,605,418) -	1,150,926,967 243,798,639
	1,442,029,882	44,717,942	583,200	(92,605,418)	1,394,725,606

City of Ekurhuleni Metropolitan Municipality

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5. Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity - 2024

	Opening balance	Additions	Transfer from/to other class	Amortisation	Total
Computer software, other	1,145,397,084	35,371,060	-	(93,649,733)	1,087,118,411
Servitudes	243,798,639	-	-	-	243,798,639
	1,389,195,723	35,371,060	-	(93,649,733)	1,330,917,050

Reconciliation of intangible assets - Controlling entity - 2023

	Opening balance	Additions	Transfer from/to other class	Amortisation	Total
Computer software, other	1,191,671,017	44,717,942	583,200	(91,575,077)	1,145,397,082
Servitudes	243,798,639	-	-	-	243,798,639
	1,435,469,656	44,717,942	583,200	(91,575,077)	1,389,195,721

Other information

The transfer amount of R0 (2023: R583,200) relates to transfers of assets received from property, plant and equipment to intangible assets.

The City did not have any intangible assets/projects taking significantly longer to complete.

Cumulative expenditure of assets under construction included in carrying value of intangible assets

Softwares under development	134,862,272	133,585,178	134,862,272	133,585,178
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Other additional information

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 City

No assets of the City were pledged as security and there are no restrictions on the asset's title deeds.

Notes to the Consolidated Annual Financial Statements

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6. Heritage assets

Economic entity

Art Collections, antiquities and exhibits
Conservation areas
Historical buildings
Other heritage assets

Total

2024			2023		
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
20,216,333	(31,600)	20,184,733	20,216,333	(31,600)	20,184,733
351,149	-	351,149	351,149	-	351,149
5,425,362	(1,039,016)	4,386,346	5,425,362	(1,039,016)	4,386,346
58,963,039	(1,877,834)	57,085,205	58,963,039	(1,877,834)	57,085,205
84,955,883	(2,948,450)	82,007,433	84,955,883	(2,948,450)	82,007,433

Controlling entity

Art Collections, antiquities and exhibits
Conservation areas
Historical buildings
Other heritage assets

Total

2024			2023		
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
20,216,333	(31,600)	20,184,733	20,216,333	(31,600)	20,184,733
351,149	-	351,149	351,149	-	351,149
5,425,362	(1,039,016)	4,386,346	5,425,362	(1,039,016)	4,386,346
58,963,039	(1,877,834)	57,085,205	58,963,039	(1,877,834)	57,085,205
84,955,883	(2,948,450)	82,007,433	84,955,883	(2,948,450)	82,007,433

City of Ekurhuleni Metropolitan Municipality

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

6. Heritage assets (continued)

Reconciliation of heritage assets - Economic entity - 2024

	Opening balance	Total
Art Collections, antiquities and exhibits	20,184,733	20,184,733
Conservation areas	351,149	351,149
Historical buildings	4,386,346	4,386,346
Other heritage assets	57,085,205	57,085,205
	82,007,433	82,007,433

Reconciliation of heritage assets - Economic entity - 2023

	Opening balance	Total
Art Collections, antiquities and exhibits	20,184,733	20,184,733
Conservation areas	351,149	351,149
Historical buildings	4,386,346	4,386,346
Other heritage assets	57,085,205	57,085,205
	82,007,433	82,007,433

Reconciliation of heritage assets - Controlling entity - 2024

	Opening balance	Total
Art Collections, antiquities and exhibits	20,184,733	20,184,733
Conservation areas	351,149	351,149
Historical buildings	4,386,346	4,386,346
Other heritage assets	57,085,205	57,085,205
	82,007,433	82,007,433

Reconciliation of heritage assets - Controlling entity - 2023

	Opening balance	Total
Art Collections, antiquities and exhibits	20,184,733	20,184,733
Conservation areas	351,149	351,149
Historical buildings	4,386,346	4,386,346
Other heritage assets	57,085,205	57,085,205
	82,007,433	82,007,433

Other additional information

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 City.

No assets of the City were pledged as security and there are no restrictions on the asset's title deeds.

City of Ekurhuleni Metropolitan Municipality

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

7. Interests in other entities

Investments in controlled entities

Name	Economic Entity		Controlling Entity		Economic Entity		Controlling Entity	
	% ownership interest 2024	% ownership interest 2023	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024	Carrying amount 2023	Carrying amount 2024	Carrying amount 2023
East Rand Water Care Company, NPC	- %	- %	97.00 %	97.00 %	-	-	-	-
Ekurhuleni Housing Company	- %	- %	100.00 %	100.00 %	-	-	100	100

8. Other Investments

At cost

Unlisted shares	4,000,000	4,000,000	4,000,000	4,000,000
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At fair value

Old Mutual and Sanlam	9,785,662	8,892,781	-	-
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At amortised cost

Investments	245,065,406	899,170,235	245,065,406	899,170,235
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These investments have varying interest rates as well as varying maturity dates.

Total

258,851,068	912,063,016	249,065,406	903,170,235
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Non-current assets

At cost	4,000,000	4,000,000	4,000,000	4,000,000
At amortised cost	108,893,886	8,558,160	108,893,886	8,558,160
	112,893,886	12,558,160	112,893,886	12,558,160

Current assets

Designated at fair value	9,785,662	8,892,781	-	-
At amortised cost	136,171,520	890,612,075	136,171,520	890,612,075
	145,957,182	899,504,856	136,171,520	890,612,075

City of Ekurhuleni Metropolitan Municipality

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

8. Other Investments (continued)

Residual interest at cost

Fair value information has not been provided for equity instruments that do not have a quoted market price therefore fair value cannot be measured reliably.

The carrying amount of these financial instruments is as follows:

Rand Airport	4,000,000	4,000,000	4,000,000	4,000,000
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20% interest in ordinary shares

The company's draft financial statements used were for the period ended 28 February 2021 and no audited financial information was received for financial years ending 2016 to 2024.

The company's equity amounted to R603,746,633 represented by share capital of R5,201,000, reserves of R352,115,495 as well as retained income of R246,430,138 as at 28 February 2021. The assets held by the Rand Airport company is represented by various assets and based on the company's information management believe that there is no impairment on the investment made in the company, as the value of the various assets has appreciated over the years. The value of the City's investment is insignificant, any future impairment will not impact the City's financial position.

The City has not reclassified any financial assets from cost or amortised cost to fair value during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets for the year ended 2024, as all the financial assets will be disposed of at their redemption date.

Investments with a carrying value of R108,893,886 are included in non-current assets (2023: R773,783,749 in current assets) and are held with the top two banks in South Africa for the repayment of long-term liabilities with a carrying value of R2,000,000,000 (2023: R800,000,000) as disclosed in the long-term liabilities note (note 15). The amount of R2,000,000,000 (2023: R800,000,000) consists of a loan for which structured (deposit sinking funds) was established.

None of the investments at amortised cost are past due or impaired.

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (as determined by rating agencies) available, or to historical information about counterparty default rates. Investments are only made with South African top five banks.

9. Deferred tax

Deferred tax asset

Assessed losses	(3,941,115)	(16,188,323)	-	-
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Reconciliation of deferred tax asset \ (liability)

At beginning of year	(16,188,323)	(25,369,497)	-	-
Leave provision and performance bonus	(41,959)	(749,885)	-	-
Investment property - market value different to book value	1,002,895	2,448,299	-	-
Property, plant and equipment	4,545	7,837	-	-
Operating lease liability	10,194	22,552	-	-
Allowance for impairment	11,271,533	7,451,328	-	-
Change in useful life	-	1,043	-	-
	(3,941,115)	(16,188,323)	-	-

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

10. Long term receivables

Non-current receivables	21,911,110	21,787,747	6,119,270	6,735,527
Bad debt provision	(2,196,101)	(2,196,101)	(2,196,101)	(2,196,101)
	19,715,009	19,591,646	3,923,169	4,539,426

The long-term receivables comprises of:

Rental deposits made	R19,715,009 (June 2023 - R19,591,646)
Housing schemes	R2,222,771 (June 2023 - R2,196,102)

11. Inventories

Electrical consumables	474,683,408	643,866,501	474,683,408	643,866,501
Cleansing consumables	12,955,739	7,422,716	12,955,739	7,422,716
Consumable stores	10,761,232	10,889,338	10,761,232	10,889,338
Maintenance materials	11,986,807	13,725,094	11,986,807	13,725,094
Water consumables	25,154,774	31,361,331	25,154,774	31,361,331
Land held as inventory for social housing and development	1,175,878,803	1,173,954,350	1,175,878,803	1,173,954,350
Fuel (Diesel, Petrol)	9,400,285	12,910,611	9,400,285	12,910,611
	1,720,821,048	1,894,129,941	1,720,821,048	1,894,129,941

Inventory written down due to redundancy/obsolescence is valued at R8,730,075 (2023: R38,099,646) by way of a provision for obsolete inventories.

The transfer (to)/from movement relates to transfers within asset categories and out of inventory, which were effected as follows R0 (2023:R0) was received from property, plant and equipment, while an amount of R75,547 (2023:R0) was transferred to investment properties.

Land with a deemed value of R2,000,000 was donated by the GPG: Department of Human settlements to the City.

Included in the inventory balance is land held for social housing development that has been carried for more than 12 months due to the development of the social housing units taking more than 12 months to complete.	1,173,954,350	1,205,811,279	1,173,954,350	1,205,811,279
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12. Receivables from exchange transactions

Consumer debtors - Electricity - Gross	5,507,062,376	4,620,115,769	5,507,062,376	4,620,115,769
Consumer debtors - Electricity - Impairment	(2,793,043,461)	(1,509,898,541)	(2,793,043,461)	(1,509,898,541)
Consumer debtors - Water - Gross	10,383,298,201	8,331,709,530	10,383,298,201	8,331,709,530
Consumer debtors - Water - Impairment	(7,287,173,952)	(6,667,739,874)	(7,287,173,952)	(6,667,739,874)
Consumer debtors - Waste water - Gross	3,058,731,744	2,397,454,934	3,058,731,744	2,397,454,934
Consumer debtors - Waste water - Impairment	(2,144,885,222)	(1,848,933,990)	(2,144,885,222)	(1,848,933,990)
Consumer debtors - Refuse - Gross	2,099,406,503	1,719,652,631	2,099,406,503	1,719,652,631
Consumer debtors - Refuse - Impairment	(1,635,615,227)	(1,578,666,331)	(1,635,615,227)	(1,578,666,331)
Consumer debtors - Other - Gross	310,852,674	261,347,177	310,852,674	261,347,177
Consumer debtors - Other - Impairment	(299,288,027)	(248,977,108)	(299,288,027)	(248,977,108)
Consumer debtors - Interest and sundries - Gross	3,734,704,212	2,666,765,419	3,734,704,212	2,666,765,419
Consumer debtors - Interest and sundries - Impairment	(2,989,336,950)	(2,070,382,765)	(2,989,336,950)	(2,070,382,765)
Pre-paid electricity 3rd party vendors	83,818,143	96,735,657	83,818,143	96,735,657
Other receivables	253,116,376	189,838,694	215,373,352	178,123,511
VAT accruals on outstanding creditors	1,265,957,063	930,312,419	1,265,957,063	930,312,419
VAT Control	280,306,999	44,462,626	280,306,999	44,462,626
Operating lease straight-line	-	857,192	-	857,192
	9,827,911,452	7,334,653,439	9,790,168,428	7,322,938,256

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*
13. Receivables from non-exchange transactions				
Traffic fines - Gross	3,239,765,549	2,694,227,582	3,239,765,549	2,694,227,582
Traffic fines - Impairment	(2,653,787,032)	(2,197,709,912)	(2,653,787,032)	(2,197,709,912)
Property rates debtors - Gross	5,449,085,202	4,391,455,660	5,449,085,202	4,391,455,660
Property rates debtors - Impairment	(4,263,614,831)	(2,661,866,720)	(4,263,614,831)	(2,661,866,720)
	1,771,448,888	2,226,106,610	1,771,448,888	2,226,106,610
Gross fines receivable				
Traffic fines opening balance	2,694,227,582	2,149,466,112	2,694,227,582	2,149,466,112
Fines collected during the year relating to prior years	(56,733,167)	(53,567,521)	(56,733,167)	(53,567,521)
Fines revenue accrued during the year	602,271,134	598,328,992	602,271,134	598,328,992
	3,239,765,549	2,694,227,583	3,239,765,549	2,694,227,583
Impairment - Traffic fines				
Opening balance	(2,197,709,912)	(1,750,211,616)	(2,197,709,912)	(1,750,211,616)
Impairment raised	(456,077,119)	(447,498,296)	(456,077,119)	(447,498,296)
	(2,653,787,031)	(2,197,709,912)	(2,653,787,031)	(2,197,709,912)
Credit quality of receivables from non-exchange transactions (statutory)				
The credit quality of statutory receivables that are neither past nor due nor impaired can be assessed by previous payments and collection trends, and any other default information.				
14. Consumer debtors disclosure				
Gross balances				
Consumer debtors - Rates	5,449,085,202	4,391,455,660	5,449,085,202	4,391,455,660
Consumer debtors - Electricity	5,507,062,376	4,620,115,769	5,507,062,376	4,620,115,769
Consumer debtors - Water	10,383,298,201	8,331,709,530	10,383,298,201	8,331,709,530
Consumer debtors - Waste water	3,058,731,744	2,397,454,934	3,058,731,744	2,397,454,934
Consumer debtors - Refuse	2,099,406,503	1,719,652,631	2,099,406,503	1,719,652,631
Consumer debtors - Other	310,852,674	261,347,177	310,852,674	261,347,177
Consumer debtors - Interest and sundries	3,734,704,212	2,666,765,419	3,734,704,212	2,666,765,419
	30,543,140,912	24,388,501,120	30,543,140,912	24,388,501,120
Less: Allowance for impairment				
Consumer debtors - Rates	(4,263,614,831)	(2,661,866,720)	(4,263,614,831)	(2,661,866,720)
Consumer debtors - Electricity	(2,793,043,461)	(1,509,898,541)	(2,793,043,461)	(1,509,898,541)
Consumer debtors - Water	(7,287,173,952)	(6,667,739,874)	(7,287,173,952)	(6,667,739,874)
Consumer debtors - Waste water	(2,144,885,222)	(1,848,933,990)	(2,144,885,222)	(1,848,933,990)
Consumer debtors - Refuse	(1,635,615,227)	(1,578,666,331)	(1,635,615,227)	(1,578,666,331)
Consumer debtors - Other	(299,288,027)	(248,977,108)	(299,288,027)	(248,977,108)
Consumer debtors - Interest and sundries	(2,989,336,950)	(2,070,382,765)	(2,989,336,950)	(2,070,382,765)
	(21,412,957,670)	(16,586,465,329)	(21,412,957,670)	(16,586,465,329)
Net balance				
Consumer debtors - Rates	1,185,470,371	1,729,588,940	1,185,470,371	1,729,588,940
Consumer debtors - Electricity	2,714,018,915	3,110,217,228	2,714,018,915	3,110,217,228
Consumer debtors - Water	3,096,124,249	1,663,969,656	3,096,124,249	1,663,969,656
Consumer debtors - Waste water	913,846,522	548,520,944	913,846,522	548,520,944
Consumer debtors - Refuse	463,791,276	140,986,300	463,791,276	140,986,300
Consumer debtors - Other	11,564,647	12,370,069	11,564,647	12,370,069
Consumer debtors - Interest and sundries	745,367,262	596,382,654	745,367,262	596,382,654
	9,130,183,242	7,802,035,791	9,130,183,242	7,802,035,791

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*
14. Consumer debtors disclosure (continued)				
Included in above is receivables from exchange transactions				
Electricity	2,714,018,915	3,110,217,228	2,714,018,915	3,110,217,228
Water	3,096,124,249	1,663,969,656	3,096,124,249	1,663,969,656
Waste water	913,846,522	548,520,944	913,846,522	548,520,944
Refuse	463,791,276	140,986,300	463,791,276	140,986,300
Housing rental	11,564,647	12,370,069	11,564,647	12,370,069
Interest and sundries	745,367,262	596,382,654	745,367,262	596,382,654
	7,944,712,871	6,072,446,851	7,944,712,871	6,072,446,851
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	1,185,470,371	1,729,588,940	1,185,470,371	1,729,588,940
Net balance	9,130,183,242	7,802,035,791	9,130,183,242	7,802,035,791
Rates				
Current (0 -30 days)	605,199,661	470,688,600	605,199,661	470,688,600
31 - 60 days	242,276,346	201,709,321	242,276,346	201,709,321
61 - 90 days	189,029,549	164,703,479	189,029,549	164,703,479
91 - 120 days	4,412,579,646	3,554,354,260	4,412,579,646	3,554,354,260
	5,449,085,202	4,391,455,660	5,449,085,202	4,391,455,660
Electricity				
Current (0 -30 days)	3,538,593,011	3,024,314,400	3,538,593,011	3,024,314,400
31 - 60 days	260,343,471	167,323,141	260,343,471	167,323,141
61 - 90 days	116,844,234	98,540,344	116,844,234	98,540,344
91 - 120 days	1,591,281,660	1,329,937,884	1,591,281,660	1,329,937,884
	5,507,062,376	4,620,115,769	5,507,062,376	4,620,115,769
Water				
Current (0 -30 days)	1,675,547,238	1,311,521,458	1,675,547,238	1,311,521,458
31 - 60 days	331,901,195	386,905,438	331,901,195	386,905,438
61 - 90 days	309,886,248	298,349,329	309,886,248	298,349,329
91 - 120 days	8,065,963,519	6,334,933,305	8,065,963,519	6,334,933,305
	10,383,298,201	8,331,709,530	10,383,298,201	8,331,709,530
Waste water				
Current (0 -30 days)	523,574,776	463,997,191	523,574,776	463,997,191
31 - 60 days	107,399,187	143,153,578	107,399,187	143,153,578
61 - 90 days	96,840,091	108,910,683	96,840,091	108,910,683
91 - 120 days	2,330,917,689	1,681,393,482	2,330,917,689	1,681,393,482
	3,058,731,744	2,397,454,934	3,058,731,744	2,397,454,934
Refuse				
Current (0 -30 days)	147,521,882	93,534,059	147,521,882	93,534,059
31 - 60 days	66,306,088	30,614,535	66,306,088	30,614,535
61 - 90 days	55,955,860	32,620,560	55,955,860	32,620,560
91 - 120 days	1,829,622,672	1,562,883,477	1,829,622,672	1,562,883,477
	2,099,406,503	1,719,652,631	2,099,406,503	1,719,652,631

