Rand West City Local Municipality
(Registration number GT485)
Audited Financial Statements
for the year ended June 30, 2024

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Legislation governing the municipality's operations	Constitution of the Republic of south Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)
Mayoral committee	
Executive Mayor	Cllr. W. Matsheke
Deputy Executive Mayor	Cllr. N. Molatlhegi
MPAC Chairperson	Cllr. A. Mosina
Councillors	Cllr. L. Biyela (Ward 29) Cllr. M. Botha (Ward 09) Cllr. B. Dreyer (Ward 08) Cllr. G. Erasmus (Ward 04) Cllr. S. Swanepoel (Ward 06) Cllr. C. Harrison (Ward 07) Cllr. H. Hild (Ward 20) Cllr. P. Faku (Ward 22) Cllr. K. Kati (Ward 30) Cllr. N. Kiewietz (Ward 10) Cllr. B. Legote (Ward 19) Cllr. T. Lerothodi (Ward 17) Cllr. T. Mabongo (Ward 01) Cllr. A. Moeng (Ward 11) Cllr. P. Mofokeng (Ward 31) Cllr. B. Nkosi (Ward 33) Cllr. N. Nomga (Ward 35) Cllr. Z. Nkosi (Ward 24) Cllr. S. Ntsume (Ward 34) Cllr. J. Nyameni (Ward 13) Cllr. A. Saba (Ward 25) Cllr. A. Mabuya (Ward 26) Cllr. J. Thenjekwayo (Ward 02) Cllr. M. Tlhapiso (Ward 21) Cllr. T. Tlholoe (Ward 18) Cllr. K. Tsotetsi (Ward 14) Cllr. A. Tonder (Ward 03)
Speaker	Cllr. S. Moumakwe

General Information

Council Whip	Cllr. M. Jokazi
Members of Mayoral Committee	MMC Corporate Support Services: Cllr. W. Njani MMC Finance: Cllr. D. Machaba MMC Economic Development and Planning: Cllr. S. Khenene MMC Human Settlement: Cllr. A. Zama MMC Health and Social Development: Cllr. U. Dickson MMC Water, Sanitation and Infrastructure: Cllr. D. Sithole MMC Sports, Recreation, Arts and Culture: Cllr. N. Ndzipho MMC Roads, Stormwater and Transport: Cllr. J. Legoete MMC Integrated Environmental Management: Cllr. N. Mapena MMC Public Safety: Cllr. D. Mbulula
Proportional Representative Councillors	Cllr. X. Batalisi Cllr. F. Bergman Cllr. C. Brough Cllr. B. Green Cllr. I. Khoza Cllr. G. Kruger Cllr. J. Letlhake Cllr. T. Malema Cllr. S. Marumule Cllr. M. Matlaila Cllr. M. Moabi Cllr. P. Modise Cllr. T. Mokobane Cllr. N. Mrwetyana Cllr. M. Mthimkhulu Cllr. H. Munyai Cllr. D. Noah Cllr. M. Ramotlhale Cllr. C. Schade Cllr. L. Seloka Cllr. T. Stefane Cllr. F. Steffers Cllr. I. Thobeko Cllr. T. Tlhagale Cllr. N. Williams Cllr. L. Sebitso Cllr. L. Sekhokho
Regional audit committee	Dr L Konar CA(SA) (Chairperson) Mr B Ahmed CA(SA) (Member) Mr L Mangquku CA(SA) (Member) Mr M Maseko (Member) Mr L Ravhuhali CA(SA) (Member)