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

14. Consumer debtors disclosure (continued)

Housing rental

Current (0 -30 days)	2,881,742	3,129,941	2,881,742	3,129,941
31 - 60 days	4,428,209	4,646,377	4,428,209	4,646,377
61 - 90 days	4,254,700	4,593,754	4,254,700	4,593,754
91 - 120 days	299,288,024	248,977,105	299,288,024	248,977,105
	310,852,674	261,347,177	310,852,674	261,347,177

Interest and subsidies

Current (0 -30 days)	170,481,424	103,409,513	170,481,424	103,409,513
31 - 60 days	164,102,282	80,091,029	164,102,282	80,091,029
61 - 90 days	142,970,704	81,251,051	142,970,704	81,251,051
91 - 120 days	3,257,149,802	2,402,013,826	3,257,149,802	2,402,013,826
	3,734,704,212	2,666,765,419	3,734,704,212	2,666,765,419

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*
14. Consumer debtors disclosure (continued)				
Summary of debtors by customer classification				
Residential				
Current (0 -30 days)	2,792,796,237	2,134,706,290	2,792,796,237	2,134,706,290
31 - 60 days	750,350,829	709,220,202	750,350,829	709,220,202
61 - 90 days	684,244,854	594,002,742	684,244,854	594,002,742
91 - 120 days	17,794,039,592	13,658,326,253	17,794,039,592	13,658,326,253
	22,021,431,514	17,096,255,487	22,021,431,514	17,096,255,487
Less: Allowance for impairment	(16,152,868,573)	(13,722,500,834)	(16,152,868,573)	(13,722,500,834)
	5,868,562,941	3,373,754,653	5,868,562,941	3,373,754,653
Industrial/ commercial				
Current (0 -30 days)	3,587,115,926	3,066,540,575	3,587,115,926	3,066,540,575
31 - 60 days	364,561,993	269,876,346	364,561,993	269,876,346
61 - 90 days	196,434,518	181,343,092	196,434,518	181,343,092
91 - 120 days	3,624,799,638	3,129,601,075	3,624,799,638	3,129,601,075
	7,772,912,075	6,647,361,088	7,772,912,075	6,647,361,088
Less: Allowance for impairment	(4,739,794,025)	(2,581,601,196)	(4,739,794,025)	(2,581,601,196)
	3,033,118,051	4,065,759,892	3,033,118,051	4,065,759,892
National and provincial government				
Current (0 -30 days)	148,168,695	128,447,998	148,168,695	128,447,998
31 - 60 days	53,579,933	25,525,982	53,579,933	25,525,982
61 - 90 days	27,865,872	8,401,724	27,865,872	8,401,724
91 - 120 days	79,632,233	58,022,170	79,632,233	58,022,170
	309,246,733	220,397,874	309,246,733	220,397,874
Less: Allowance for impairment	(191,995,934)	(80,680,480)	(191,995,934)	(80,680,480)
	117,250,799	139,717,394	117,250,799	139,717,394
Total				
Current (0 -30 days)	6,663,799,733	5,468,950,077	6,663,799,733	5,468,950,077
31 - 60 days	1,176,756,779	1,014,443,419	1,176,756,779	1,014,443,419
61 - 90 days	915,781,384	788,969,200	915,781,384	788,969,200
91 - 120 days	21,786,803,014	17,116,138,421	21,786,803,014	17,116,138,421
	30,543,140,910	24,388,501,117	30,543,140,910	24,388,501,117
Less: Allowance for impairment	(21,412,957,671)	(16,586,465,326)	(21,412,957,671)	(16,586,465,326)
	9,130,183,240	7,802,035,791	9,130,183,240	7,802,035,791
Less: Allowance for impairment				
Current (0 -30 days)	(2,564,661,840)	(1,566,371,617)	(2,564,661,840)	(1,566,371,617)
31 - 60 days	(909,283,396)	(714,151,366)	(909,283,396)	(714,151,366)
61 - 90 days	(706,999,813)	(573,638,372)	(706,999,813)	(573,638,372)
91 - 120 days	(17,232,012,623)	(13,732,303,974)	(17,232,012,623)	(13,732,303,974)
	(21,412,957,671)	(16,586,465,329)	(21,412,957,671)	(16,586,465,329)

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

14. Consumer debtors disclosure (continued)

Reconciliation of allowance for impairment

Balance at beginning of the year	(16,586,465,329)	(20,505,208,907)	(16,586,465,329)	(20,505,208,907)
Contributions to allowance	(5,789,351,498)	(7,976,253,520)	(5,789,351,498)	(7,976,253,520)
Debt impairment written off against allowance	962,859,156	11,894,997,098	962,859,156	11,894,997,098
	(21,412,957,671)	(16,586,465,329)	(21,412,957,671)	(16,586,465,329)

The total debtors for June 2024 include a total of R2,994,132,030 (2023: R2,847,557,437) in respect of the value of revenue emanating from various meter reading cut-off dates at year end. This is an annual occurrence and is adjusted at every financial year end.

Credit quality of consumer debtors

In determining the recoverability of a receivable, the City considers any change in the credit quality of the receivable from the date on which the credit was initially granted, up to the reporting date. The concentration of credit risk is limited but take into consideration the repayments trends and collection rate, as the consumer base is large and unrelated. Accordingly, management believes that further credit provision is required in excess of the present allowance for doubtful debts.

Consumer debtors past due but not impaired

30 Days	4,099,137,893	3,902,578,460	4,099,137,893	3,902,578,460
60 Days	267,473,384	300,292,053	267,473,384	300,292,053
90 Days	208,781,572	215,330,828	208,781,572	215,330,828
90+ Days	4,554,790,391	3,383,834,450	4,554,790,391	3,383,834,450
	9,130,183,240	7,802,035,791	9,130,183,240	7,802,035,791

The ageing of consumer debts impaired

30 Days	2,564,661,840	1,566,371,617	2,564,661,840	1,566,371,617
60 Days	909,283,396	714,151,366	909,283,396	714,151,366
90 Days	706,999,813	573,638,372	706,999,813	573,638,372
90+ Days	17,232,012,623	13,732,303,973	17,232,012,623	13,732,303,973
	21,412,957,671	16,586,465,328	21,412,957,671	16,586,465,328

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	502,524	539,042	501,530	538,938
Bank balances	742,369,197	1,113,662,108	615,323,652	591,514,733
	742,871,721	1,114,201,150	615,825,182	592,053,671

The City has provided bank guarantees to the amount of R0 (2023: R2,025,000) with regards to special clauses in contracts concluded with various third parties. Most of these conditions have been met, and the guarantees will be cancelled in due course.

City of Ekurhuleni Metropolitan Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*
15. Cash and cash equivalents (continued)				
Credit quality of cash at bank and short term deposits, excluding cash on hand				
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:				
Cash book balances				
ABSA - ALBERTON DIR BANK	(227,985)	-	(227,985)	(0)
ABSA - BENONI DIR BANK	(1,233,682)	(795,607)	(1,233,682)	(795,607)
ABSA - BENONI INC	(8,369)	777,561	(8,369)	777,561
ABSA - BENONI MASK ACC	(140,703)	(87,018)	(140,703)	(87,018)
ABSA - BOKSBURG DIR BANK	(15,137)	(325,795)	(15,137)	(325,795)
ABSA - BRAKPAN INC	(23,656)	(78,760)	(23,656)	(78,760)
ABSA - EDENVALE DIR BANK	(5,692)	(646,824)	(5,692)	(646,824)
ABSA - EXPEND IMPREST ACC	7,374,276	735,564	7,374,276	735,564
ABSA - GERMISTON DIR BANK	(355,237)	(307,792)	(355,237)	(307,792)
ABSA - KEMPTON PARK DIR BANK	(2,505,516)	(970,153)	(2,505,516)	(970,153)
ABSA - SPRINGS DIR BANK	(198,152)	(215,486)	(198,152)	(215,486)
ABSA - TREASURY ACC	339,334,623	376,804,052	339,334,623	376,804,052
ABSA - PRIMARY BANK ACC	19,166,364	17,638,261	19,166,364	17,638,261
COE ALBERTON INC	-	434,234	(0)	434,234
COE BOKSBURG INC	30,343	1,501,578	30,343	1,501,578
COE BRAKPAN INC	-	744,939	(0)	744,939
COE DEPRECIATION RES	652,973	610,355	652,973	610,355
COE EDENVALE INC	-	554,965	0	554,965
COE EXTERNAL FUNDING	2,077,926	1,915,395	2,077,926	1,915,395
COE GERMISTON INC	973	1,090,187	973	1,090,187
COE HOUSING	1,165,309	1,074,161	1,165,309	1,074,161
COE INVESTMENT	1,528,017	3,737,085	1,528,017	3,737,085
COE KEMPTON PARK INC	(16,870)	1,132,906	(16,870)	1,132,906
COE LEASE INC	(179,238)	(475,558)	(179,238)	(475,558)
COE NEDBANK CALL	5,570,846	9,102,369	5,570,846	9,102,369
COE NIGEL DIR BANKING	-	(4,962)	0	(4,962)
COE NIGEL INC	-	236,021	(0)	236,021
COE PRIMARY CALL	5,056,008	6,346,673	5,056,008	6,346,673
COE SALARY	9,172,001	7,648,000	9,172,001	7,648,000
COE SPRINGS INC	(7,878)	28,025,860	(7,878)	28,025,860
COE SPRINGS MARKET	2,564,900	1,981,348	2,564,900	1,981,348
COE TRAFFIC FINES INC	(1,033)	-	(1,033)	0
COE USDG	1,704,286	1,570,980	1,704,286	1,570,980
EMM ALBERTON-DIR BANK (NEDB)	370,850	1,126,463	370,850	1,126,463
EMM BENONI-DIR BANK (NEDB)	293,065	2,528,364	293,065	2,528,364
EMM BOKSBURG-DIR BANK (NEDB)	365,646	5,132,606	365,646	5,132,606
EMM BRAKPAN-DIR BANK (NEDB)	12,873	2,780,277	12,873	2,780,277
EMM EDENVALE-DIR BANK (NEDB)	1,465,380	1,232,341	1,465,380	1,232,341
EMM EXPENDITURE ACC (NEDB)	1,708,859	1,111,241	1,708,859	1,111,241
EMM GERMISTON-DIR BANK (NEDB)	427,470	3,296,773	427,470	3,296,773
EMM KEMPTON-DIR BANK (NEDB)	167,397	3,035,902	167,397	3,035,902
EMM LIBRARY ACC (NEDB)	-	14,862	-	14,862
EMM LICENSE (NEDB)	4,978	77,914	4,978	77,914
EMM NIGEL-DIR BANK (NEDB)	19,792,240	5,354,016	19,792,240	5,354,016
EMM PRIMARY BANK ACC (NEDB)	3,246,776	5,295,267	3,246,776	5,295,267
EMM SIYAKHOKHA (NEDB)	(2,234,304)	5,684,265	(2,234,304)	5,684,265
EMM SPRINGS-DIR BANK (NEDB)	22,677,605	27,044,968	22,677,605	27,044,968
EMM TRAFFIC FINES COL (NEDB)	24,465	23,173	24,465	23,173
EMM TREASURY ACC (NEDB)	36,162,673	2,676,828	36,162,673	2,676,828
E-SIYAKHOKHA MASK ACC	4,824,631	9,629,579	4,824,631	9,629,579
FNB - EDENVALE MASK ACC	118,305,744	11,881,661	118,305,744	11,881,661
IRPTN BANK 2	492,917	794,888	492,917	794,888
IRPTN BANK COLLECT	5,405,570	22,305,517	5,405,570	22,305,517
NEDBANK MASK ACC	7,234,392	10,683,230	7,234,392	10,683,230
STANDARD - SPRINGS MASK ACC	4,094,730	10,050,064	4,094,730	10,050,064
Cash on Hand	502,524	538,938	501,530	538,938
EHC	15,339,326	17,462,774	-	-
ERWAT	111,706,221	504,684,594	-	-
	742,871,725	1,114,201,044	615,825,182	592,053,672

City of Ekurhuleni Metropolitan Municipality

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Figures in Rand	Economic entity			Controlling entity		
	2024	2023 Restated*		2024	2023 Restated*	

15. Cash and cash equivalents (continued)

The city had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA BANK - Direct Banking Alberton - 111-840-0646	-	-	-	(227,985)	-	-
ABSA BANK - Direct banking Edenvale - 4055442596	-	-	(78,197)	(5,692)	(646,824)	(78,197)
ABSA BANK - Direct banking Germiston - 250000804	-	-	(56,843)	(355,237)	(307,792)	(56,843)
ABSA BANK - Direct banking Kempton Park - 260181599	-	-	(3,041,230)	(2,505,516)	(970,153)	(3,041,230)
ABSA BANK - Direct Banking KLBoksburg - 230000220	-	-	(259,585)	(15,137)	(325,795)	(259,585)
ABSA BANK - Direct Banking Benoni - 4055328015	-	-	(357,584)	(1,233,682)	(795,607)	(357,584)
ABSA BANK - Direct Springs -280000051	-	-	(758,717)	(198,152)	(215,486)	(758,717)
ABSA BANK - Expenditure imprest acc - 4055571915	2,401,552	735,564	7,522,445	7,374,276	735,564	1,668,186
ABSA BANK - Income Benoni - 4055327394	-	-	10,345,873	(8,369)	777,561	10,345,873
ABSA BANK - Income Brakpan - 240000024	-	-	(93,677)	(23,656)	(78,760)	(93,677)
ABSA BANK - Mask Account Benoni- 4065622380	-	-	(82,000)	(140,703)	(87,018)	(82,000)
ABSA BANK - Primary bank Acc - 4053835084	19,166,364	17,638,261	20,613,944	19,166,364	17,638,261	20,613,944
ABSA BANK - Treasury account - 4055571931	339,334,623	376,804,052	293,931,014	339,334,623	376,804,052	293,931,014
Brakpan Income	-	-	5,303,749	-	744,939	5,303,749
COE - Income Alberton - 111-841-0641	-	-	847,994	-	434,234	847,994
COE Boksburg income - 230000255	-	-	1,892,345	30,343	1,501,578	1,892,345
COE Charges Account	4,824,631	-	-	4,824,631	-	-
COE Depreciation Reserve Account	652,973	610,355	580,789	652,973	610,355	580,789
COE EFF account (ex CLF) - 4053834321	2,077,926	1,915,395	11,759,460	2,077,926	1,915,395	11,759,460
COE Germiston Income Account	-	-	652,464	973	1,090,187	652,464
COE Housing account	1,165,309	1,074,161	33,900,758	1,165,309	1,074,161	33,900,758
COE Income Edenvale - 4055442546	-	-	1,016,541	-	554,965	1,016,541
COE Income Kempton Park -260000004	-	-	2,422,914	(16,870)	1,132,906	2,422,914
COE Investment Account	1,528,017	3,737,085	76,357,150	1,528,017	3,737,085	76,357,150
CoE Lease Account Nedbank	-	-	-	(179,238)	(475,558)	-
COE Nedbank Call Account	5,570,846	9,102,369	-	5,570,846	9,102,369	55,696,525
COE Nigel Direct Banking	-	-	(55,709)	-	(4,962)	(55,709)
COE Primary Call	5,056,008	6,346,673	20,065,325	5,056,008	6,346,673	20,065,325
COE Salary Account	9,172,001	7,648,000	5,517,752	9,172,001	7,648,000	5,517,752
COE Springs Income	-	-	7,966,772	(7,878)	28,025,860	7,966,772
COE Springs Market Account	2,564,900	1,981,348	438,174	2,564,900	1,981,348	438,174
COE TRAFFIC FINES INC	(1,033)	-	-	(1,033)	-	-
COE USDG Account	1,704,286	1,570,980	21,398,190	1,704,286	1,570,980	21,398,190
E-Siyakhokha Mask Account	-	9,629,579	2,127,189	-	9,629,579	2,127,189
FNB Mask account 62379403745	118,305,744	12,174,718	5,010,179	118,305,744	11,881,661	4,911,949
Income Nigel - 270000010	-	-	302,477	-	236,021	302,477
Nedbank Dir banking Kempton Park	634,031	3,272,964	1,723,640	167,397	3,035,902	1,242,992
Nedbank Direct banking Alberton	371,803	1,126,463	925,201	370,850	1,126,463	925,201
Nedbank Direct banking Benoni	522,828	2,626,549	3,317,810	293,065	2,528,364	2,311,467
Nedbank Direct banking Boksburg	773,954	5,337,008	3,192,853	365,646	5,132,606	2,442,532
Nedbank Direct banking Brakpan	290,975	2,911,919	5,550,780	12,873	2,780,277	5,452,246
Nedbank Direct banking Edenvale	1,465,380	1,375,456	1,012,629	1,465,380	1,232,341	851,919
Nedbank Direct banking Germiston	468,206	3,301,127	2,661,512	427,470	3,296,773	2,661,012
Nedbank direct banking Nigel	20,921,344	5,382,959	4,608,986	19,792,240	5,354,016	4,303,809
Nedbank Direct banking Springs	23,089,358	27,132,396	-	22,677,605	27,044,968	2,773,548
Nedbank E-Siyakhokha	(500,132)	4,849,632	65,957,313	(2,234,304)	5,684,265	66,994,801
Nedbank Expenditure account 1119114829	1,708,859	1,111,241	429,050	1,708,859	1,111,241	429,050
Nedbank Income Benoni	-	-	-	-	-	(435)
Nedbank Income Germiston	-	-	(1,585)	-	-	(1,585)
Nedbank Income Kempton Park	-	-	(30)	-	-	36,740

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*
15. Cash and cash equivalents (continued)				
Nedbank Income Springs	-	-	3,093,627	-
Nedbank IRPTN Bank 2 Funding 1119114845	492,917	794,888	429,036	492,918
Nedbank IRPTN Transport - collection 1120949068	5,405,570	22,305,517	43,970,219	5,405,570
Nedbank Library Account	-	14,862	70,598	-
Nedbank License account	4,978	77,914	292,078	4,978
Nedbank Mask account 1104446634	7,234,392	10,683,230	3,950,744	7,234,392
Nedbank Primary Bank account 1119114764	3,246,776	5,295,267	22,161,086	3,246,776
Nedbank Traffic Fines account	24,465	23,173	25,537	24,465
Nedbank Treasury account 1119114810	36,162,673	2,676,828	34,719,670	36,162,673
Petty Cash and Floats	-	-	518	502,524
Standard bank mask account	4,105,700	10,050,064	1,662,683	4,094,730
ERWAT Current account	71,026,492	410,930,844	214,828,335	71,026,492
ERWAT Salary account	40,679,729	93,753,756	65,406,652	40,679,729
EHC Current account 4052348660	4,324,296	10,705,218	334,639	4,324,296
EHC Call account 4078340070	2,658,911	2,485,371	2,360,015	-
EHC Current account 4099270252	977,065	913,567	5,849,581	977,065
EHC Current account 4099506067	4,615	4,532	401,259	4,615
EHC Current account 4050383636	1,586,147	575,993	2,757,326	1,586,147
EHC Call account 4078340151	1,788,076	1,671,373	1,590,410	-
EHC Call 32 Days 676886622010	-	-	5,232,596	-
EHC Current account 4101506844	4,000,084	1,106,594	2,594,348	4,000,084
EHC Current account 4102528398	131	126	104	131
EHC Short-term deposits	-	-	-	4,446,987
Total	746,993,770	1,083,465,369	1,026,299,176	742,871,725
				1,114,201,049
				1,074,499,032

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*
16. Long-term liabilities				
At amortised cost				
Bank loan - Nedbank	234,795,145	277,615,137	-	-
Interest rate - JIBAR plus 2.32%. The loan is secured and repayable in bi-annual instalments.				
Bank loan - DBSA	5,110,094,746	5,434,276,971	5,110,094,746	5,434,276,971
COE - interest on the DBSA loans varies from 9.985% and 11.55%. These bullet and annuity loans are unsecured. Capital will be repaid by means of a once-off for bullet loans at redemption date and by means of semi-annual instalments for annuity loans. Redemption date vary between September 2031 and May 2034.				
Bank loan - Nedbank	815,227,858	860,189,751	815,227,858	860,189,751
Interest rates on the loan is 10.27%. The loan is unsecured. The loan shall be repaid by not later than the termination date and shall be repaid in semi-annual instalments, redemption date: June 2034.				
Bank loan - ABSA	108,629,224	205,430,842	108,629,224	205,430,842
Interest rates on the loan is 11.68%. The loan is unsecured. The loans shall be repaid in semi-annual instalments. Redemption dates between February 2025 and May 2025.				
Bank loan - INCA	-	12,074,343	-	-
Interest rate is 5% (2019, 8%) per annum. The loan is repayable in bi-annual installments and unsecured. Redeemable in 28 June 2024				
Municipal bonds	2,272,272,331	3,525,881,110	2,272,272,331	3,525,881,110
Interest rates on the JSE CoE bonds vary between 9.155% and 11.80 % per annum. Redemption dates on these bonds vary between May 2024 and July 2032.				
	8,541,019,304	10,315,468,154	8,306,224,159	10,025,778,674
Non-current liabilities				
At amortised cost	7,448,517,042	8,425,326,426	7,256,029,588	8,190,018,981
Current liabilities				
At amortised cost	1,092,502,259	1,890,141,724	1,050,194,567	1,835,759,689

Encumbered investments

Investments with a carrying value of R108,893,886 are included in non-current assets (2023: R773,783,749) and are held with the top two banks in South Africa for the repayment of long-term liabilities with a carrying value of R2,000,000,000 (2023: R800,000,000) as disclosed in the long-term liabilities note (note 15). The amount of R2,000,000,000 (2023: R800,000,000) consists of a bond for which structured (deposit sinking funds) was established.

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

17. Retirement benefit obligations

Retirement Funds

The City provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are expensed in the year in which they become payable. The City contributes to defined contribution and defined benefit funds. These funds are multi-employer funds.

The council took a resolution in terms of an agreement with SALGA that the contribution rate to pension funds will be capped at 18% of salaries for new members joining pension funds after 1 July 2012 and also that the deducted contribution will only be transferred to defined contribution pension funds.

Defined Contribution Funds

Where an employee has rendered services to the City during the year, the City recognises the contribution payable to a defined contribution plan in exchange for that service immediately as an expense.

Defined Benefit Plans

The City does not apply "defined benefit accounting" to the defined benefit funds to which it is a member where these funds are classified in terms of GRAP 25 as multi-employer plans, as sufficient information is not available to apply the principals involved. The City contributes to the following defined benefit plans, which are governed by the Pension Fund Act of 1956 due to the nature of these funds and the fact that there is no consistent and reliable basis for allocating the obligation. Plan assets and cost to individual entities participating in the plan, these funds are accounted for as defined contribution funds in terms of paragraph 31 of GRAP 25, the total contributions are included in employee related costs, Note 28. As a result, GRAP 25 is applied and such funds are accounted for as defined contribution funds. The City's participation in these plans is limited to the obligation of its own employees. Due to the nature of the funds, the obligation for each fund cannot be reasonably determined.

The following funds have been treated as defined contribution plans although they are defined benefit funds:

1. Joint Municipal Pension Fund

The average contribution rate payable is 9% by the members and on average 22% by the City of Ekurhuleni. The last actuarial valuation on this fund was performed in September 2021 certified that the fund is in a sound financial state. The City of Ekurhuleni has 45 employees in this plan.

2. Municipal Employees Pension Fund

The average contribution rate payable is 7.5% by the members. The City of Ekurhuleni contributes 22% and 18% of members who existed as at 30 June 2012 and 01 July 2012, respectively. The last actuarial valuation on this fund was performed in February 2017 and it was certified that the fund is in a sound financial state. The City of Ekurhuleni has 1078 employees in this plan.

3. South African Local Authorities Pension Fund

The average contribution rate payable is 9% by the members and on average 22.78% by the City of Ekurhuleni. The last actuarial valuation on this fund was performed as at 1 July 2021 and it was certified that the fund is in a sound financial state. The City of Ekurhuleni has 45 employees in this plan.

Germiston Municipal Retirement Fund (GMRF) is a defined contribution fund for active contributing members but a defined benefit fund for certain pensioners under the old rules taken in the rules of the fund. During 2005 GMRF outsourced the full administration of the pensioners component which relates to the old rules of the defined benefit fund.

To the extent that a surplus or deficit is in place, based on available information, this may affect the amount of future contributions once these are assessed. In the case of surpluses, no change is made in the rate of contributions. In the case of deficits, the City will increase contributions on a phased basis. To the extent that the full discounted value of obligations to the funds is not fully accounted for at year end, a contingent liability arises and is reported on accordingly.

4. Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end. Refer to provisions note (note 17) for leave pay provision.

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*

17. Retirement benefit obligations (continued)

Retirement benefit obligation (medical aid plan)

The City provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the City is associated, a member (subject to the applicable conditions of service) on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for the portion as determined by Council from time to time, of the medical aid membership fee, and the City for the remaining portion.

The number of employees who are eligible for post-retirement benefits as at 30 June 2024 are 11,910 (2023: 12,132) in-service employees and 2,059 (2023:2,019) pensioners. The actuarial valuation was performed by Deloitte and Touche by applying the Projected Unit Funding method.

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(2,159,429,785)	(2,211,670,046)	(2,087,761,554)	(2,148,807,046)
Non-current liabilities	(2,033,489,138)	(2,086,001,470)	(1,965,280,958)	(2,026,322,470)
Current liabilities	(125,940,647)	(125,668,576)	(122,480,596)	(122,484,576)
	(2,159,429,785)	(2,211,670,046)	(2,087,761,554)	(2,148,807,046)

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

Opening balance	(2,211,670,046)	(2,118,032,581)	(2,148,807,046)	(2,072,148,581)
Benefits paid	120,540,523	110,842,099	115,673,797	108,266,749
Net expense recognised in the statement of financial performance	(68,300,262)	(204,479,564)	(54,628,305)	(184,925,214)
	(2,159,429,785)	(2,211,670,046)	(2,087,761,554)	(2,148,807,046)

Net expense recognised in the statement of financial performance

Current service cost	(73,799,995)	67,716,743	(71,829,995)	(66,450,743)
Interest cost	(277,616,867)	255,859,252	(269,574,867)	(250,532,252)
Remeasurements of the defined net liability	-	-	-	-
Actuarial gains /(losses)	283,116,600	(119,096,431)	286,776,557	132,057,781
- Changes in financial assumptions	133,194,018	87,250,613	133,194,018	87,250,613
- Experience adjustments	157,242,496	(206,347,049)	153,582,539	(219,308,399)
	(68,300,262)	204,479,564	(54,628,305)	(184,925,214)

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

17. Retirement benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.45 %	12.91 %	12.45 %	12.91 %
Health care cost inflation rate	7.49 %	9.02 %	7.49 %	9.02 %

Key Demographic Assumptions

Average retirement age for the City	63
Continuation of membership at retirement	90%
Proportion assumed married at retirement	90%
Mortality tables	SA 85/90
Mortality post-retirement for pensioners	PA90

Withdrawal from service

Age	Males	Females
20 - 24	16%	24%
25 - 29	12%	18%
30 - 34	10%	15%
35 - 39	8%	10%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	1%	1%
60 +	-%	-%

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in the statement of financial performance. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
Medical inflation (service cost and interest cost)	48,868,554	46,788,405	37,210,554	38,106,405
Medical inflation (liability)	2,196,597,261	2,105,302,302	2,124,972,261	2,049,655,302
Valuation interest rate (service cost and interest cost)	211,444,511	253,822,455	202,714,511	242,205,455
Valuation interest rate (liability)	1,940,952,196	2,401,378,162	1,885,047,196	2,329,967,162

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

	2024 R	2023 R	2022 R	2021 R	2020 R
Defined benefit obligation	(2,087,761,708)	(2,148,807,046)	(2,072,148,581)	(2,163,476,581)	(2,130,088,581)
(Deficit)	(2,087,761,708)	(2,148,807,046)	(2,072,148,581)	(2,163,476,581)	(2,130,088,581)
Experience adjustments on plan	(286,776,557)	(219,308,394)	(291,345,000)	(322,960,929)	(17,870,000)

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*

18. Provisions

Reconciliation of provisions - Economic entity - 2024

	Opening Balance	Additions	Utilised during the year	Decreased during the year	Change in discount factor	Total
COLD provision	23,385,964	1,709,153	(1,755,854)	-	-	23,339,263
Other provisions	1,091,417	174,752	(45,068)	-	-	1,221,101
Bonus provision	61,462,513	19,963,283	(18,512,902)	-	-	62,912,894
Leave provision	761,324,064	338,366,252	(252,164,249)	(15,176,638)	-	832,349,429
Landfill rehabilitation provision	578,890,256	-	(124,468,922)	-	63,272,704	517,694,038
Long service awards	532,233,514	38,503,285	(8,910,141)	(43,656,766)	52,813,872	570,983,764
GMRF	152,383,361	-	(51,882,909)	-	-	100,500,452
	2,110,771,089	398,716,725	(457,740,045)	(58,833,404)	116,086,576	2,109,000,941

Reconciliation of provisions - Economic entity - 2023

	Opening Balance	Additions	Utilised during the year	Decreased during the year	Change in discount factor	Total
COLD provision	20,102,732	5,098,384	(1,815,152)	-	-	23,385,964
Other provisions	989,277	171,906	(69,766)	-	-	1,091,417
Bonus provision	55,458,400	8,972,873	(2,968,760)	-	-	61,462,513
Leave provision	669,340,618	239,387,244	(133,759,139)	(13,644,659)	-	761,324,064
Landfill rehabilitation provision	468,753,705	59,089,273	-	-	51,047,278	578,890,256
Long service awards	559,784,964	41,015,316	(9,501,378)	(112,995,430)	53,930,042	532,233,514
GMRF	100,500,452	51,882,909	-	-	-	152,383,361
	1,874,930,148	405,617,905	(148,114,195)	(126,640,089)	104,977,320	2,110,771,089

Reconciliation of provisions - Controlling entity - 2024

	Opening Balance	Additions	Utilised during the year	Decreased during the year	Change in discount factor	Total
COLD provision	23,385,964	1,709,152	(1,755,853)	-	-	23,339,263
Bonus provision	61,462,513	19,963,283	(18,512,902)	-	-	62,912,894
Leave provision	730,406,682	309,108,144	(235,069,772)	-	-	804,445,054
Landfill rehabilitation provision	578,890,255	-	(124,468,922)	-	63,272,705	517,694,038
Long service awards	531,440,476	37,689,171	(8,117,103)	(43,656,766)	52,813,872	570,169,650
GMRF	152,383,361	-	(51,882,909)	-	-	100,500,452
	2,077,969,251	368,469,750	(439,807,461)	(43,656,766)	116,086,577	2,079,061,351

Reconciliation of provisions - Controlling entity - 2023

	Opening Balance	Additions	Utilised during the year	Decreased during the year	Change in discount factor	Total
COLD provision	20,102,732	5,098,384	(1,815,152)	-	-	23,385,964
Bonus provision	52,711,768	8,972,873	(222,128)	-	-	61,462,513
Leave provision	639,173,372	209,376,264	(118,142,954)	-	-	730,406,682
Landfill rehabilitation provision	468,753,705	59,089,273	-	-	51,047,278	578,890,256
Long service awards	559,313,996	40,222,278	(9,030,410)	(112,995,430)	53,930,042	531,440,476
GMRF	100,500,452	51,882,909	-	-	-	152,383,361
	1,840,556,025	374,641,981	(129,210,644)	(112,995,430)	104,977,320	2,077,969,252

Non-current liabilities	1,087,863,688	1,110,330,732	1,087,863,688	1,110,330,732
Current liabilities	1,021,137,253	1,000,440,357	991,197,663	967,638,520
	2,109,000,941	2,110,771,089	2,079,061,351	2,077,969,252

City of Ekurhuleni Metropolitan Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*

18. Provisions (continued)

COLD provision

This provision is made for future expected outflows as a result of the City's obligation to contribute towards occupational injuries with various employees in the old Benoni and Germiston local municipalities. The discount rate used in determining the present value of the obligation is 10.93% (2023:10.89%) and the salary increase rate assumption used for the increase in expenses/contributions is 4.9% (2023: 5.4%).

Leave and bonus provision

The liability is based on the total accrued leave days at year end, which includes section 57 employees. The bonus is performance based, and is dependent on a performance assessment. The timing of both the leave and bonus is uncertain.

Landfill rehabilitation provision

In terms of GRAP 19, provisions should be evaluated at each year-end to reflect the best estimate at that date of the provision. The discounting rate is 10.93% (2023:10.89%). The timing of outflow is uncertain, as well as relating amounts due to discounting and charges in inflation rates.

The net result of the re-estimation had the following effect on the current year amounts:

Increase/(decrease) in the cost of property, plant and equipment R88,337,229 (2023: increase of R59,755,836)

Amount recognised in profit and loss due to re-estimation where the adjustment exceeded the carrying amount of the asset by R36,131,693 (2023: R666,564)

Long service awards provision

An actuarial valuation for 2024 was performed by Deloitte and Touche.

Discount rate used: 10.09% (2023: 10.73%)

CPI used: 5.59% (2023: 6.39%)

Salary increase rate used: 6.59% (2023: 7.39%)

GMRF provision

The provision relates to claims against the City, instituted by the Germiston Municipal Retirement Fund in terms of the pension fund's rules where the required investments yields were not achieved. The timing of the outflow is uncertain, as well as the related amount due to changes in interest charges.

19. Trade and other payables from exchange transactions

Maintenance guarantees: new township development infrastructure	5,426,686	5,058,266	5,426,684	5,058,266
Other payables	20,308,043	398,278,652	837,291,252	637,063,206
Receipts in advance	1,095,206,637	938,865,414	1,095,206,637	938,865,414
Retentions	1,143,970,799	1,063,489,954	1,143,970,799	1,065,694,191
Trade payables	9,828,945,462	7,663,721,981	9,760,560,039	7,566,953,962
Unclaimed salaries	13,353,369	13,323,596	13,353,369	13,323,596
VAT balance on outstanding debtors	880,411,348	713,812,321	880,411,348	713,812,321
VAT payables	-	96,240,837	-	96,240,837
	12,987,622,344	10,892,791,021	13,736,220,128	11,037,011,793

20. Deposits

Consumer deposits - electricity and water	1,207,084,517	1,133,341,947	1,207,084,517	1,133,341,947
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Guarantees in lieu of electricity and water deposits is R228,618,352 (2023: R184,758,045).

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*

21. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

HIV/AIDS	525,945	3,676,577	525,945	3,676,577
Urban Settlement Development Grant (USDG)	1,308,919	-	1,308,919	-
Human Settlements Development Grant (HSDG)	6,109,610	91,279,699	6,109,610	91,279,699
Libraries	820,895	-	820,895	-
Neighbourhood Development Partnership Grant (PEP)	-	58,447,900	-	58,447,900
Neighbourhood Development Partnership Grant (NDPG)	777,477	-	777,477	-
SHRA	646,605	646,605	-	-
	10,189,451	154,050,781	9,542,846	153,404,176

Movement during the period

Balance at the beginning of the year	154,050,781	140,925,476	153,404,176	136,697,387
Additions during the year	10,258,888,770	9,536,659,629	10,258,888,770	9,536,659,629
Income recognition during the year	(10,340,625,623)	(9,520,621,967)	(10,340,625,623)	(9,517,040,483)
Surrendered/Appropriated	(62,124,477)	(2,912,357)	(62,124,477)	(2,912,357)
	10,189,451	154,050,781	9,542,846	153,404,176

See note 28 for reconciliation of all grants.