General Information

Regional performance audit committee	Mr P Mongalo (Chairperson) Mr P Fourie CA(SA) (Member) Mr A Mangokwana (Member) Ms O Senokoane (Member) Mr S.P Khoza (Member)
Accounting Officer	Mr T.C Ndlovu
Chief Financial Officer	Mr X Malindi
Grading of local authority	Grade 4
Dermacation Code	GT485
Registered office	Corner Sutherland & Pollock Street Randfontein 1760
Postal address	P. O. Box 218 Randfontein 1760
Bankers	First National Bank Ltd Nedbank Ltd
Auditors	Auditor General of South Africa (AGSA)
Attorneys	**Panel of attorneys appointed:** Buthelezi Vilakazi Inc, De Swardt Myambo Hlahla Attorneys, K Gcolotela and Peter Inc, Katlego Ralikhuvhana Mokgola Inc, Khumalo Masondo Attorneys, L Guzana Inc Attorneys, L Mafetsa Attorneys, Landiwe Kunene Inc, Madima Attorneys Inc, Majang and Associates Inc, Maluleke Inc T/A Maluks Attorneys, Mapongwana Attorneys Inc, Mashele Attorneys, Mncedisi Ndlovu and Sedumedi Attorneys, Mohuba Attorneys, Mojela Hlazo Attorneys Inc, Molefe Dlepu Inc, MT Matsau Inc, Nkadimeng Attorneys Inc, Nkosi Saabelo Inc, Padi Inc Attorneys, Peta Attorneys Inc, Phukubje Pierce Masithele Attorneys Inc, Salijee Govender van der Merwe Inc, Seleka Attorneys Inc, Sithole and Mokomane Attorneys, SM Vakalisa Inc, Smith van der Watt Inc, Straus Daly Inc and Wakaba, and Partners Inc
Currency and rounding off	South African Rand (ZAR) rounding off to nearest rand
Website	www.randwestcity.gov.za
Telephone	010 496 8900 011 693 1394

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

Abbreviations used:

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MPAC	Municipal Public Accounts Committee
MEC	Member of the Executive Council
SDL	Skills Development Levy
SARS	South African Revenue Services
MFMA	Municipal Finance Management Act No. 56 of 2003
mSCOA	Municipal Standard Chart of Accounts
LED	Local Economic Development
INEP	Integrated Electrification Programme
MWIG	Municipal Water Infrastructure Grant
MIG	Municipal Infrastructure Grant
EPWP	Expanded Public Works Programme
HSDG	Human Settlement Development Grant
FMG	Finance Management Grant
LG SETA	Local Government Sector Educational and Training Authority

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 audited financial statements and related financial information in this report. It is the responsibility of the accounting officer to ensure that the audited financial statements fairly present the state of affairs of the municipality at the end of the financial year and the results of its operations and cash flows for the period that ended. The external auditors are engaged to express an independent opinion on the audited financial statements and are given unrestricted access to all financial records and related data.

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

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

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

The accounting officer has reviewed the municipality’s cash flow forecast from 1 July 2024 to June 30 2025, and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial records of the municipality, he is supported by the municipality's internal auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's audited financial statements. The audited financial statements have been examined by the municipality's external auditors and their report is presented separately. 6.

The audited financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2024, and were signed by him:

Accounting Officer
T.C Ndlovu

Randfontein

Saturday, August 31, 2024

Accounting Officer's Report

The accounting officer submits his report for the year ended June 30, 2024.

1. Review of activities

Main business and operations

The municipality is an organ of the state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government: Municipal Demarcation Act, 1998, and operates in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached audited financial statements and do not in our opinion require any further comment.

The net deficit of the municipality was R 25,891,801 (2023: surplus R 859,825,209).

2. Financial sustainability

The Municipality is currently faced with numerous financial problems which impact, amongst others, on its ability to meet its financial commitments and the provision of sustainable basic services. Challenges faced regarding financial issues manifest in cash flow constraints see note 54 for details.

3. Fruitless and wasteful expenditure

Given the current financial position of the municipality, there were instances where the municipality could not pay its creditors within 30 days and as a result incurred interest due to late payment of creditor accounts. The interest incurred in this respect was unavoidable and has been disclosed in the note 58.

4. Irregular expenditure

The municipality embarked on an overall review of the supply chain management function with aim to support and implement a sustainable change within supply chain management. As part of its review, management conducted a detailed review of contracts that were awarded by the municipality. This review included confirming the scope and extent of contracts that were irregular. See note 59 for current financial period irregular expenditure incurred.

5. Going concern

We draw attention to the fact that at June 30, 2024, the municipality had an accumulated surplus (deficit) of R 3,417,269,382 and that the municipality's total assets exceed its total liabilities by R 3,418,578,351.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant is the continued funding by the National and Provincial governments for operational and capital activities. Refer to note 55 for details.

6. Events after the reporting date

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year except for those mentioned in note 56.

7. Accounting Policies

The audited financial statements are prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board and Accounting Standards Board as the prescribed framework by National Treasury, and in accordance with Section 122(3) of the Municipal Financial Management Act 56 of 2003.

8. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Accounting Officer's Report

. Accounting Officer (continued)

Name
T.C Ndlovu

9. Secretary

The secretarial function was performed by the Department of Corporate Support Services.