22. Revenue

Service charges	30,863,493,975	29,787,819,610	30,879,193,024	29,793,852,824
Construction contracts	85,170,089	30,171,857	85,170,089	30,171,857
Rental of facilities and equipment	157,746,308	144,954,295	106,113,758	97,911,532
Interest earned - outstanding debtors	1,031,736,167	1,131,900,996	1,031,736,167	1,131,900,996
Income from agency services	329,710,220	319,731,584	329,710,220	319,731,584
Licences and permits	42,896,703	48,983,795	42,896,703	48,983,795
Other income	319,990,833	238,590,747	274,658,058	188,269,916
Interest revenue	223,825,944	144,968,063	135,879,644	115,038,073
Dividends received	87,869	111,753	-	-
Property rates	8,823,217,846	7,841,075,519	8,823,217,846	7,841,075,519
Property rates - penalties and collection charges	316,821,029	279,449,362	316,821,029	279,449,362
Government grants & subsidies	10,282,015,706	9,490,553,551	10,255,455,534	9,486,868,639
Public contributions and donations	170,606,747	179,665,463	170,606,747	179,665,463
Fines	861,824,707	857,009,452	861,824,707	857,009,452
	53,509,144,143	50,494,986,047	53,313,283,526	50,369,929,012

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

Service charges	30,863,493,975	29,787,819,610	30,879,193,024	29,793,852,824
Construction contracts	85,170,089	30,171,857	85,170,089	30,171,857
Rental of facilities and equipment	157,746,308	144,954,295	106,113,758	97,911,532
Interest earned - outstanding debtors	1,031,736,167	1,131,900,996	1,031,736,167	1,131,900,996
Dividends received	87,869	111,753	-	-
Income from agency services	329,710,220	319,731,584	329,710,220	319,731,584
Licences and permits	42,896,703	48,983,795	42,896,703	48,983,795
Other income	319,990,833	238,590,747	274,658,058	188,269,916
Interest revenue	223,825,944	144,968,063	135,879,644	115,038,073
	33,054,658,108	31,847,232,700	32,885,357,663	31,725,860,577

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*
22. Revenue (continued)				
The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Property rates	8,823,217,846	7,841,075,519	8,823,217,846	7,841,075,519
Property rates - penalties and collection charges	316,821,029	279,449,362	316,821,029	279,449,362
Transfer revenue				
Government grants & subsidies	10,282,015,706	9,490,553,551	10,255,455,534	9,486,868,639
Public contributions and donations	170,606,747	179,665,463	170,606,747	179,665,463
Fines	861,824,707	857,009,452	861,824,707	857,009,452
	20,454,486,035	18,647,753,347	20,427,925,863	18,644,068,435

23. Service charges

Sale of electricity	19,692,840,485	17,965,243,812	19,691,152,339	18,066,433,935
Sale of water	6,503,672,134	6,560,866,552	6,519,065,767	6,574,114,789
Solid waste	1,539,547,813	1,720,939,258	1,539,547,813	1,720,939,258
Sewerage and sanitation charges	3,042,613,165	3,439,939,398	3,044,606,727	3,331,534,252
Fresh produce market	38,627,433	34,165,599	38,627,433	34,165,599
Other service charges	46,192,945	66,664,991	46,192,945	66,664,991
	30,863,493,975	29,787,819,610	30,879,193,024	29,793,852,824

24. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	157,711,070	144,918,882	106,078,520	97,876,119
Rental of equipment	35,238	35,413	35,238	35,413
	157,746,308	144,954,295	106,113,758	97,911,532

Included in the above rentals are operating lease rentals at straight-lined amounts of R 10,438,881 (2023: R 10,037,386) as well as contingent rentals of R 24,602,968 (2023: R 23,431,398).

25. Construction Contract - HSDG

Amount of contract revenue recognised in revenue	(85,170,089)	(30,171,857)	(85,170,089)	(30,171,857)
Aggregate amount of costs recognised in surplus	85,170,089	30,171,857	85,170,089	30,171,857
Amount received in advance recognised under grants payables	6,109,610	91,279,699	6,109,610	91,279,699
	6,109,610	91,279,699	6,109,610	91,279,699

The Gauteng department of human settlement in partnership with the City, implemented the construction of houses by appointing consultants and contractors to undertake the construction on behalf of the City. All funds received for Human Settlement Development Grant are subjected to conditions as stipulated on the grant framework. No commission is earned by the City on implementation of this programme.

26. Other income

Accident reports	1,839,470	1,293,673	1,116,307	625,890
Administration fees	114,166	124,179	114,171	139,007
Cleaving of stands	1,932,551	400,739	-	-
Entry fees	357,615	166,496	357,615	166,496
Essential services contributions	170,104,500	119,008,728	136,433,737	78,508,778
Printing and copying of documents	471,260	319,572	471,260	319,572
Sundry income	144,496,863	116,525,138	135,490,560	107,767,777
Supply of information	493,985	511,778	493,985	511,778
Tender documents	-	9,826	-	-
Training	180,423	230,618	180,423	230,618
	319,990,833	238,590,747	274,658,058	188,269,916

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*
27. Interest revenue				
Bank	144,604,118	74,722,192	56,657,818	44,792,202
External investments	79,221,826	70,245,871	79,221,826	70,245,871
	223,825,944	144,968,063	135,879,644	115,038,073
28. Government grants & subsidies				
Operating grants				
Equitable share	5,155,679,899	4,606,942,359	5,155,679,899	4,606,942,359
Fuel levy	1,839,016,000	1,830,978,000	1,839,016,000	1,830,978,000
Electricity demand side Management (EEDSM)	8,000,000	9,000,000	8,000,000	9,000,000
Urban Settlements Development Grant (USDG)	85,179,421	72,307,894	85,179,421	72,307,894
Sector Education and Training Authority (SETA)	15,978,869	15,752,271	15,978,869	15,752,271
Finance Management Grant (FMG)	1,000,000	1,000,000	1,000,000	1,000,000
HIV/AIDS grant	19,225,056	15,223,425	19,225,056	15,223,425
Libraries Plan	8,719,138	5,750,000	8,719,138	5,750,000
SHRA	26,560,172	3,684,912	-	-
Primary Health Care	179,170,000	171,455,000	179,170,000	171,455,000
Programme & Project Preparation Support Grant(PPPSG)	107,731,000	56,064,000	107,731,000	56,064,000
Informal Settlement Upgrading Partnership Grant (ISUPG)	37,002,197	24,719,585	37,002,197	24,719,585
Public Transport Network Grant (PTNG)	387,085,001	461,735,042	387,085,001	461,735,042
Expanded Public Works Program (EPWP)	31,646,000	24,041,000	31,646,000	24,041,000
Neighbourhood Development Partnership Grant (PEP)	143,280,000	63,780,584	143,280,000	63,780,584
	8,045,272,753	7,362,434,072	8,018,712,581	7,358,749,160
Capital grants				
Public Transport Network Grant (PTNG)	296,127,999	240,598,958	296,127,999	240,598,958
Recapitalisation of Community Libraries	12,805,967	15,000,006	12,805,967	15,000,006
Neighbourhood Development Partnership Grant (NDPG)	52,512,523	51,236,000	52,512,523	51,236,000
Informal Settlement Upgrading Partnership Grant(ISUPG)	736,027,803	711,390,407	736,027,803	711,390,407
Urban Settlements Development Grant (USDG)	1,139,268,661	1,109,894,108	1,139,268,661	1,109,894,108
	2,236,742,953	2,128,119,479	2,236,742,953	2,128,119,479
	10,282,015,706	9,490,553,551	10,255,455,534	9,486,868,639
Equitable share				
Current-year receipts	5,155,679,899	4,606,942,359	5,155,679,899	4,606,942,359
Conditions met - transferred to revenue	(5,155,679,899)	(4,606,942,359)	(5,155,679,899)	(4,606,942,359)
	-	-	-	-
Fuel Levy				
Current-year receipts	1,839,016,000	1,830,978,000	1,839,016,000	1,830,978,000
Conditions met - transferred to revenue	(1,839,016,000)	(1,830,978,000)	(1,839,016,000)	(1,830,978,000)
	-	-	-	-
HIV/AIDS				
Balance unspent at beginning of year	3,676,577	-	3,676,577	-
Current-year receipts	19,751,000	18,900,000	19,751,000	18,900,000
Conditions met - transferred to revenue	(19,225,055)	(15,223,423)	(19,225,055)	(15,223,423)
Surrendered/Appropriated	(3,676,577)	-	(3,676,577)	-
	525,945	3,676,577	525,945	3,676,577

Conditions still to be met - remain liabilities (see note 21).

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*
28. Government grants & subsidies (continued)				
Finance Management Grant (FMG)				
Balance unspent at beginning	-	127,100	-	127,100
Current-year receipts	1,000,000	1,000,000	1,000,000	1,000,000
Conditions met - transferred to revenue	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Surrendered/Appropriated	-	(127,100)	-	(127,100)
	-	-	-	-
Urban Settlement Development Grant (USDG)				
Current-year receipts	1,225,757,000	1,182,202,000	1,225,757,000	1,182,202,000
Conditions met - transferred to revenue	(1,224,448,081)	(1,182,202,000)	(1,224,448,081)	(1,182,202,000)
	1,308,919	-	1,308,919	-
Conditions still to be met - remain liabilities (see note 21).				
Libraries				
Current-year receipts	22,346,000	20,750,000	22,346,000	20,750,000
Conditions met - transferred to revenue	(21,525,105)	(20,750,000)	(21,525,105)	(20,750,000)
	820,895	-	820,895	-
Conditions still to be met - remain liabilities (see note 21).				
Public Transport Network Grant (PTNG)				
Balance unspent at beginning	-	113,256	-	113,256
Current-year receipts	683,212,998	702,334,000	683,212,998	702,334,000
Conditions met - transferred to revenue	(683,212,998)	(702,334,000)	(683,212,998)	(702,334,000)
Surrendered/Appropriated	-	(113,256)	-	(113,256)
	-	-	-	-
Electricity demand side Management (EEDSM)				
Current-year receipts	8,000,000	9,000,000	8,000,000	9,000,000
Conditions met - transferred to revenue	(8,000,000)	(9,000,000)	(8,000,000)	(9,000,000)
	-	-	-	-
Expanded Public Works Programme (EPWP)				
Current-year receipts	31,646,000	24,041,000	31,646,000	24,041,000
Conditions met - transferred to revenue	(31,646,000)	(24,041,000)	(31,646,000)	(24,041,000)
	-	-	-	-
Neighbourhood Development Partnership Grant (PEP)				
Balance unspent at beginning	58,447,900	5,288,484	58,447,900	5,288,484
Current-year receipts	144,630,000	116,940,000	144,630,000	116,940,000
Conditions met - transferred to revenue	(144,630,000)	(63,780,584)	(144,630,000)	(63,780,584)
Surrendered/Appropriated	(58,447,900)	-	(58,447,900)	-
	-	58,447,900	-	58,447,900
Conditions still to be met - remain liabilities (see note 21).				

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*
28. Government grants & subsidies (continued)				
Neighbourhood Development Partnership Grant (NDPG)				
Balance unspent at beginning	-	2,672,003	-	2,672,003
Current-year receipts	51,940,000	51,236,000	51,940,000	51,236,000
Conditions met - transferred to revenue	(51,162,523)	(51,236,000)	(51,162,523)	(51,236,000)
Surrendered/Appropriated	-	(2,672,003)	-	(2,672,003)
	777,477	-	777,477	-
Conditions still to be met - remain liabilities (see note 21).				
Informal Settlement Upgrading Partnership (ISUPG)				
Balance unspent at beginning	-	7,044,991	-	7,044,991
Current-year receipts	773,030,000	729,065,000	773,030,000	729,065,000
Conditions met - transferred to revenue	(773,030,000)	(736,109,991)	(773,030,000)	(736,109,991)
	-	-	-	-
Sector Education and Training Authority (SETA)				
Current-year receipts	15,978,870	15,752,271	15,978,870	15,752,271
Conditions met - transferred to revenue	(9,818,918)	(15,752,271)	(9,818,918)	(15,752,271)
Appropriated	(6,159,952)	-	(6,159,952)	-
	-	-	-	-
Programme & Project Preparation Support Grant (PPPSG)				
Current-year receipts	107,731,000	56,064,000	107,731,000	56,064,000
Conditions met - transferred to revenue	(107,731,000)	(56,064,000)	(107,731,000)	(56,064,000)
	-	-	-	-
Health Subsidy				
Current-year receipts	179,170,000	171,455,000	179,170,000	171,455,000
Conditions met - transferred to revenue	(179,170,000)	(171,455,000)	(179,170,000)	(171,455,000)
	-	-	-	-
Human Settlements Development Grant (HSDG)				
Balance unspent at beginning	91,279,699	121,451,556	91,279,699	121,451,556
Conditions met - recognised as construction revenue (see note 24)	(85,170,089)	(30,171,857)	(85,170,089)	(30,171,857)
	6,109,610	91,279,699	6,109,610	91,279,699
Conditions still to be met - remain liabilities (see note 21).				
Integrated City Development				
SHRA				
Balance unspent at beginning of year	646,605	4,228,096	-	-
Current-year receipts	24,066,855	-	-	-
Conditions met - transferred to revenue	(24,066,855)	(3,581,491)	-	-
	646,605	646,605	-	-
Conditions still to be met - remain liabilities (see note 21).				

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

29. Property rates

Rates received

Residential	3,814,424,042	3,583,221,317	3,814,424,042	3,583,221,317
Commercial	3,978,083,727	3,406,842,027	3,978,083,727	3,406,842,027
Small holdings and farms	43,178,213	35,929,791	43,178,213	35,929,791
Vacant land	641,421,884	508,834,853	641,421,884	508,834,853
Other properties	346,109,980	306,247,531	346,109,980	306,247,531
	8,823,217,846	7,841,075,519	8,823,217,846	7,841,075,519
Property rates - penalties and collection charges	316,821,029	279,449,362	316,821,029	279,449,362
	9,140,038,875	8,120,524,881	9,140,038,875	8,120,524,881

Valuations (R'000)

Residential	462,353,574	443,444,071	462,353,574	443,444,071
Commercial	174,099,587	170,077,451	174,099,587	170,077,451
Provincial and National Government	15,018,096	14,958,206	15,018,096	14,958,206
Municipal	7,297,451	7,147,492	7,297,451	7,147,492
Small holdings and farms	18,462,679	19,285,804	18,462,679	19,285,804
Sectional title	78,280,991	76,790,512	78,280,991	76,790,512
Vacant land	26,903,238	26,960,654	26,903,238	26,960,654
Other	9,280,167	9,007,446	9,280,167	9,007,446
	791,695,783	767,671,636	791,695,783	767,671,636

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2021. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on a monthly basis; interest is levied on outstanding account if paid after due date.

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*
30. Employee related costs				
Basic	6,566,116,891	6,284,052,129	6,281,238,270	6,021,664,380
Bonus	528,414,846	490,820,276	508,912,854	473,777,217
Medical aid - company contributions	608,665,555	471,072,531	607,007,542	469,263,257
Unemployment Insurance Fund	35,799,077	35,864,321	35,746,498	35,803,470
Workmen's Compensation	64,394,887	55,428,341	62,095,568	53,250,373
Skills Development Levy	82,707,046	77,683,999	82,501,006	77,475,516
Other payroll levies	2,183,369	2,138,155	2,183,369	2,138,155
Leave pay provision charge	195,718,394	226,689,312	182,989,201	209,569,800
Current service costs	111,489,166	67,716,743	109,519,166	66,450,743
Standby Allowances	74,327,669	71,581,287	74,214,919	71,471,487
Remeasurement of the defined net liability	(326,773,366)	(232,091,861)	(330,433,323)	(245,053,211)
Defined contribution plans	1,143,994,790	1,313,979,354	1,063,309,281	1,238,589,409
Travel, motor car, accommodation, subsistence and other allowances	229,497,479	237,975,642	218,641,096	226,826,058
Overtime payments	887,411,404	736,416,296	855,646,039	705,476,738
Long-service awards	9,463,093	40,955,255	8,117,104	40,222,281
Acting allowances	23,702,608	62,219,516	23,702,608	62,219,516
Housing benefits and allowances	69,989,963	68,514,949	65,729,390	64,618,588
Allowances	24,291,453	24,715,559	18,922,709	19,468,430
Less: employee costs capitalised to property, plant and equipment	(29,733,297)	(39,869,632)	(29,733,297)	(39,869,632)
	10,301,661,027	9,995,862,172	9,840,310,000	9,553,362,575

Senior Management Remuneration

Senior Management Remuneration (Key Management) for the period ended 30 June 2024	Basic Salary per annum	Pension, Medical & UIF per annum	Car Allowance	Performance Bonus	Other	Total
City Manager: City of Ekurhuleni	3,289,245	590,635	250,528	388,581	55,200	4,574,189
Group Chief Financial Officer: Finance Department(Contract end 31 May 24)	2,647,112	23,889	165,000	189,541	39,600	3,065,142
Chief Information Officer: ICT	2,682,580	4,080	-	224,442	43,200	2,954,302
Chief of Police: EMPD	2,615,129	122,442	-	237,111	43,200	3,017,882
Head of Department: Energy	1,929,153	125,182	648,000	215,872	43,200	2,961,407
Head of Department: Strategy & Corporate Planning	1,815,005	2,262	240,000	110,721	43,200	2,211,188
Head of Department: Health & Social Development(Contract end 30 April 24)	1,992,372	269,676	100,000	142,385	36,000	2,540,433
Head of Department: Corporate & Legal	2,447,517	2,262	144,000	227,646	43,200	2,864,625
Head of Department: Human Settlement (Contract end 31 May 24)	3,037,637	23,890	132,000	180,824	39,600	3,413,951
Head of Department: Human Resources	2,591,517	2,262	-	121,272	43,200	2,758,251
Head of Department: SRAC	1,962,268	68,078	240,000	134,647	43,200	2,448,193
Head of Department: City Planning(Contract end 31 May 24)	2,256,450	23,889	-	240,447	39,600	2,560,386
Head of Department: Transport & Fleet Management	2,723,412	24,078	120,000	165,542	43,200	3,076,232
Head of Department: Water & Sanitation	2,140,800	52,734	300,000	216,598	43,200	2,753,332
Head of Department: Service Delivery Coordination	1,815,005	2,262	240,000	48,862	43,200	2,149,329
Chief Audit Executive: Internal Audit (Contract End 30 January 24)	1,778,204	146,665	70,080	311,711	25,228	2,331,888
Chief Risk Officer: Risk Management (Resignation 31 October 2023)	1,098,516	79,043	24,000	162,603	14,400	1,378,563
Head of Department: Real Estate and Facilities (Contract End 31 December 2023)	1,290,648	22,947	48,000	133,099	21,600	1,516,294
Head of Department: Roads & Storm Water (Contract End 31 December 2023)	1,374,011	90,890	120,000	173,868	21,600	1,780,369
Head of Department: Economic Development	2,868,647	22,260	-	167,714	43,200	3,101,821
Secretary of Council	2,055,005	2,262	-	-	43,200	2,100,467
	46,410,233	1,701,688	2,841,608	3,793,487	811,228	55,558,244

City of Ekurhuleni Metropolitan Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*

30. Employee related costs (continued)

Senior Management Remuneration (Key Management) for the period ended 30 June 2023	Basic Salary per annum	Pension, Medical & UIF per annum	Car Allowance	Performance Bonus	Other	Total
City Manager	3,117,338	568,812	250,528	-	55,200	3,991,878
Chief Financial Officer	2,540,940	2,255	180,000	-	43,200	2,766,395
Head of Department: Internal Audit	2,389,175	214,020	120,000	-	43,200	2,766,395
Head of Department: Electricity & Energy	1,838,074	117,903	648,000	-	43,200	2,647,177
Head of Department: Strategy & Corporate Planning (Appointed 1 December 22)	1,058,753	1,315	140,000	-	42,040	1,242,109
Head of Department: Health	2,084,830	297,425	120,000	-	43,200	2,545,455
Head of Department: Corporate & Legal (Appointed 1 June 2023)	159,250	188	12,000	-	3,600	175,038
Head of Department: Corporate & Legal (Contract ended 31 October 22)	837,552	43,952	40,000	-	224,331	1,145,835
Head of Department: Human Resources (Contract ended 31 July 22)	200,828	6,488	8,000	-	251,427	466,743
Head of Department: Human Resources (Appointed 1 March 2023)	685,002	752	-	-	26,637	712,391
Head of Department: SRAC	1,865,536	46,255	240,000	-	43,200	2,194,991
Head of Department: City Development	2,149,536	2,255	-	-	43,200	2,194,991
Head of Department: Community Safety (Contract ended 30 November 22)	773,170	83,765	53,255	-	210,034	1,120,223
Head of Department: Human Settlement	2,784,804	2,255	144,000	-	43,200	2,974,259
Head of Department: Economic Development	2,750,000	2,255	-	-	21,600	2,773,855
Head of Department: ICT	2,601,272	2,255	-	-	21,600	2,625,127
Head of Department: Transport & Fleet	2,680,940	2,255	40,000	-	43,200	2,766,395
Head of Department: Environment & Waste (Dismissed 28 February 23)	1,329,024	1,503	104,000	-	28,800	1,463,327
Head of Department: Real Estate and Facilities	2,044,938	2,255	96,000	-	43,200	2,186,393
Head of Department: Water and Sanitation	2,056,800	45,455	300,000	-	21,600	2,423,855
Head of Department: Roads and Transport	2,312,404	138,141	240,000	-	43,200	2,733,744
Chief Risk Officer	2,500,700	150,495	72,000	-	68,200	2,791,395
Chief of Police	2,502,908	100,619	-	-	25,200	2,628,727
Head of Department: Service Delivery (Appointed 1 March 2023)	605,002	752	80,000	-	14,400	700,153
Secretary of Council (Contract ended 30 June 22)	-	177	-	-	263,241	263,418
Secretary of Council (Appointed 1 December 22)	1,198,753	1,315	-	-	25,200	1,225,268
Head of Department: Support Mayors Office (Contract ended 30 June 22)	-	177	-	-	61,944	62,121
	45,067,529	1,835,294	2,887,783	-	1,797,055	51,587,658

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity			
	2024	2023 Restated*	2024	2023 Restated*		
31. Remuneration of councillors						
30 June 2024	Salaries	Travel allowance	Housing allowance	Pension & Medical	Cell phone allowance	Total
Executive Mayor (Ended 28 March 2024)	650,874	-	417,108	97,631	34,800	1,200,413
Executive Mayor (Appointed 11 April 2024)	233,757	-	77,570	33,400	10,800	355,527
Speaker	700,879	500	483,895	52,566	45,600	1,283,440
Chief Whip	1,128,237	500	48,759	-	45,600	1,223,096
Members of the Mayoral Committee	-	-	-	-	-	-
MMC-City Planning (Ended March 2024)	503,525	-	335,563	58,396	34,800	932,284
MMC-City Planning (Appointed April 2024)	214,525	-	-	-	7,200	221,725
MMC-Infrastructure Services (Ended March 2024)	503,525	850	318,430	75,529	34,800	933,134
MMC-Infrastructure Services (Appointed April 2024)	157,283	-	84,212	10,675	10,800	262,970
MMC-Human Settlement - Moved Chairperson (March 2024)	495,162	-	312,378	74,274	34,800	916,614
MMC-Human Settlement (Appointed April 2024)	157,283	-	73,538	21,350	10,800	262,971
MMC-Corporate & Shared Services (Ended April 2024)	495,162	-	328,047	74,274	34,800	932,283
MMC-Corporate & Shared Services (Appointed April 2024)	154,386	-	73,538	21,350	10,800	260,074
MMC-Community Safety (Ended March 2024)	495,162	-	328,071	74,274	34,800	932,307
MMC-Community Safety (Appointed April 2024)	157,283	600	73,538	21,350	10,800	263,571
MMC-Environmental & Waste Management Services (Ended March 2024)	269,970	-	156,805	36,946	24,000	487,721
MMC-Environmental & Waste Management Services (Appointed April 2024)	748,482	-	309,727	64,181	44,200	1,166,590
MMC-Community Services	652,445	-	401,609	95,624	45,600	1,195,278
MMC-Water & Sanitation & Energy	835,425	-	-	-	34,553	869,978
MMC-Transport Planning	907,985	-	213,992	-	44,200	1,166,177
MMC-Finance & Economic Development (Ended 13 June 2024)	595,336	-	372,102	87,058	42,000	1,096,496
Chairperson's Section 79 Members	14,245,186	926,000	4,295,134	1,023,810	820,800	21,310,930
Other councillors	80,207,629	5,602,357	23,016,807	3,512,419	8,770,228	121,109,440
	104,509,500	6,530,807	31,720,823	5,435,108	10,186,781	158,383,019
30 June 2023	Salaries	Travel allowance	Housing allowance	Pension & Medical	Cell phone allowance	Total
Executive Mayor (Ended 30 March 2023)	650,875	-	355,349	48,816	30,600	1,085,640
Executive Mayor (Appointed 31 March 2023)	216,958	600	113,112	32,544	10,200	373,414
Speaker	687,269	1,700	429,316	51,545	40,800	1,210,631
Chief Whip	740,696	1,100	239,925	28,043	37,400	1,047,164
Members of the Mayoral Committee	-	-	-	-	-	-
MMC-Environmental & Waste Management Services (Ended March 2023)	220,072	32,000	92,988	-	13,600	358,660
MMC-Environmental & Waste Management Services (Appointed April 2023)	165,054	-	77,519	24,758	10,200	277,531
MMC-City Planning (Ended March 2023)	410,805	-	260,797	32,736	27,200	731,538
MMC-City Planning (Appointed April 2023)	165,054	1,100	84,202	24,758	10,200	285,314
MMC-Human Settlement (Ended March 2023)	131,476	-	267,538	19,721	17,000	435,735
MMC-Human Settlement (Appointed April 2023)	165,054	-	66,655	24,758	10,200	266,667
MMC-Corporate & Shared Services (Ended March 2023)	427,325	-	277,014	-	27,200	731,539
MMC-Corporate & Shared Services (Appointed April 2023)	165,054	-	84,202	24,758	10,200	284,214
MMC-Commucity Safety (Ended March 2023)	220,072	-	124,988	-	13,600	358,660

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*
31. Remuneration of councillors (continued)				
MMC-Community Safety (Appointed April 2023)	165,054	1,100	101,335	8,253
MMC-Infrastructure Services (Ended March 2023)	105,181	32,000	199,991	7,889
MMC-Infrastructure Services (Appointed April 2023)	165,054	-	84,202	24,758
MMC-Water & Sanitation & Energy (Ended March 2023)	685,643	-	18,695	-
MMC-Water & Sanitation & Energy (Appointed April 2023)	236,765	-	30,566	-
MMC-Community Services (Ended March 2023)	201,809	-	143,251	-
MMC-Community Services (Appointed April 2023)	165,054	-	84,830	24,758
MMC-Finance & Economic Development (Ended March 2023)	427,325	-	212,915	64,099
MMC-Finance & Economic Development (Appointed April 2023)	165,054	-	84,830	24,758
MMC-Transport Planning (Ended March 2023)	685,643	-	18,695	-
MMC-Transport Planning (Appointed April 2023)	165,054	-	91,413	-
MMC-Human Settlement (Ended October 2022)	181,501	14,000	106,488	28,754
MMC-Community Safety (Ended October 2022)	366,787	-	-	-
MMC-Community Services (Ended October 2022)	55,018	-	26,166	-
MMC-Environmental & Waste Management Services (Ended October 2022)	61,836	-	295,675	9,276
Chairpersons Section 79 Members	10,464,798	1,014,350	5,404,231	1,175,452
Other councillors	77,140,416	4,305,164	21,243,561	3,466,216
	95,803,757	5,403,114	30,620,450	5,146,651
			9,121,847	146,095,819

In-kind benefits

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

The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor has full-time bodyguards.

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

Related parties

Refer to note 43 for related party relationships.

32. Depreciation and amortisation

Property, plant and equipment	2,698,511,373	2,684,971,884	2,587,580,778	2,566,106,137
Investment property	15,934,772	15,896,112	11,467,841	11,429,181
Intangible assets	94,664,208	92,605,418	93,649,732	91,575,077
	2,809,110,353	2,793,473,414	2,692,698,351	2,669,110,395

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*
33. Impairment and derecognition loss				
Impairments				
Property, plant and equipment	115,713,905	74,368,813	12,923,231	22,997,709
The Impairment relates to assets being replaced as part of the capital implementation programme and other assets under construction projects which do not meet the subsequent capitalisation criteria.				
Investment property	7,400	-	7,400	-
The impairment relates to land that was derecognised due to transfer of land to resident for social housing purposes.				
Intangible assets	185,887	-	-	-
The Impairment relates to assets being replaced as part of the capital implementation programme.				
	115,907,192	74,368,813	12,930,631	22,997,709
34. Finance costs				
External borrowings	1,057,630,819	1,070,495,229	1,027,312,956	1,040,505,260
Trade and other payables	3,760,721	2,078,535	-	-
Finance leases	169,552	6,853	-	-
Interest on bank overdraft	16,287,392	16,070,689	16,287,392	16,070,689
Unwinding of interest on provisions and obligations	393,703,444	360,836,572	385,661,444	355,509,572
	1,471,551,928	1,449,487,878	1,429,261,792	1,412,085,521
35. Auditors' remuneration				
Fees	34,813,734	30,749,331	30,784,677	26,939,422
36. Debt impairment				
Bad Debt written-off	852,708,433	10,621,486,770	852,708,433	10,621,486,770
Contributions to bad debts for the year	5,888,093,401	7,603,675,692	5,789,272,543	7,556,936,407
Excess consumption written off	1,008,980,000	578,307,295	1,008,980,000	578,307,295
Bad debts written off against provision	(852,708,433)	(10,621,486,902)	(852,708,433)	(10,621,486,902)
	6,897,073,401	8,181,982,855	6,798,252,543	8,135,243,570
37. Bulk purchases				
Electricity - Eskom	16,926,648,698	14,684,502,571	16,926,648,698	14,684,502,571
Water	4,694,416,046	4,301,415,094	4,694,416,046	4,301,415,094
Sewer purification	201,594,985	182,289,609	1,293,698,672	1,228,583,313
	21,822,659,729	19,168,207,274	22,914,763,416	20,214,500,978

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*

37. Bulk purchases (continued)

Electricity losses

	30 June 2024 Units	30 June 2024 Value	30 June 2023 Units	30 June 2023 Value
Units purchased	9,692,236,295	16,926,648,698	9,733,866,518	14,684,502,571
Units sold	(8,117,222,844)	(14,176,024,532)	(8,186,990,269)	(12,350,886,406)
Total loss	1,575,013,451	2,750,624,166	1,546,876,249	2,333,616,165
Comprising of:				
Technical losses	421,612,279	736,309,218	423,423,194	638,775,862
Non-technical losses	1,153,401,172	2,014,314,948	1,123,453,055	1,694,840,303
Total	1,575,013,451	2,750,624,166	1,546,876,249	2,333,616,165
Percentage Loss:				
Technical losses	4.35 %	4.35 %	4.35 %	4.35 %
Non-technical losses	11.90 %	11.90 %	11.54 %	11.54 %
Total loss %	16.25 %	16.25 %	15.89 %	15.89 %

Water losses

	30 June 2024 Units	30 June 2024 Value	30 June 2023 Units	30 June 2023 Value
Purchases	365,809,109	4,694,416,046	368,351,408	4,301,415,094
Units sold	(264,798,663)	(3,398,152,375)	(262,541,363)	(3,065,820,727)
Total loss	101,010,446	1,296,263,671	105,810,045	1,235,594,367
Comprising of:				
Technical losses	22,222,298	285,178,006	23,278,210	271,830,762
Non-technical losses	78,788,148	1,011,085,665	82,531,835	963,763,605
Total	101,010,446	1,296,263,671	105,810,045	1,235,594,367
Percentage Loss:				
Technical losses	6.07 %	6.07 %	6.32 %	6.32 %
Non-technical losses	21.54 %	21.54 %	22.41 %	22.41 %
Total loss %	27.61 %	27.61 %	28.73 %	28.73 %

38. Contracted services

Outsourced contracts - Security	655,641,107	517,070,116	655,641,107	517,070,116
Professional Services	648,324,464	654,742,408	648,324,464	654,742,408
Contracts	1,603,832,467	1,581,237,000	1,603,832,467	1,581,237,000
	2,907,798,038	2,753,049,524	2,907,798,038	2,753,049,524

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*
39. Grants and subsidies paid				
Other subsidies				
Discretionary grant: sport and social support	41,135,986	75,570,246	41,135,986	75,570,246
Subsidy: Society for the Prevention of Cruelty to Animals (SPCA)	5,283,796	5,283,796	5,283,796	5,283,796
Rebates (payment incentives)	185,487,528	47,871,465	185,487,528	47,871,465
Discretionary grant: general	521,991,315	495,825,003	647,198,405	598,633,403
Grants: education (external)	7,009,735	17,142,425	7,009,735	17,142,425
	760,908,360	641,692,935	886,115,450	744,501,335
40. General expenses				
Advertising	2,079,530	2,646,298	1,680,045	2,097,675
Animal care	1,763,591	1,145,267	1,763,591	1,145,267
Assessment rates & municipal charges	2,986,323	3,643,095	-	-
Auditors remuneration	34,813,734	30,749,331	30,784,677	26,939,422
Bank charges	119,068,348	108,146,201	118,696,905	107,807,585
Cleaning	3,621,430	3,686,173	-	-
Community development and wellbeing	4,767,339	751,566	4,767,339	751,566
Consulting and professional fees	244,268,555	84,349,346	229,177,722	70,986,678
Consumables (including materials)	147,486,531	40,206,406	147,486,531	40,206,406
Corporate gifts	24,633	29,152	24,633	28,452
Disaster management	89,359	118,346	89,359	118,346
Electricity own consumption	284,518,888	148,814,954	284,518,888	148,814,954
Fuel and oil	136,212,797	262,245,888	136,212,797	262,245,888
Human resource assessment cost	1,867,573	5,330,957	1,492,498	2,710,734
Insurance	113,281,529	150,730,628	105,655,740	144,540,087
IT expenses	58,205,860	115,778,553	58,205,860	115,778,553
Donations	10,000	-	-	-
Entertainment	812,328	1,269,912	-	-
Informal settlement monitoring cost	38,254,596	22,968,984	38,254,596	22,968,984
Magazines, books and periodicals	578,966	826,313	578,966	826,313
Marketing	2,156,324	1,248,941	953,083	561,566
Postage and courier	32,238	8,853,128	32,238	8,853,128
Printing and stationery	13,188,771	13,356,395	12,153,144	12,333,531
Refreshments	2,603,716	2,726,548	2,603,716	2,726,548
Refuse	3,521,919	6,768,239	-	5,370,300
Rental	21,693,968	19,423,851	21,693,968	19,423,851
Repairs and maintenance costs and operating expenses	3,662,918,902	2,924,678,091	3,411,968,622	2,692,748,823
Rodent control	1,353,220	903,038	1,301,700	798,705
Service connections	8,573,552	9,291,095	2,760,696	4,026,522
Security (Guarding of municipal property)	41,862,304	38,545,325	-	-
Software expenses	107,978,199	56,412,634	107,731,000	55,994,374
Subscriptions and membership fees	19,348,121	22,076,159	18,935,251	21,744,589
Telephone and fax	20,206,024	20,376,653	16,522,449	16,456,318
Training	22,030,765	25,071,267	16,866,753	20,182,990
Travel - local	2,583,602	1,564,553	1,161,713	1,219,084
Travel - overseas	82,843	168,579	82,843	168,579
Uniforms	42,730,990	43,716,436	39,685,775	41,395,416
Vehicle licences and hire cost	425,863,536	317,730,327	413,346,528	302,133,912
Venue expenses	(94,229,190)	5,328,843	(94,229,190)	5,328,843
	5,499,211,714	4,501,677,472	5,132,960,436	4,159,433,989