10. Corporate governance

General

The accounting officer is committed to business integrity, transparency, and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance for South Africa. The accounting officer discusses the responsibilities of management in this respect, at committee meetings and monitors the municipality's compliance with the code on a three-monthly basis.

11. Bankers

For the year under review, the primary bank account of Rand West City Local Municipality was with First National Bank.

12. Auditors

The Auditor General of South Africa will continue in office for the next financial period.

Accounting Officer
T.C Ndlovu

Statement of Financial Position as at June 30, 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	172,574,270	250,467,914
Receivables from exchange transactions	4	231,029,322	273,453,727
Receivables from non-exchange transactions	5	38,226,632	57,881,729
Prepayments	6	-	1,636,775
Inventories	7	4,772,576	3,117,617
Long term receivables - current portion	8	2,474,245	2,400,216
Investments	9	5,762,090	5,342,214
		454,839,135	**594,300,192**
Non-Current Assets			
Long term receivables	8	3,981,305	1,893,046
Biological assets that form part of an agricultural activity	10	578,000	589,000
Investment property	11	1,144,647,075	1,087,520,000
Property, plant and equipment	12	4,342,162,664	4,185,460,145
Intangible assets	13	6,932,296	7,526,883
Heritage assets	14	3,868,660	3,904,117
		5,502,170,000	**5,286,893,191**
Non-Current Assets		5,502,170,000	5,286,893,191
Current Assets		454,839,135	594,300,192
Total Assets		**5,957,009,135**	**5,881,193,383**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	1,621,209,609	1,348,849,442
Payables from non-exchange transactions	16	15,776,395	12,654,089
VAT payable	17	35,497,852	30,666,761
Unspent conditional grants and receipts	18	186,604,048	209,413,921
Consumer deposits	19	68,872,681	66,709,559
Provisions	21	1,557,503	102,935
Finance lease obligation	20	21,388,864	-
		1,950,906,952	**1,668,396,707**
Non-Current Liabilities			
Employee benefit obligation	22	159,472,269	176,508,510
Provisions	21	163,363,917	160,624,796
Finance lease obligation	20	49,090,995	-
Eskom debt relief	15	215,596,640	431,193,281
		587,523,821	**768,326,587**
Non-Current Liabilities		587,523,821	768,326,587
Current Liabilities		1,950,906,952	1,668,396,707
Total Liabilities		**2,538,430,773**	**2,436,723,294**
Assets		5,957,009,135	5,881,193,383
Liabilities		(2,538,430,773)	(2,436,723,294)
Net Assets		**3,418,578,362**	**3,444,470,089**

* See Note 53

Statement of Financial Position as at June 30, 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Revaluation reserve	23	1,308,969	1,308,969
Accumulated surplus		3,417,269,382	3,443,161,120
Total Net Assets		**3,418,578,351**	**3,444,470,089**

* See Note 53

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	24	1,386,391,962	1,237,678,699
Rental of facilities and equipment	25	3,604,448	4,579,027
Interest received - investment	27	20,058,146	15,116,661
Interest received - exchange transactions	28	88,278,380	69,842,689
Income from agency services	29	22,020,876	21,377,475
Other income	30	297,320,435	32,175,073
Total revenue from exchange transactions		**1,817,674,247**	**1,380,769,624**
Revenue from non-exchange transactions			
Property rates	31	350,166,722	332,262,617
Interest received - non-exchange transactions	28	17,133,881	14,305,129
Eskom debt relief - revenue non exchange	15	-	192,496,646
Government grants & subsidies	32	819,767,984	750,917,135
Public contributions and donations	33	14,533,381	130,195
Fines	26	13,525,339	17,431,708
Total revenue from non-exchange transactions		**1,215,127,307**	**1,307,543,430**
		1,817,674,247	1,380,769,624
		1,215,127,307	1,307,543,430
Total revenue		**3,032,801,554**	**2,688,313,054**
Expenditure			
Employee related costs	34	(630,820,586)	(579,134,214)
Remuneration of councillors	35	(34,808,726)	(33,921,303)
Depreciation and amortisation	36	(167,720,170)	(174,754,393)
Impairment loss of assets	37	(111,075,539)	(22,974,423)
Finance costs	38	(112,799,292)	(143,721,519)
Debt Impairment	39	(493,526,937)	(300,063,886)
Bulk purchases	40	(953,698,182)	(796,922,426)
Contracted services	42	(179,347,011)	(97,229,727)
Transfers and Subsidies	43	(720,000)	(720,000)
General Expenses	44	(113,530,161)	(142,553,077)
Changes in existing decommissioning and restoration of landfill site	45	15,074,678	17,707,726
Inventory consumed	41	(377,155,911)	(324,890,372)
Total expenditure		**(3,160,127,837)**	**(2,599,177,614)**
		-	-
Total revenue		3,032,801,554	2,688,313,054
Total expenditure		(3,160,127,837)	(2,599,177,614)
Operating (deficit) surplus		**(127,326,283)**	**89,135,440**
Gain or loss on disposal of assets and liabilities	46	295,548	(36,786,531)
Fair value adjustments	47	57,256,371	784,024,213
Actuarial gains/(losses)	22	43,882,563	23,452,087
		101,434,482	**770,689,769**
Operating surplus/deficit		101,434,482	770,689,769
(Deficit) surplus before taxation		(25,891,801)	859,825,209
Taxation		-	-
(Deficit) surplus for the year		**(25,891,801)**	**859,825,209**