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*
41. Cash generated from operations				
Surplus	565,710,701	561,818,953	329,500,948	317,743,880
Adjustments for:				
Depreciation and amortisation	2,809,110,349	2,793,170,223	2,692,698,351	2,669,110,395
Impairment deficit	115,907,192	74,368,632	12,930,631	22,997,709
Debt impairment	6,897,073,401	7,599,717,449	6,798,252,543	8,135,243,702
(Decrease)/ Increase in retirement benefit	(52,240,261)	93,637,465	(61,045,492)	76,658,465
(Decrease)/ increase in provisions	(1,770,148)	237,934,819	1,092,099	237,413,227
Movement in tax receivable and payable	213,484	-	-	-
Decrease in deferred tax	(12,247,208)	(8,581,606)	-	-
Other non-cash items	(80,345,037)	(282,654,183)	(80,345,049)	(280,986,565)
Changes in working capital:				
Inventories	173,308,893	(61,883,821)	173,308,893	(61,883,821)
Other receivables from exchange transactions	(10,627,622,841)	(6,770,940,059)	(10,502,774,141)	(7,284,223,194)
Other receivables from non-exchange transactions	1,691,949,149	(1,352,210,707)	1,691,949,148	(1,352,210,707)
Trade and other payables from exchange transactions	2,094,831,323	341,052,381	2,699,208,337	364,107,462
Unspent conditional grants and receipts	(143,861,330)	13,125,305	(143,861,330)	16,706,796
Increase in consumer deposits	73,742,570	66,209,966	73,742,569	66,209,958
	3,503,760,237	3,304,764,817	3,684,657,507	2,926,887,307

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*
42. Contingencies				
Contingent liabilities				
Category A: Claims exceeding R 10 million.				
Category B: All other claims				
Contingent liabilities				
The claim for damages for an alleged repudiation of contract by CoE	36,000,000	36,000,000	36,000,000	36,000,000
Purchase of properties back to CoE and damages claim	10,877,000	10,877,000	10,877,000	10,877,000
Plaintiff claiming for services rendered from CoE. CoE is defending the matter.	49,935,245	49,935,245	49,935,245	49,935,245
Applicant has instituted legal action non-compliance with SCM processes and the amendment of bid specifications. CoE is defending the matter.	-	28,360,496	-	28,360,496
Non-compliance with SCMP Regulations. CoE defending the matter.	17,289,155	17,289,155	17,289,155	17,289,155
Claim for services rendered not paid. CoE is defending the matter.	16,891,187	16,891,187	16,891,187	16,891,187
Claim for damages. CoE is defending the matter.	18,012,500	18,012,500	18,012,500	18,012,500
Summons issued for outstanding service charges.	280,156,266	280,156,266	280,156,266	280,156,266
Cancellation of quotation. CoE is defending the matter.	85,479,535	85,479,535	85,479,535	85,479,535
Damages instituted by a service provider for breach of Contract. CoE is defending the matter.	15,054,451	15,054,451	15,054,451	15,054,451
Dispute regarding over-payment of a service provider. CoE is defending the matter.	23,653,137	23,653,137	23,653,137	23,653,137
The company is objecting to the tariff CoE charge for electricity. CoE is defending the matter.	89,446,952	89,446,952	89,446,952	89,446,952
Service provider issued summons for services rendered. CoE is defending the matter.	-	40,732,686	-	40,732,686
Legal action for service rendered. CoE is defending the matter.	-	13,000,000	-	13,000,000
Plaintiff claiming for damages. CoE is defending the matter.	167,303,863	167,303,863	167,303,863	167,303,863
Claim for monies due to pension fund. CoE is defending the matter.	101,213,438	101,213,438	101,213,438	101,213,438
Service provider issued summons for service rendered. CoE is defending the matter.	14,304,262	14,304,262	14,304,262	14,304,262
Claim for unlawful termination. CoE is defending the matter	57,769,834	-	57,769,834	-
Plaintiff issued summons for vehicles provided to the City	10,421,102	-	10,421,102	-
Plaintiff claims for damages of electrocution by the City's transformer	37,087,500	-	37,087,500	-
Plaintiff claiming damages. CoE is defending the matter	30,332,669	-	30,332,669	-
Plaintiff issued summons for non-payment	11,989,391	-	11,989,391	-
Plaintiff made application for leave to appeal in favour of the City. CoE is defending the matter	14,000,000	-	14,000,000	-
Plaintiff instituted legal action against the City. CoE is defending the matter	30,000,000	-	30,000,000	-
	1,117,217,487	1,007,710,173	1,117,217,487	1,007,710,173

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Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

42. Contingencies (continued)

Category B Claims

Other various claims against the City. CoE is defending these matters.
ERWAT

153,144,990	110,683,467	153,144,990	110,683,467
19,073,903	16,516,943	-	-
172,218,893	127,200,410	153,144,990	110,683,467

Contingent assets

Counter claim in respect of damages to CoE property.

59,483,805	59,483,805	59,483,805	59,483,805
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It was discovered that the company was overpricing the cost of maintenance on printing solutions. CoE is pursuing the matter.

22,253,145	22,253,145	22,253,145	22,253,145
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CoE is claiming for non-payment of electricity consumed. CoE is pursuing the matter.

105,120,731	105,120,731	105,120,731	105,120,731
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Breach of contract outstanding rental. CoE pursuing the matter.

12,103,547	12,103,547	12,103,547	12,103,547
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Failure to pay rental. CoE pursuing the matter.

20,062,170	20,062,170	20,062,170	20,062,170
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Various claims issued by the City. CoE is pursuing these matters.

12,209,200	5,044,376	12,209,200	5,044,376
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231,232,598	224,067,774	231,232,598	224,067,774
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City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*

43. Related parties

Relationships

Accounting Officer

Controlling entity

Controlled entities

Dr I Mashazi refer to Accounting Officer's report

City of Ekurhuleni

Germiston Phase II Housing Company SOC Ltd (EHC) East

Rand Water Care Company NPC (ERWAT)

For details of members of key management, see note below and for remuneration refer note 30.

Close family member of key management

Members of key management

Related party transactions

Sales to related parties - municipal entities

East Rand Water Care Company, NPC

106,120,077

90,532,442

Germiston Phase II Housing Company SOC Ltd

15,393,633

13,248,237

Purchases from related parties - municipal entities

East Rand Water Care Company, NPC

1,304,958,496

1,239,241,011

Grants to related parties - municipal entities

Germiston Phase II Housing Company SOC Ltd

19,245,958

32,808,400

East Rand Water Care Company, NPC

105,961,132

70,000,000

Amounts included in trade receivable and consumer debtors regarding related parties - municipal entities

East Rand Water Care Company, NPC

8,349,589

6,920,551

Germiston Phase II Housing Company SOC Ltd

56,232,588

35,106,836

Amounts included in trade payable regarding related parties - municipal entities

East Rand Water Care Company, NPC

842,334,863

275,304,048

Germiston Phase II Housing Company SOC Ltd

350,174

350,174

Germiston Phase II Housing Company SOC Ltd - Other

4,433,723

3,912,007

Guarantees issued as required by the MFMA on behalf of municipal entities.

COE guaranteed the Nedbank loan to ERWAT, with a carrying value of R234,795,145 (2023: R277,615,137). The guarantee shall expire at 15h00, 10 calendar days after the full repayment or settlement of all amounts owed by ERWAT to Nedbank Ltd in terms of the contract. ERWAT has agreed to cede to COE claims against its book debtors, in the event of ERWAT defaulting on its obligation in terms of the loan. ERWAT thereby cedes, assigns and transfers unto and in favour of COE all of ERWAT's rights, title and interest in and to all book debts, present and future, due and to become due to ERWAT, in the event that ERWAT defaults on its obligation in terms of the loan of R550 million advanced by Nedbank Ltd. This cession shall endure for so long as ERWAT is indebted to Nedbank Ltd, and the guarantee provided by COE in favour of Nedbank Ltd as guarantee for the loan remains in effect.

No contingent liability has been raised for this guarantee as the city believes that the entity is financially sound.

44. Comparative figures

Certain comparative figures have been reclassified as a result of the Municipal Standard Chart of Accounts (mSCOA).

Cashflow from operations - Note 40 has been recalculated to reflect bad debt contributions and to reflect net movements in both exchange and non-exchange receivables as per auditor's review.

City of Ekurhuleni Metropolitan Municipality

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45. Financial instruments disclosure

Exposure to currency, interest rate, liquidity and credit risk arises in normal course of the City's operations. This note presents information about the City's exposure to each of the above risks, policies and processes for measuring and managing risk, as well as the City's management of capital. Further quantitative disclosures are included throughout these consolidated annual financial statements.

The accounting policy for financial instruments was applied to the following statement of financial positions items:

Categories of financial instruments

Economic entity - 2024

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange and non-exchange	9,969,278,135	-	9,969,278,135
Cash and cash equivalents	742,871,721	-	742,871,721
Residual interest	-	4,000,000	4,000,000
Other investments	254,851,068	-	254,851,068
Long-term receivables	19,715,089	-	19,715,089
	10,986,716,013	4,000,000	10,990,716,013

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	10,949,886,828	10,949,886,828
Long and short-term liabilities	8,541,019,304	8,541,019,304
	19,490,906,132	19,490,906,132

Economic entity - 2023

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange and non-exchange	8,488,392,155	-	8,488,392,155
Cash and cash equivalents	1,114,201,150	-	1,114,201,150
Residual interest	-	4,000,000	4,000,000
Other investments	908,063,016	-	908,063,016
Long-term receivables	19,591,646	-	19,591,646
	10,530,247,967	4,000,000	10,534,247,967

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	9,005,925,213	9,005,925,213
Long and short-term liabilities	10,315,468,154	10,315,468,154
	19,321,393,367	19,321,393,367

City of Ekurhuleni Metropolitan Municipality

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45. Financial instruments disclosure (continued)

Controlling entity - 2024

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange and non - exchange transactions	8,160,086,223	-	8,160,086,223
Cash and cash equivalents	615,825,182	-	615,825,182
Residual interest	-	4,000,000	4,000,000
Other investments	249,065,406	-	249,065,406
Long term receivables	3,923,169	-	3,923,169
	9,028,899,980	4,000,000	9,032,899,980

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	11,747,248,774	11,747,248,774
Long term liabilities	8,306,224,155	8,306,224,155
	20,053,472,929	20,053,472,929

Controlling entity - 2023

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange and non - exchange transactions	6,251,427,534	-	6,251,427,534
Cash and cash equivalents	592,053,671	-	592,053,671
Residual interest	-	4,000,000	4,000,000
Other investments	899,170,235	-	899,170,235
Long term receivables	4,539,425	-	4,539,425
	7,747,190,865	4,000,000	7,751,190,865

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	9,371,010,462	9,371,010,462
Long term liabilities	10,025,778,670	10,025,778,670
	19,396,789,132	19,396,789,132

Financial instruments in Statement of financial performance

Economic entity - 2024

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	1,255,562,111	1,255,562,111
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(1,471,551,928)	(1,471,551,928)
Impairment loss	(5,340,395,847)	(5,340,395,847)
	(5,556,385,664)	(5,556,385,664)

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

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45. Financial instruments disclosure (continued)

Economic entity - 2023

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	1,276,869,059	1,276,869,059
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(1,449,487,878)	(1,449,487,878)
Impairment loss	(7,065,045,443)	(7,065,045,443)
	(7,237,664,262)	(7,237,664,262)

Controlling entity - 2024

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	1,267,615,811	1,267,615,811
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(1,429,261,792)	(1,429,261,792)
Impairment loss (excluding statutory receivables)	(5,241,574,989)	(5,241,574,989)
	(5,403,220,970)	(5,403,220,970)

Controlling entity - 2023

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	1,246,939,069	1,246,939,069
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(1,412,085,521)	(1,412,085,521)
Impairment loss	(7,022,264,401)	(7,022,264,401)
	(7,187,410,853)	(7,187,410,853)

46. Risk management

Capital Risk Management

The City's objectives, when managing capital, are to safeguard the City's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the City consists of debt, which includes the borrowings disclosed in note 15 and cash and cash equivalent disclosed in note 14.

Consistent with others in the industry, the City monitors capital on the basis of the gearing ratio.

There are no externally imposed capital requirements.

There have been no changes to what the City manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing position 2024 and 2023 respectively are as follow:

Other financial liabilities	(8,541,019,301)	(10,315,468,150)	(8,306,224,155)	(10,025,778,670)
Less: Cash and cash equivalent	742,871,721	1,114,201,150	615,825,182	592,053,671
Net Debt	(7,798,147,580)	(9,201,267,000)	(7,690,398,973)	(9,433,724,999)
Total equity	52,300,968,171	51,735,257,462	49,408,493,603	49,078,992,653
Net capital balance/reserve	44,502,820,591	42,533,990,462	41,718,094,630	39,645,267,654

City of Ekurhuleni Metropolitan Municipality

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	2024	2023 Restated*	2024	2023 Restated*

46. Risk management (continued)

Liquidity risk

Liquidity risk is the risk of the City not being able to meet its obligations as they fall due.

The City's risk to liquidity is a result of the funds available to cover future commitments. The City manages liquidity risk through an ongoing review of future commitments and credit facilities. The City's Long-Term Funding Strategy (LTFS) recommends or must consider that the City must try to renegotiate some the loan terms. The LTFS recommends that management must restructure is creditors/loan book as it is evident based on the current liquidity position, as fully paying its creditors at once might lead to depletion of its cash reserve. The liquidity exposure presented below is based on the assumption of deferred repayment/restructuring conditions still to be negotiated in future in 2 -3 years for other long-term obligation. The risk exposure exercise which will be performed at each reporting period. The City applied its judgement to determine the appropriate number of time bands for disclosing the exposure on the maturity analysis, and aligned the time bands to the Budget Reporting process.

The investment amounts disclosed on the liquidity maturity relates to the sinking funds established for the repayments of the bullet loans.

Cash flow forecasts are prepared continuously based on operations requirements, and existing borrowing facilities requirements are complied with.

The table below analyses the City'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.

Economic entity

2024	Less than 1 year	Greater than 1 year but less than 3 years	Greater than 3 years but less 6 years	Greater than 6 years	Total
Investments	-	-	-	108,893,886	108,893,886
Loans (Capital and Interest)	1,992,054,491	3,194,263,785	4,107,483,545	4,324,247,567	13,618,049,388
- Capital	1,092,502,262	1,692,651,135	2,550,395,511	3,205,470,399	8,541,019,307
- Interest	899,552,229	1,501,612,650	1,557,088,034	1,118,777,168	5,077,030,081
Trade and other payables from exchange transactions	12,987,622,344	-	-	-	12,987,622,344
2023	Less than 1 year	Greater than 1 year but less than 3 years	Greater than 3 years but less 6 years	Greater than 6 years	Total
Investments	773,783,749	-	-	-	773,783,749
Loans (Capital and Interest)	2,974,985,443	3,541,656,034	2,355,436,546	7,611,161,272	16,483,239,295
- Capital	1,890,141,727	1,698,878,568	515,475,898	6,066,643,147	10,171,139,340
- Interest	1,084,843,716	1,842,777,466	1,840,180,136	1,544,518,125	6,312,319,443
Trade and other payables from exchange transactions	10,892,791,021	-	-	-	10,892,791,021

Controlling entity

2024	Less than 1 year	Greater than 1 year but less than 3 years	Greater than 3 years but less 6 years	Greater than 6 years	Total
Investments	-	-	-	108,893,886	108,893,886
Loans (Capital and Interest)	1,925,717,105	3,075,544,204	3,983,158,369	4,324,247,567	13,308,667,245
- Capital	1,050,194,570	1,608,035,750	2,442,523,443	3,205,470,399	8,306,224,162
- Interest	875,522,535	1,467,508,454	1,540,634,926	1,118,777,168	5,002,443,083
Trade and other payables from exchange transactions	13,736,220,129	-	-	-	13,736,220,129
2023	Less than 1 year	Greater than 1 year but less than 3 years	Greater than 3 years but less 6 years	Greater than 6 years	Total
Investments	773,783,749	-	-	-	773,783,749
Loans (Capital and Interest)	2,891,656,575	3,410,665,553	2,195,341,462	7,586,238,946	16,083,902,536
- Capital	1,835,759,692	1,614,263,183	388,333,333	6,042,874,163	9,881,230,371
- Interest	1,055,896,883	1,796,402,370	1,807,008,129	1,543,364,783	6,202,672,165
Trade and other payables from exchange transactions	11,037,011,793	-	-	-	11,037,011,793

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

46. Risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The City's interest rate risk arises from long-term borrowings facilities entered into in financing its capital expansion programmes.

The City is not exposed to any interest rate risk fluctuations, as the City's policy is to maintain its borrowings programme in fixed interest rate instruments.

Cash flow interest rate risk

Economic entity - 2024		Current interest rate	Less than 1 year	Greater than 1 year but less than 3 years	Greater than 3 years but less 6 years	Greater than 6 years
Interest on loan	Various	899,552,229	1,501,612,650	1,557,088,034	1,118,777,168	
Economic entity - 2023		Current interest rate	Less than 1 year	Greater than 1 year but less than 3 years	Greater than 3 years but less 6 years	Greater than 6 years
Interest on loan	Various	1,084,843,716	1,842,777,466	1,840,180,136	1,544,518,125	
Controlling entity - 2024		Current interest rate	Less than 1 year	Greater than 1 year but less than 3 years	Greater than 3 years but less 6 years	Greater than 6 years
Interest on loan	Various	875,522,535	1,467,508,454	1,540,634,926	1,118,777,168	
Controlling entity - 2023		Current interest rate	Less than 1 year	Greater than 1 year but less than 3 years	Greater than 3 years but less 6 years	Greater than 6 years
Interest on loan	Various	1,055,896,883	1,796,402,370	1,807,008,129	1,543,364,783	

Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign-exchange rates affecting the City's income

The aim of market risk management is to manage and control market risk exposures with acceptable levels, while optimizing the return on the risk.

The City is not exposed to foreign-exchange rates fluctuations.

Bulk purchases with the City approved upfront, through the City's internal processes. Consumer price index is applied year on year on other returns.

Price risk

The City is not exposed to price risk as it does not trade in equity-securities and commodity price risk.

Financial risk management

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

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

Risk management is carried out by the risk management department under policies approved by the accounting officer. The City's treasury identifies, evaluates and hedges financial risks in close co-operation with the City's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

46. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The City 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 (Non-exchange receivables are excluded as they comprise of statutory receivables). Management evaluated credit risk relating to customers on an ongoing basis.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Senior Management Team (SMT). The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

The City's exposure to credit risk, is as follows:

	Economic entity 2024	Economic entity 2023	Controlling entity 2024	Controlling entity 2023
Receivables from exchange	8,197,829,247	6,262,285,545	8,160,086,223	6,251,427,534
Cash and cash equivalents	742,871,721	1,114,201,150	615,825,182	592,053,671
Unlisted shares	4,000,000	4,000,000	4,000,000	4,000,000
Other Investments	254,851,068	908,063,016	249,065,406	899,170,235
	9,199,552,036	8,288,549,711	9,028,976,811	7,746,651,440

The City has a R4,000,000 investment in unlisted shares, which is the exposure to price risk. The price risk on this investment cannot be determined due to the fact that the shares are not listed and therefore unknown.

47. Going concern

This consolidated annual financial statements have been prepared on a going concern basis.

Management has prepared an annual budget based on the City's collections levels, and applied cost cutting measures to ensure that the city operate within its financial limits. Monthly and annual cash flow forecast for the period ending 30 June 2025 are prepared and monitored by senior management team, if necessary budget adjustment process will be initiated. The annual budget for the next financial year has been prepared and approved by council and it is deemed to be fully funded.

The City's budget for the 2025 financial year has been assessed to be fully funded in terms of section 18 of the MFMA.

Management is satisfied that the City has, or has access to, adequate resources to continue in operational existence for the foreseeable future. The City will continue monitor the budget process and assess risk associated to changes in adverse economic conditions and ensure that its operating activities will be within its financial measures.

City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*

48. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Unauthorised expenditure	397,107,942	-	397,107,942	-
Irregular expenditure	1,694,166,060	1,614,006,736	1,000,481,361	929,309,451
Fruitless and wasteful expenditure	76,126,855	72,105,206	68,766,931	68,766,931
Closing balance	2,167,400,857	1,686,111,942	1,466,356,234	998,076,382

Items of unauthorised, irregular and fruitless and wasteful expenditure are referred to MPAC for further investigations and determination of appropriate steps to be taken. During the current year the Council approved R44,795,061 (2023: R239,632,861) for irregular and for fruitless and wasteful expenditure R0.00 (2023: R0.00), for write-offs. Furthermore Council approved R19,648,266 (2023: R190,229,187) for irregular and R2,292,528 (2023: R142,131,487) of fruitless and wasteful expenditure to be recovered. The remaining amounts are still under investigation by the MPAC and other organs of state. No resolutions were not yet available.

Unauthorised expenditure	2024	2023	2024	2023
Add: Expenditure in the current year	397,107,942	-	397,107,942	-
Irregular expenditure				
Opening balance	1,614,006,736	1,850,902,941	929,309,451	1,144,984,038
Add: Expenditure identified in the current year, relating to prior years	48,600,289	148,720,537	32,891,845	47,641,059
Add: Expenditure identified for the year	96,002,362	44,245,306	91,304,027	21,863,087
Less: Amounts ratified/approved as irrecoverable by council and written off, relating to prior years	(44,795,061)	(239,632,861)	(44,795,061)	(239,632,861)
Less: Amounts ratified/approved by council and to be recovered	(19,648,266)	(190,229,187)	(8,228,901)	(45,545,872)
	1,694,166,060	1,614,006,736	1,000,481,361	929,309,451
Fruitless and Wasteful expenditure				
Opening balance	72,105,206	138,904,984	68,766,931	135,561,420
Add: Expenditure identified in the current year, relating to prior years	407,324	75,331,709	407,324	75,328,087
Add: Expenditure identified in the current year	5,906,853	-	-	-
Less: Amounts ratified/approved by council and to be recovered	(2,292,528)	(142,131,487)	(407,324)	(142,122,576)
	76,126,855	72,105,206	68,766,931	68,766,931

30 June 2024	Department	Description	Classification	Amount
Identified in the current year relating to prior years:				
	Environmental and Waste Management	Contravention of SCM Policy	Irregular	6,460,701
	Energy	Contravention of SCM Policy	Irregular	799,745
	Transport	Contravention of SCM Policy	Irregular	13,938,326
	Real Estate	Contravention of SCM Policy	Irregular	11,555,487
	SRAC	Contravention of SCM Policy	Irregular	63,600
	EMPD	Contravention of SCM Policy	Irregular	73,986
	Energy	Contravention of SCM Policy	Fruitless	407,324
	ERWAT	Contravention of SCM Policy	Irregular	15,708,444
				49,007,613

30 June 2023	Department	Description	Classification	Amount
Identified in the current year relating to prior years:				
	Risk Management	Contravention of SCM Policy	Irregular	28,682,822
	Customer relations	Contravention of SCM Policy	Irregular	17,406,633
	Customer relations	Allegation of fraud	Fruitless	641,251

City of Ekurhuleni Metropolitan Municipality

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	2024	2023 Restated*	2024	2023 Restated*

48. Unauthorised, Irregular and Fruitless and Wasteful Expenditure (continued)

Human Settlement	Contravention of SCM Policy	Irregular	1,551,604
Water and Sanitation	Inappropriate use of regulation 32	Fruitless	70,319,061
Various	Value for service not received	Fruitless	4,367,775
ERWAT	Contravention of SCM Policy	Irregular	101,079,478
EHC	Contravention of SCM Policy	Fruitless	3,622
			224,052,246

30 June 2024

Identified in the current year :

Department	Description	Classification	Amount
ERWAT	Contravention of SCM Policy	Irregular	4,698,335
ERWAT	Contravention of SCM Policy	Fruitless	5,906,853
Energy	Contravention of SCM Policy	Irregular	83,103,674
Water and Sanitation	Contravention of SCM Policy	Irregular	8,200,353
Finance department	Excess consumption - Indigent household	Unauthorised	397,107,942
			499,017,157

30 June 2023

Identified in the current year :

Department	Description	Classification	Amount
Transport	Contravention of SCM Policy	Irregular	16,814,331
Real Estate	Contravention of SCM Policy	Irregular	5,048,756
			21,863,087

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Notes to the Consolidated Annual Financial Statements

		Economic entity		Controlling entity			
Figures in Rand		2024	2023 Restated*	2024	2023 Restated*		
49. Additional disclosure in terms of Municipal Finance Management Act							
30 June 2024 Tenders awarded to family members	No	Contract number	Supplier name	Relation	Employee name	Employee designation	Amount R0,00
							-
30 June 2023 Tenders awarded to family members	No	Contract number	Supplier name	Relation	Employee name	Employee designation	Amount R0,00
	1	PS-RE 09/2022	MPPM Consulting Engineering CC	Spouse	M Senyatse	DH: ICT	-
	2	PS-EE -2021	MPPM Consulting Engineering CC	Spouse	M Senyatse	DH: ICT	-
	3	AS 01 -2022	Gcoba Investment and Projects	Spouse	S Kulu	Administrator	-
	4	PS- EMPO 10-2022	MPPM Consulting Engineering CC	Spouse	M Senyatse	DH: ICT	-
	5	A-EWM 09-2021	Makhentsa T/A LMM Training and Development CC	Spouse	M Kholofelo	M Kholofelo	-
							-
30 June 2024 Quotations awarded to family members of staff	No	Supplier name	Relation	Employee name	Employee designation	Amount R0,00	
							-
30 June 2023 Quotations awarded to family members of staff	No	Supplier name	Relation	Employee name	Employee designation	Amount R0,00	
	1	Ano Vimba Business enterprise	Spouse	L N Vimba	General Assistant	61,050	
	2	Fobatongiwe Trading and Projects	Spouse	B A Kubheka-Hlanjwa	Constable	138,286	
	3	Mphela Mngadi and Associates Inc	Spouse	M S Mphela	Indigent Clerk	16,516	
						215,852	

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

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

Contributions to organised local government

Current year subscription / fee	18,899,685	17,663,257	18,899,685	17,663,257
Amount paid - current year	(18,899,685)	(17,663,257)	(18,899,685)	(17,663,257)
	-	-	-	-

Audit fees

Opening balance	15,392,077	13,265,258	15,392,077	13,265,258
Current year subscription / fee	34,813,734	32,876,150	30,784,677	29,066,241
Amount paid - current year	(33,676,264)	(30,749,331)	(29,647,207)	(26,939,422)
	16,529,547	15,392,077	16,529,547	15,392,077

PAYE and UIF

Opening balance	5,857,719	5,637,330	-	-
Current year subscription / fee	1,769,708,859	1,645,437,748	1,685,111,998	1,572,755,747
Amount paid - current year	(1,768,789,325)	(1,645,217,359)	(1,685,111,998)	(1,572,755,747)
	6,777,253	5,857,719	-	-

Pension and Medical Aid Deductions

Opening balance	(152,957)	37,414	-	-
Current year subscription / fee	2,820,721,029	2,730,648,126	2,740,575,555	2,626,657,084
Amount paid - current year	(2,820,570,413)	(2,730,838,497)	(2,740,575,555)	(2,626,657,084)
	(2,341)	(152,957)	-	-

VAT

VAT paid during the year	149,941,669	62,155,310	149,754,674	62,103,341
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City of Ekurhuleni Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*

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

Councillors' arrear consumer accounts

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

30 June 2024	Highest outstanding amount	Ageing (in days)
DE LANGE-WILLIAMS CC	6,692	270
KIYANE NC	34,828	900
KLAASEN KE	27,402	390
MNGUNI NA	595	270
MOROPA EM	57,755	270
MOTLOUNG TP	10,352	1,230
MSANE TP	19,172	270
NHLEKO SE	59,559	1,290
NKOSI BD	12,443	330
THOBEJANE PAM	83,942	1,920
	312,740	

30 June 2023	Highest outstanding amount	Ageing (in days)
CASSIM M	5,652	150
KIYANE NC	59,038	1,620
MAHLANGU NL	10,799	570
MOTLOUNG TP	23,224	1,220
NHLEKO SE	90,488	1,590
THOBEJANE PAM	156,871	1,740
ZITHA LC	15,073	1,290
	361,145	

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

30 June 2024	Highest outstanding amount	Aging (in days)
BUITENDACHT HC	33,473	120
CASSIM M	3,018	180
DE LANGE-WILLIAMS CC	6,692	270
KIYANE NC	56,472	1,650
KLAAS GSN	5,953	150
KLAASEN KE	34,919	120
MAHLANGU NL	7,297	540
MNGUNI NA	595	270
MOROPA EM	57,755	270
MOTLOUNG TP	21,739	1,290
MSANE TP	19,172	270
MSIMANGO KP	6,629	120
MADUANA SG	4,129	120
NDINISA GM	2,046	120
NHLEKO SE	86,062	1,440
NKOSI BD	17,091	180
NTOMBELA SI	7,450	120
PRETORIUS B	6,167	150
THOBEJANE PAM	150,333	1,830
XHAKAZA DN	9,336	150
ZITHA LC	8,543	660
	544,870	

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023 Restated*	2024	2023 Restated*

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

30 June 2023

	Highest outstanding amount	Aging (in days)
CASSIM M	5,652	300
DINAKE MI	3,514	150
KHUMALO HJ	42,728	810
KIYANE NC	87,275	1,350
KLAASEN KE	23,755	180
KLASS GSN	6,654	120
MAHLANGU NL NL	25,083	1,710
MASHIANE TSG	6,497	120
MASHIANOKE TK	5,109	150
MBEKI VW	53,025	1,620
MOTLOUNG TP	27,685	1,350
MOTSOPH TA	10,926	180
NENE SN	1,419	120
NGOBESE SS	8,080	540
NHLEKO SE	96,231	1,830
NKOSI BD	10,403	120
NTOMBELA SI	5,561	150
RASILINGWANE ZK	5,504	660
THEKISO LS	4,424	120
THOBEJANE PAM	228,787	1,830
ZITHA LC	45,672	1,410
	703,982	

50. Utilisation of Long-term liabilities reconciliation

Long-term borrowings approved in the current year	-	741,982,950	-	741,982,950
Funds utilised to finance the capital expenditure programme for the current year.	(232,692,308)	(990,989,485)	-	(703,915,142)
Amounts transferred (to)/from reserves be utilised in next financial years	234,795,145	249,006,535	-	(38,067,808)
	2,102,837	-	-	-
Cash was invested for the repayment of long-term liabilities to date	108,893,886	773,783,749	108,893,886	773,783,749

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

51. Events after the reporting date

At the time of preparation and submission of this set of consolidated annual financial statements, there were no events after reporting date to disclose.

City of Ekurhuleni Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

52. Deviation from supply chain management regulations

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

SCM regulation (par. 36) of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the consolidated annual financial statements..

Deviations include rates based contracts which cannot be attached to a contract value as the demand is unknown at the point of award.

SCM regulation 36(2)

Other - Impractical	2,168,915	33,635,089	2,168,915	33,635,089
Emergency	-	96,250	-	-
Sole supplier	1,355,996	4,292,936	-	-
	3,524,911	38,024,275	2,168,915	33,635,089

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Notes to the Consolidated Annual Financial Statements

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	2024	2023 Restated*	2024	2023 Restated*

53. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Investment Property, plant and equipment and Intangible assets	1,177,705,796	2,030,960,209	1,177,705,796	1,901,934,956
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Not yet contracted for and authorised by accounting officer

• Investment Property, plant and equipment and Intangible assets	1,702,766,110	736,709,971	1,637,173,144	736,709,971
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Total capital commitments

Already contracted for but not provided for	1,177,705,796	2,030,960,209	1,177,705,796	1,901,934,956
Not yet contracted for and authorised by accounting officer	1,702,766,110	736,709,971	1,637,173,144	736,709,971
	2,880,471,906	2,767,670,180	2,814,878,940	2,638,644,927

Total commitments

Total commitments

Authorised capital expenditure	2,880,471,906	2,767,670,180	2,814,878,940	2,638,644,927
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This committed expenditure relates to the acquisition of property, plant and equipment for the 2023/2024 financial year (Approved Capital Expenditure Programme) based on the projects values as approved by Council for the City's Capital Budget programme for the following year for which supplier's contracts are in place. These commitments will be financed by appropriated grants, internally generated funds (revenue or accumulated surplus), and other borrowings options where applicable.

Commitments not yet contracted for and authorised, relate to capital projects as approved by Council on the City Capital Budget which there is no contracts in place at the end of the financial year.

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the City for certain of its office buildings. Leases are negotiated for periods ranging from one year to five years, for office buildings. The rentals escalate on average by the CPI index for office buildings.

The actual lease contract amounts range between R177,371 and R589,985 (2023: R26,176 and R674,136) per month on the office buildings. All operating lease contracts are on month to month basis, as a result of Council resolution to move all spaces to internal buildings.

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	9,533,285	9,300,626	8,742,588	9,300,626
- in second to fifth year inclusive	22,332,138	21,566,318	20,272,339	21,566,318
- later than five years	23,728,463	25,243,046	23,728,463	25,243,046
	55,593,886	56,109,990	52,743,390	56,109,990

Certain of the City's property generates lease rental income. The majority of these leases are on a month to month basis. Lease periods range from month-to-month up to 99 years. Monthly lease payments range from R0.08 (2023: R0.08) (social benefit) up to R190,916 (2023: R190,916).

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	2024	2023 Restated*	2024	2023 Restated*

54. Prior period errors

PPE decreased due to derecognition of capital spares values recognised in the WIP register which were issued as part of the maintenance programme and additional information received on the donated assets resulting in the increase in asset values, and the impact of correction of WIP projects resulted in additional increase on the accumulated depreciation.

Land was derecognised from Land inventory register. This represents land that was transferred to residents under social housing schemes in prior years which was incorrectly included in the Land inventory register.

Investment property increased as results of the unbundling process, correction of one-liners.

Intangible assets decreased due to increase in accumulated depreciation as a result of project capitalised.

Receivables from exchange transactions increased with VAT recovery of R44m and write-off previous third party vendors commission of R13m.

The impact of these corrections has resulted in a decrease in the Accumulated Surplus.

Reclassification of grants and subsidies paid (excess consumption written off) to bad debt write off.

ERWAT - Professional fees to the amount of R4m were capitalised in prior periods for construction projects that did not realise and completed projects to the value of R4m were not transferred from assets under construction. Some assets were not depreciated resulting in an error of R303k.

The Non-controlling interest prior period error was due to the ERWAT prior period error changes.

EHC - Accrued expenses to the amount of R330k relating to legal services were not accounted for in the prior year. An amount of R75k was not recognised as a provision in the prior year.