* See Note 53

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Balance at July 1, 2022	**1,308,969**	**2,583,335,906**	**2,584,644,875**
Changes in net assets			
Deficit for the year	-	(178,454,075)	(178,454,075)
Prior year adjustments	-	1,038,279,289	1,038,279,289
Total changes	-	859,825,214	859,825,214
Restated* Balance at July 1, 2023	**1,308,969**	**3,443,161,183**	**3,444,470,152**
Changes in net assets			
Surplus for the year	-	(25,891,801)	(25,891,801)
Total changes	-	(25,891,801)	(25,891,801)
Balance at June 30, 2024	**1,308,969**	**3,417,269,382**	**3,418,578,351**

* See Note 53

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Taxation		292,547,686	261,216,614
Sale of goods and services		1,056,142,464	1,164,107,746
Grants		796,958,111	922,460,263
Interest income		19,881,225	14,822,346
Other receipts		112,634,546	38,160,925
		2,278,164,032	2,400,767,894
Payments			
Employee costs		(659,309,493)	(622,843,218)
Suppliers		(1,223,262,330)	(1,280,702,999)
Finance costs		(118,329,148)	(74,108,365)
		(2,000,900,971)	(1,977,654,582)
Total receipts		2,278,164,032	2,400,767,894
Total payments		(2,000,900,971)	(1,977,654,582)
Net cash flows from operating activities	48	**277,263,061**	**423,113,312**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(351,472,159)	(278,146,144)
Proceeds from sale of property, plant and equipment	12	6,425,550	(551,297)
Purchase of intangible assets	13	-	(450,000)
Decrease/(Increase) in long term receivables		(8,719,443)	425,434
Net cash flows from investing activities		**(353,766,052)**	**(278,722,007)**
Cash flows from financing activities			
Finance lease payments		(1,390,649)	-
Net increase/(decrease) in cash and cash equivalents		**(77,893,640)**	**144,391,305**
Cash and cash equivalents at the beginning of the year		250,467,914	106,076,609
Cash and cash equivalents at the end of the year	3	**172,574,274**	**250,467,914**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1,647,092,042	(20,536,268)	**1,626,555,774**	1,386,391,962	**(240,163,812)**	
Rental of facilities and equipment	3,341,304	1,413,064	**4,754,368**	3,604,448	**(1,149,920)**	
Interest received - exchange transactions	88,625,275	-	**88,625,275**	88,278,380	**(346,895)**	
Income from agency services	33,480,198	(8,480,198)	**25,000,000**	22,020,876	**(2,979,124)**	
Other income	38,365,467	(1,066,370)	**37,299,097**	297,320,435	**260,021,338**	
Interest received - investment	9,240,769	6,099,999	**15,340,768**	20,058,146	**4,717,378**	
Total revenue from exchange transactions	**1,820,145,055**	**(22,569,773)**	**1,797,575,282**	**1,817,674,247**	**20,098,965**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	397,788,209	(22,857,002)	**374,931,207**	350,166,722	**(24,764,485)**	
Interest received - non exchange transactions	-	-	**-**	17,133,881	**17,133,881**	
Transfer revenue						
Government grants & subsidies	486,782,000	42,822,825	**529,604,825**	819,767,984	**290,163,159**	
Public contributions and donations	-	-	**-**	14,533,381	**14,533,381**	
Fines	22,545,528	(5,000,000)	**17,545,528**	13,525,339	**(4,020,189)**	
Total revenue from non-exchange transactions	**907,115,737**	**14,965,823**	**922,081,560**	**1,215,127,307**	**293,045,747**	
Total revenue from exchange transactions	1,820,145,055	(22,569,773)	**1,797,575,282**	1,817,674,247	**20,098,965**	
Total revenue from non-exchange transactions	907,115,737	14,965,823	**922,081,560**	1,215,127,307	**293,045,747**	
Total revenue	**2,727,260,792**	**(7,603,950)**	**2,719,656,842**	**3,032,801,554**	**313,144,712**	
Expenditure						
Employee related costs	(594,474,575)	(414,547)	**(594,889,122)**	(630,820,586)	**(35,931,464)**	60.4
Remuneration of councillors	(30,561,741)	-	**(30,561,741)**	(34,808,726)	**(4,246,985)**	60.6
Impairment loss of assets	-	-	**-**	(111,075,539)	**(111,075,539)**	
Changes in existing decommissioning and restoration of landfill site	-	-	**-**	15,074,678	**15,074,678**	
Depreciation and amortisation	(176,069,895)	7,100,463	**(168,969,432)**	(167,720,170)	**1,249,262**	
Finance costs	(52,744,392)	2,299,999	**(50,444,393)**	(112,799,292)	**(62,354,899)**	60.1
Debt Impairment	(204,166,000)	10,000,000	**(194,166,000)**	(493,526,937)	**(299,360,937)**	60.5
Inventory consumed	(275,199,201)	-	**(275,199,201)**	(377,155,911)	**(101,956,710)**	
Bulk purchases	(1,036,097,045)	-	**(1,036,097,045)**	(953,698,182)	**82,398,863**	60.3
Contracted Services	(156,901,765)	(11,800,058)	**(168,701,823)**	(179,347,011)	**(10,645,188)**	60.2
Transfers and Subsidies	(792,000)	-	**(792,000)**	(720,000)	**72,000**	
General Expenses	(199,613,770)	(23,199)	**(199,636,969)**	(113,530,161)	**86,106,808**	60.3

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Total expenditure	**(2,726,620,384)**	**7,162,658**	**(2,719,457,726)**	**(3,160,127,837)**	**(440,670,111)**	
	2,727,260,792	(7,603,950)	**2,719,656,842**	3,032,801,554	**313,144,712**	
	(2,726,620,384)	7,162,658	**(2,719,457,726)**	(3,160,127,837)	**(440,670,111)**	
Operating surplus (deficit)	**640,408**	**(441,292)**	**199,116**	**(127,326,283)**	**(127,525,399)**	
Gain or loss on disposal of assets and liabilities	-	-	**-**	295,548	**295,548**	61.19
Fair value adjustments	-	-	**-**	57,256,371	**57,256,371**	61.20
Actuarial gains	-	-	**-**	43,882,563	**43,882,563**	
	-	**-**	**-**	**101,434,482**	**101,434,482**	
	640,408	(441,292)	**199,116**	(127,326,283)	**(127,525,399)**	
	-	-	**-**	101,434,482	**101,434,482**	
Deficit before taxation	**640,408**	**(441,292)**	**199,116**	**(25,891,801)**	**(26,090,917)**	
Surplus before taxation	640,408	(441,292)	**199,116**	(25,891,801)	**(26,090,917)**	
Taxation	-	-	**-**	-	**-**	
Surplus for the year	**640,408**	**(441,292)**	**199,116**	**(25,891,801)**	**(26,090,917)**	
Capital expenditure and fund sources	-	-	**-**	-	**-**	
Transfers recognised – capital	(238,858,000)	(211,885,199)	**(450,743,199)**	(327,600,056)	**123,143,143**	
Internally generated funds	(7,000,000)	(4,000,000)	**(11,000,000)**	(10,400,000)	**600,000**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(245,217,592)**	**(216,326,491)**	**(461,544,083)**	**(363,891,857)**	**97,652,226**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	5,074,000	400,000	**5,474,000**	4,772,576	**(701,424)**	
Investments	-	-	**-**	5,762,090	**5,762,090**	
Receivables from non-exchange transactions	366,711,000	(21,831,000)	**344,880,000**	38,226,632	**(306,653,368)**	
VAT receivable	101,939,000	-	**101,939,000**	-	**(101,939,000)**	
Receivables from exchange transactions	302,748,000	9,210,000	**311,958,000**	231,029,322	**(80,928,678)**	
Long term receivables - current portion	1,812,000	-	**1,812,000**	2,474,245	**662,245**	
Cash and cash equivalents	321,366,000	(278,501,000)	**42,865,000**	172,574,270	**129,709,270**	
	1,099,650,000	**(290,722,000)**	**808,928,000**	**454,839,135**	**(354,088,865)**	
Non-Current Assets						
Biological assets that form part of an agricultural activity	531,000	-	**531,000**	578,000	**47,000**	
Investment property	236,372,000	-	**236,372,000**	1,144,647,075	**908,275,075**	
Property, plant and equipment	4,162,793,000	190,801,000	**4,353,594,000**	4,342,162,664	**(11,431,336)**	
Intangible assets	7,329,000	-	**7,329,000**	6,932,296	**(396,704)**	
Heritage assets	4,092,000	-	**4,092,000**	3,868,660	**(223,340)**	
Long term receivables	-	-	**-**	3,981,305	**3,981,305**	
	4,411,117,000	**190,801,000**	**4,601,918,000**	**5,502,170,000**	**900,252,000**	
Non-Current Assets	4,411,117,000	190,801,000	**4,601,918,000**	5,502,170,000	**900,252,000**	
Current Assets	1,099,650,000	(290,722,000)	**808,928,000**	454,839,135	**(354,088,865)**	
Total Assets	**5,510,767,000**	**(99,921,000)**	**5,410,846,000**	**5,957,009,135**	**546,163,135**	
Liabilities						
Current Liabilities						
Financial liabilities	317,000	-	**317,000**	-	**(317,000)**	
Finance lease obligation	-	-	**-**	21,388,864	**21,388,864**	
Payables from exchange transactions	784,495,000	(257,810,000)	**526,685,000**	1,621,209,609	**1,094,524,609**	
Payables from non-exchange transactions	1,961,000	(42,659,000)	**(40,698,000)**	15,776,395	**56,474,395**	
Consumer deposits	57,755,000	-	**57,755,000**	68,872,681	**11,117,681**	
Unspent conditional grants and receipts	-	-	**-**	186,604,048	**186,604,048**	
Provisions	98,780,000	-	**98,780,000**	1,557,503	**(97,222,497)**	
VAT Payable	31,033,000	-	**31,033,000**	35,497,852	**4,464,852**	