The correction of the error(s) results in adjustments as follows:

Statements of financial position and financial performance

Economic Entity - 2023

	Note	Balance as previously reported	Balance restated	Adjustment
Investment property	3	701,261,798	701,261,975	177
Property, plant and equipment	4	63,072,554,534	62,889,644,827	(182,909,707)
Intangible assets	5	1,394,736,313	1,394,725,606	(10,707)
Current tax receivables		1,658,713	1,153,176	(505,537)
Inventory	11	1,925,986,870	1,894,129,941	(31,856,929)
Receivables from exchange transactions	12	7,307,971,396	7,334,653,439	26,682,043
Trade and other payables	19	(10,892,442,307)	(10,892,791,022)	(348,715)
Provisions	18	(1,000,365,238)	(1,000,440,357)	(75,119)
Deferred tax	33	(16,787,891)	(16,188,323)	599,568
Non-controlling interest	34	(75,564,109)	(74,083,267)	1,480,842
Accumulated surplus		(51,848,118,278)	(51,661,174,150)	186,944,128
Depreciation and amortisation	31	2,793,170,223	2,793,473,414	303,191
Debt impairment	36	7,599,717,449	8,181,982,855	582,265,406
Grants and subsidies paid	39	1,220,000,230	641,692,935	(578,307,295)
General expenses	40	4,497,843,806	4,501,677,472	(3,833,666)
Taxation		6,440,099	6,534,129	(94,030)

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Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

54. Prior period errors (continued)

Statement of financial position and financial performance

Controlling entity - 2023

	Note	Balance as previously reported	Balance restated	Adjustment
Investment property	3	474,528,174	(474,528,351)	177
Property, plant and equipment	4	60,943,427,731	(60,766,635,794)	(176,791,937)
Intangible assets	5	1,389,206,428	(1,389,195,723)	(10,705)
Inventory	11	1,925,986,870	(1,894,129,941)	(31,856,929)
Receivables from exchange transactions	12	7,292,298,102	(7,322,938,256)	30,640,154
Accumulated surplus		(49,257,011,895)	49,078,992,655	178,019,240
Debt impairment	36	7,556,936,407	8,135,243,702	578,307,295
Grants and subsidies paid	39	(1,322,808,630)	(744,501,335)	(578,307,295)
Surplus for the year		-	-	-

Reclassifications

Landfill sites which were previously classified as Community assets were reclassified to the Infrastructure assets. The values of the reclassifications were as follows Cost price of the assets were R1,215,067,311, and the Accumulated depreciation was R462,029,849, which resulted in a reduction in the net asset value of community assets and increase in the net values of the infrastructure assets.

The following reclassifications adjustment occurred:

55. Change in estimate

Property, plant and equipment

The useful life review for 2024 had the following impact:

Depreciation expense before remaining useful life review	R316,431,340
Depreciation expense after remaining useful life review	R204,392,699
Future decrease in depreciation due to the review	R112,038,640

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Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

56. Accounting by principals and agents

The City is a party to a principal-agent arrangement. The City act as an agent for the Gauteng department of transport, whereby it administers the registration of vehicles and collection of funds thereof, on behalf of the department within the City's jurisdictions.

The City is not exposed to any significant risks in the provision of these services, nor were the terms and conditions of the arrangement amended.

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R329,710,220 (2023: R319,731,584).

Reconciliation of the carrying amounts of payables

All categories

Amount collected on behalf of the principal	1,236,433,027	1,212,562,968	1,236,433,027	1,212,562,968
Amounts transferred to the principal	(1,049,709,956)	(1,125,919,378)	(1,049,709,956)	(1,125,919,378)
	186,723,071	86,643,590	186,723,071	86,643,590

All categories

Cash paid on behalf of the principal	1,236,433,027	1,212,562,968	1,236,433,027	1,212,562,968
Amounts transferred to the principal	(1,049,709,956)	(1,125,919,378)	(1,049,709,956)	(1,125,919,378)
Amounts still owed to principal	(186,723,071)	(86,643,590)	(186,723,071)	(86,643,590)

Amounts still owed to principal

	-	-	-	-
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57. In-kind donations and assistance

No donations or assistance were made in the current financial year.

58. Budget differences

Material differences between budget and actual amounts

A. ADJUSTMENT BUDGET PROCESS

The City of Ekurhuleni had one main adjustment budget and one special adjustment budget during the 2023/24 financial year.

These adjustment budgets were approved as follows:

- 1) Main, normal adjustment budget – Item A-F (12-2024) on 29 February 2024; and
- 2) First special adjustment budget – Item A-F (21-2024) on 28 March 2024;

NORMAL ADJUSTMENT BUDGET (29 FEBRUARY 2024): A-F (12-2024)

This main adjustment budget was influenced by the outcome of mid-year performance assessment as required by section 72 of the MFMA. This adjustment budget was necessitated by the following factors:

- The mid-year budget performance assessment; and
- Approved roll overs of operating grants (HSDG amounting to R91.2 million) which has to be appropriated.
- National Treasury's mid-year adjustment with the subsequent issuance of the Division of Revenue Amendment Bill Government Gazette 49550 dated 24 October 2023, in which the USDG (R92.9 million), ISUPG (R49.7 million) and PTNG (R90 million) grants were reduced.

Operating Revenue

The net increase in operating revenue amounted to R121.3 million. The increase in revenue from services charges resulted from reclassification of sanitation revenue from sales of goods and rendering services, whilst property rates additional revenue was due to supplementary valuation. Interest in outstanding debtors was increased due to low collection rate.

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	2024	2023 Restated*	2024	2023 Restated*

58. Budget differences (continued)

Operating Expenditure

The operating expenditure increases from R55.016 billion to R55.067 billion, an increase of R51.1 million. The surplus will increase by R70.2 million as a result of the reclassification of operating expenditure items to the Capital expenditure.

Capital budget

The adjustments were a combination of:

- National Treasury's mid-year adjustment with the subsequent issuance of the Division of Revenue Amendment Bill Government Gazette 49550 dated 24 October 2023, in which the USDG (R92.9 million), ISUPG (R49.7 million) and PTNG (R90 million) grants were reduced. These grants fund both the Operating and Capital Budget and the reductions will be effected as such;
- Refinancing of certain projects between the ISUPG and USDG grants to ensure Alignment of the ISUPG Business Plan and full compliance of the submitted Projects to UISP Framework conditions;
- Additional funding from Own Revenue required to complete other projects.

The proposed adjustments to the City and its entities results in a net decrease of R48,95 million. The capital budget, therefore, decreases from R2.76 billion to R2.71 billion.

SPECIAL ADJUSTMENT BUDGET (28 MARCH 2024): ITEM A-F (21-2024)

These special adjustments are due to issuance by National Treasury of Government Gazette 50318 dated 20 March 2024, wherein some grants were increased.

Operating Revenue

The operating revenue increased from R55.539 billion to R55.559 billion, an upward adjustment of R19.9 million.

Operating Expenditure

The adjustments were as a result of an increase in Programme and Project Preparation Support Grant (PPPSG) and re-allocation of Expanded Public Works Programme Integrated Grant (EPWP) funded expenditure. The operating expenditure budget was increased from R55.067 billion to R55.087 billion.

Capital Budget

The National Treasury gazette as stated, resulted in a decrease of R20m in the Urban Settlements Development Grant (USDG), which predominantly fund the capital budget. Informal Settlement Upgrading Partnership Grant (ISUPG) was increased by R61m.

The effect of the Special Adjustments increases Capital Budget from R2.71 billion to R2.76 billion, a net increase of R41.6 million.

B. EXPLANATION OF VARIANCES: FINAL BUDGET AND ACTUAL AMOUNTS

Variances are explained from the Appropriation Statements (source of approved budget), and variances of 8% and above are regarded as significant and explained

Revenue

The actual revenue, excluding capital grants, amounts to R52.030 billion whilst the budgeted revenue amounts to R55.860 billion, with the underperformance variance of R2.829 billion or 5.15% below budget.

Significant variances are in the following areas:

- Service charges

The deviation from service charges is mostly related to the electricity service charges due to the continued higher stage of load shedding which resulted to reduced consumption and other factors resulting from high volume of cable theft, vandalism of infrastructure and less reliance by residents on the Eskom network supplied service.

Furthermore, the excess consumption consumed by the indigents above the free basic services provided, resulted in a reduction of the water revenue as the city is expected to recover the cost of consumption above the free basic services, if the indigents could not pay, the amount is subsidized by the city.

- Investment revenue

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

58. Budget differences (continued)

This category relates to the interest earned on investments accounts, even though the rate is above the 8% variance, the actual amount earned is around R15m, the increase in the sinking funds investments and the better management of cash on hand contributed to the increase.

Expenditure

The actual expenditure amounts to R54.108 billion whilst the budgeted expenditure amounts to R54.394 billion, which resulted to savings or under expenditure on the final budget being a variance of 0.5%.

Significant variances are due to the following:

- Employee costs

The negative deviation on employee relates to costs savings funded vacant positions, which could not be filled due to the financial position of the city and constrained liquidity position. The filling of vacant positions is informed by their criticality, and priority was given to positions based on revenue generation, service delivery and legal compliance.

- Depreciation and impairment

The under-expenditure relates to the reduction in the capital expenditure of the city over the previous years which resulted in less projects being capitalised.

- Public Contributions/ Donations

The city does not budget for donated assets as it is not certain if assets will be donated to the city.

- Transfer and Subsidies Paid

The increase in the transfer and subsidies paid is due to the residents utilising the early settlement options in repaying their accounts to qualify for the payment incentive offered by the city

- Other expenditure

The over-expenditure reported was due to the accelerated need related to service delivery requirements, increase in emergency repairs and maintenance services on the electricity network due to system failures as a result of load shedding, and theft of electricity cables and vandalism of network during power failures. Increase in other additional costs incurred for fuel costs during load shedding period and other security measure to protect the network infrastructure. The over-expenditure does not constitute uathorised expenditure as department's overall expenditure is within the budget, savings are used to finance other items thereof.

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Figures in Rand	2024	2023 Restated*	2024	2023 Restated*

59. Segment information

General information

Identification of segments

The City is organised and reports to management on the basis of Community and Public Safety, Economic and Environmental Services, Municipal Governance and Administration, Trading Services and other sundry services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes in line with National Treasury Budget guidelines.

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

Aggregated segments

The City does not have any geographical segments as it operates within its area of jurisdiction in the Gauteng Province. Segments were aggregated on the basis of services delivered to its residents.

Segment assets and liabilities

Assets and liabilities are allocated to the finance and administration segment in line with the accounting and reporting processes as the current reporting channels makes it difficult to allocate to other segments.

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59. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Economic entity 2024

	Community and Public safety	Economic and environmental services	Municipal governance and administration	Other	Trading services	Total
Revenue						
Revenue from exchange transactions	257,829,565	76,202,758	156,094,708	371,882,605	30,936,998,494	31,799,008,130
Revenue from non-exchange transactions	1,285,956,248	1,276,671,891	12,272,034,921	-	5,619,822,972	20,454,486,032
Interest revenue	16,256,588	-	191,368,196	172,264	1,047,852,933	1,255,649,981
Total segment revenue	1,560,042,401	1,352,874,649	12,619,497,825	372,054,869	37,604,674,399	53,509,144,143
Expenditure						
Debt impairment	746,481,584	-	858,963,096	-	4,282,648,721	5,888,093,401
Depreciation and amortisation	252,062,197	1,001,271,694	738,065,004	-	941,543,021	2,932,941,916
Interest expense	3,766,882	271,087,926	846,127,171	-	350,569,949	1,471,551,928
Other expenditure	8,016,385,341	1,605,243,685	2,822,134,661	325,653,500	29,892,569,221	42,661,986,408
Income tax expense	(11,140,217)	-	-	-	-	(11,140,217)
Total segment expenditure	9,007,555,787	2,877,603,305	5,265,289,932	325,653,500	35,467,330,912	52,943,433,436
Total segmental surplus/(deficit)	(7,447,513,386)	(1,524,728,656)	7,354,207,893	46,401,369	2,137,343,487	565,710,707
Total assets						
Non - current assets	6,973,358,254	21,842,983,976	10,690,950,846	-	25,606,698,242	65,113,991,318
Current assets	-	-	14,209,949,983	-	-	14,209,949,983
Total assets	6,973,358,254	21,842,983,976	24,900,900,829	-	25,606,698,242	79,323,941,301
Total liabilities						
Non - current liabilities	-	-	(10,576,710,406)	-	-	(10,576,710,406)
Current liabilities	-	-	(16,446,262,724)	-	-	(16,446,262,724)
Total segment liabilities	-	-	(27,022,973,130)	-	-	(27,022,973,130)

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59. Segment information (continued)

Economic entity 2023

	Community and Public safety	Economic and environmental services	Municipal governance and administration	Other	Trading services	Non-segment revenue and expenditure	Total
Revenue							
Revenue from exchange transactions	210,692,345	79,916,863	116,404,698	359,391,758	28,888,086,507	915,871,465	30,570,363,636
Revenue from non-exchange transactions	1,469,645,851	1,072,123,585	11,103,247,178	-	5,002,736,737	-	18,647,753,351
Interest revenue	1,077,603	-	166,187,051	101,739	1,109,502,666	-	1,276,869,059
Total segment revenue	1,681,415,799	1,152,040,448	11,385,838,927	359,493,497	35,000,325,910	915,871,465	50,494,986,046
Expenditure							
Debt impairment	555,720,265	-	1,012,251,923	-	5,167,703,373	868,000,000	7,603,675,561
Depreciation and amortisation	217,016,704	903,944,025	625,031,412	-	1,121,849,905	-	2,867,842,046
Interest expense	91,484	277,170,146	768,061,082	-	404,165,166	-	1,449,487,878
Other expenditure	7,710,441,750	1,794,716,591	2,288,328,062	338,739,799	25,846,598,588	47,871,465	38,026,696,255
Income tax expense	-	-	-	-	(6,534,129)	-	(6,534,129)
Total segment expenditure	8,483,270,203	2,975,830,762	4,693,672,479	338,739,799	32,533,782,903	915,871,465	49,941,167,611
Total segmental surplus/(deficit)	(6,801,854,404)	(1,823,790,314)	6,692,166,448	20,753,698	2,466,543,007	-	553,818,435
Total assets							
Non - current assets	6,887,457,036	21,579,020,553	10,559,254,514	-	26,074,057,544	-	65,099,789,647
Current assets	-	-	13,469,749,172	-	-	-	13,469,749,172
Total assets	6,887,457,036	21,579,020,553	24,029,003,686	-	26,074,057,544	-	78,569,538,819
Total liabilities							
Non - current liabilities	-	-	(11,637,846,951)	-	-	-	(11,637,846,951)
Current liabilities	-	-	(15,196,434,406)	-	-	-	(15,196,434,406)
Total liabilities	-	-	(26,834,281,357)	-	-	-	(26,834,281,357)

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Figures in Rand

59. Segment information (continued)

Controlling entity 2024

	Community and Public safety	Economic and environmental services	Municipal governance and administration	Other	Trading services	Total
Revenue						
Revenue from exchange transactions	197,722,242	76,202,758	156,094,708	371,882,605	30,915,839,541	31,717,741,854
Revenue from non-exchange transactions	1,278,431,977	1,276,671,891	12,272,034,921	-	5,600,787,070	20,427,925,859
Interest revenue	-	-	191,368,196	172,264	976,075,352	1,167,615,812
Total segment revenue	1,476,154,219	1,352,874,649	12,619,497,825	372,054,869	37,492,701,963	53,313,283,525
Expenditure						
Debt impairment	686,388,038	-	871,893,727	-	4,243,921,408	5,802,203,173
Depreciation and amortisation	245,931,848	1,001,271,694	725,134,373	-	720,360,438	2,692,698,353
Interest expense	-	271,087,926	846,127,171	-	312,046,694	1,429,261,791
Other expenses	8,102,050,070	1,605,243,685	2,822,134,661	325,653,500	30,204,537,338	43,059,619,254
Total segment expenditure	9,034,369,956	2,877,603,305	5,265,289,932	325,653,500	35,480,865,878	52,983,782,571
Total segmental surplus/(deficit)	(7,558,215,737)	(1,524,728,656)	7,354,207,893	46,401,369	2,011,836,085	329,500,954
Total assets						
Non - current assets	6,725,537,206	21,066,722,240	10,311,013,009	-	24,696,680,633	62,799,953,088
Current assets	-	-	14,031,751,725	-	-	14,031,751,725
Total assets	6,725,537,206	21,066,722,240	24,342,764,734	-	24,696,680,633	76,831,704,813
Total liabilities						
Non - current liabilities	-	-	(10,309,174,234)	-	-	(10,309,174,234)
Current liabilities	-	-	(17,116,720,318)	-	-	(17,116,720,318)
Total segment liabilities	-	-	(27,425,894,552)	-	-	(27,425,894,552)

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59. Segment information (continued)

Controlling entity 2023

	Community and Public safety	Economic and environmental services	Municipal governance and administration	Other	Trading services	Non-segment revenue and expenditure	Total
Revenue							
Revenue from exchange transactions	126,385,343	79,916,863	295,740,162	359,391,758	28,851,110,108	915,870,887	30,628,415,121
Revenue from non-exchange transactions	1,496,132,796	1,072,123,585	10,923,581,715	-	5,002,736,727	-	18,494,574,823
Interest revenue	-	-	166,187,051	101,739	1,080,650,278	-	1,246,939,068
Total segment revenue	1,622,518,139	1,152,040,448	11,385,508,928	359,493,497	34,934,497,113	915,870,887	50,369,929,012
Expenditure							
Interest expense	-	277,170,146	766,071,280	-	368,844,094	-	1,412,085,520
Depreciation and amortisation	210,246,300	903,944,025	625,031,412	-	952,886,367	-	2,692,108,104
Debt impairment	511,135,899	-	1,012,251,923	-	5,165,548,585	868,000,000	7,556,936,407
Other expenses	7,969,063,915	1,794,716,591	2,288,328,062	338,739,799	25,952,335,831	47,870,887	38,391,055,085
Total segment expenditure	8,690,446,114	2,975,830,762	4,691,682,677	338,739,799	32,439,614,877	915,870,887	50,052,185,116
Total segmental surplus/(deficit)	(7,067,927,975)	(1,823,790,314)	6,693,826,251	20,753,698	2,494,882,236	-	317,743,896
Total assets							
Non - current assets	6,636,680,353	20,793,314,717	10,174,785,355	-	25,124,685,559	-	62,729,465,984
Current assets	-	-	12,925,840,553	-	-	-	12,925,840,553
Total assets	6,636,680,353	20,793,314,717	23,100,625,908	-	25,124,685,559	-	75,655,306,537
Total liabilities							
Non - current liabilities	-	-	(11,326,672,183)	-	-	-	(11,326,672,183)
Current liabilities	-	-	(15,249,640,701)	-	-	-	(15,249,640,701)
Total liabilities	-	-	(26,576,312,884)	-	-	-	(26,576,312,884)

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