Other liability	35,290,000	-	**35,290,000**	-	**(35,290,000)**	
	1,009,631,000	**(300,469,000)**	**709,162,000**	**1,950,906,952**	**1,241,744,952**	
Non-Current Liabilities						
Finance lease obligation	-	-	**-**	49,090,995	**49,090,995**	
Employee benefit obligation	-	-	**-**	159,472,269	**159,472,269**	
Provisions	130,748,000	-	**130,748,000**	163,363,917	**32,615,917**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Eskom debt relief	-	-	**-**	215,596,640	**215,596,640**	
Other non-current liabilities	159,376,000	-	**159,376,000**	-	**(159,376,000)**	
Borrowings	1,431,000	-	**1,431,000**	-	**(1,431,000)**	
	291,555,000	**-**	**291,555,000**	**587,523,821**	**295,968,821**	
	1,009,631,000	(300,469,000)	**709,162,000**	1,950,906,952	**1,241,744,952**	
	291,555,000	-	**291,555,000**	587,523,821	**295,968,821**	
	-	-	**-**	-	**-**	
Total Liabilities	**1,301,186,000**	**(300,469,000)**	**1,000,717,000**	**2,538,430,773**	**1,537,713,773**	
Assets	5,510,767,000	(99,921,000)	**5,410,846,000**	5,957,009,135	**546,163,135**	
Liabilities	(1,301,186,000)	300,469,000	**(1,000,717,000)**	(2,538,430,773)	**(1,537,713,773)**	
Net Assets	**4,209,581,000**	**200,548,000**	**4,410,129,000**	**3,418,578,362**	**(991,550,638)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	1,372,000	-	**1,372,000**	1,308,969	**(63,031)**	
Accumulated surplus	4,208,209,000	200,548,000	**4,408,757,000**	3,417,269,382	**(991,487,618)**	
Total Net Assets	**4,209,581,000**	**200,548,000**	**4,410,129,000**	**3,418,578,351**	**(991,550,649)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	359,678,000	-	**359,678,000**	292,883,676	**(66,794,324)**	
Sale of goods and services	1,492,186,000	(2,915,000)	**1,489,271,000**	1,194,256,515	**(295,014,485)**	
Grants	725,640,000	149,000	**725,789,000**	796,958,111	**71,169,111**	
Interest income	9,241,000	5,759,000	**15,000,000**	19,638,270	**4,638,270**	
Other receipts	38,214,000	(7,793,000)	**30,421,000**	39,143,350	**8,722,350**	
	2,624,959,000	**(4,800,000)**	**2,620,159,000**	**2,342,879,922**	**(277,279,078)**	
Payments						
Employee costs	(2,170,139,000)	(93,217,000)	**(2,263,356,000)**	(664,971,787)	**1,598,384,213**	
Suppliers	-	-	**-**	(1,460,225,164)	**(1,460,225,164)**	
Finance costs	-	-	**-**	(570,659)	**(570,659)**	
	(2,170,139,000)	**(93,217,000)**	**(2,263,356,000)**	**(2,125,767,610)**	**137,588,390**	
Total receipts	2,624,959,000	(4,800,000)	**2,620,159,000**	2,342,879,922	**(277,279,078)**	
Total payments	(2,170,139,000)	(93,217,000)	**(2,263,356,000)**	(2,125,767,610)	**137,588,390**	
Net cash flows from operating activities	**454,820,000**	**(98,017,000)**	**356,803,000**	**217,112,312**	**(139,690,688)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(245,658,000)	(183,701,000)	**(429,359,000)**	(362,480,953)	**66,878,047**	
Proceeds from sale of property, plant and equipment	27,303,000	-	**27,303,000**	-	**(27,303,000)**	
Proceeds from sale of investment property	-	-	**-**	6,725,232	**6,725,232**	
Decrease (increase) in long term receivables	-	27,303,000	**27,303,000**	(8,719,443)	**(36,022,443)**	
Net cash flows from investing activities	**(218,355,000)**	**(156,398,000)**	**(374,753,000)**	**(364,475,164)**	**10,277,836**	
Cash flows from financing activities						
Finance lease payments	-	-	**-**	69,469,188	**69,469,188**	
Net increase/(decrease) in cash and cash equivalents	236,465,000	(254,415,000)	**(17,950,000)**	(77,893,664)	**(59,943,664)**	
Cash and cash equivalents at the beginning of the year	86,209,000	-	**86,209,000**	250,467,914	**164,258,914**	
Cash and cash equivalents at the end of the year	**322,674,000**	**(254,415,000)**	**68,259,000**	**172,574,250**	**104,315,250**	

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023

1. Presentation of audited annual financial statements

A summary of the significant accounting policies applied in the preparation of these audited financial statements are set out below.

1.1 Presentation currency

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

1.2 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.3 Going concern assumption

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

1.4 Use of estimates

Management makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may by definition not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities are detailed in the notes to the financial statements where applicable.

Management continually evaluates estimates and judgements based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognised in the period in which the estimates are reviewed and in any future periods affected.

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

Classification of leases

All arragements that are classified as leases are evaluated as operating and finance leases. These are then accounted in the annual financial statements in terms of the relevant GRAP standard.

Employee benefits including 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 rate, 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.

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. This was performed per service identifiable categories across all debtor classes.

Significant Accounting Policies

1.4 Use of estimates (continued)

Impairment of property, plant and equipment, heritage assets and intangible assets

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.

Provisions, landfill rehabilitation provision, and Contingent liabilities

Management's judgment is required when recognising and measuring provisions, landfill rehabilitation provisions and contingent liabilities. Provisions are discounted where the effect of discounting is material, using actuarial valuations.
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Useful lives of property, plant and equipment, and intangible assets

The useful life of assets are based on management's estimate. 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 are also based on management's 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.

Landfill sites

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and assumptions were made that the areas may stay the same in size for a number of several years.

1.5 Budget information

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

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

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

1.6 Receivables from exchange transactions

Receivables from exchange transactions arise from the revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable which has not yet been paid.

Receivables from exchange transactions are recognised initially at fair value, plus transaction costs, and subsequently recognised at amortised cost, using an effective interest rate less provision for impairment. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. An estimate for impairment of receivables is determined based on the impairment methodology for receivables using management’s judgment and reasonable estimates.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current. The average credit period on services rendered is 30 days from date of invoice. An impairment allowance for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. Accordingly, the carrying amount of the receivables is reduced through the use of an impairment allowance for impairment of debtors account. The impairment loss or gain is recognised in the statement of financial performance.

An impairment allowance is decreased if the decrease can be related objectively to an event occurring after the impairment was recognised. The impairment is reversed by adjusting the allowance account. The reversal does not result in a carrying amount 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 as surplus or deficit.

Significant Accounting Policies

1.6 Receivables from exchange transactions (continued)

Sundry debtors
Sundry debtors are miscellaneous amounts owed to the municipality and are assessed for impaired which reduces the gross amount.

1.7 Receivables from non-exchange transactions (statutory receivables)

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

Receivables from non exchange transactions are recognised initially at fair value, plus transaction costs, and subsequently recognised at amortised cost, using an effective interest rate less provision for impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. An estimate for impairment of receivables is determined based on the impairment methodology for receivables using management's judgment and reasonable estimates.

Property rates

Property rates receivables are taxes where economic benefits or service potential are payable to the municipality, in accordance with applicable laws and or regulations, established to provide revenue to the government. Taxes do not include fines or other penalties imposed for breaches of the law.

Traffic fines

Traffic fines are economic benefits or service potential received or receivable by the municipality, as determined by a court of law or other law enforcement body, as a consequence of the breach of laws or regulations. The fines are assessed for impairment and recoverability at the end of each financial year which reduces the gross amount due to the municipality.

Gauteng Department of Human Settlements

This is a receivable of money gazetted and owing to the municipality grants and subsidies not yet transferred. The receivable is recognised as an asset where the future events are under the municipality's control and until the funds are transferred to the municipality.

1.8 Prepayments

A prepayment is the settlement of expenditure or capital expenditure before the goods are delivered or services are rendered. A prepayment can either be made for the entire balance of a liability or for an upcoming payment that is paid in advance of the date for which the municipality is contractually obligated to pay. Rand West City Local Municipality recognises prepayments as current assets and subsequently expenses or capitalises them when the goods are received, or services are rendered.

1.9 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for:
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

Significant Accounting Policies

1.9 Inventories (continued)

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

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

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

1.10 Long-term receivables

Long-term receivables are consumer debtors who enter into an arrangement with the municipality to pay over an agreed period. They are recognised as an asset with the current portion being due within 12 months and the non-current portion due more than 12 months as at the end of the financial year. The carrying amount is net of debt impairment which is the loss of value in the long-term receivable and the impairment is recognised as an expense in the Statement of Financial Performance.

1.11 Long-term and Current receivables

A long-term investment is an account on the asset side of a municipality's statement of financial position that represents the municipality's investments, including stocks, bonds, real estate, and cash, that it intends to hold for interest or security.

A current investment is an investment that is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made.

A long-term investment is an investment other than a current investment.

The carrying amount for investments is the market value which generally provides the best evidence of fair value. The increase or decrease in investment is accounted for in the Statement of Financial Performance.

1.12 Biological assets and agricultural produce

A biological asset is a living animal or plant that is used by the Municipality in an agricultural activity to attain agricultural produce, and agricultural produce is the harvested produce of the Municipality’s biological assets.

The municipality recognises biological assets that form part of agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity and agricultural produce harvested by the Municipality are initially and subsequently measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

Where biological assets and agricultural produce are acquired 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.

Costs to sell include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, transfer taxes and duties but exclude transport and other costs necessary to get the assets to a market.

Significant Accounting Policies

1.12 Biological assets and agricultural produce (continued)

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Biological assets are derecognised when the Municipality disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in the Statement of Financial performance at the point of derecognition.

1.13 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

Property interest held under operating leases is classified and accounted for as investment property if, and only if, the property would otherwise meet the definition of an investment property and the municipality uses the fair value model.

Where the classification of an investment property is based on management's judgment, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:
- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generate rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property.

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

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

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

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

Significant Accounting Policies

1.13 Investment property (continued)

Fair value of investment property

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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

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

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

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the unaudited annual financial statements (see note 11).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the unaudited annual financial statements (see note 11).

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property (property, plant, and equipment), the deemed cost for subsequent accounting is the fair value [or carrying amount if cost model is used] at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant, and equipment up to the date of change in use.

1.14 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.

Significant Accounting Policies

1.14 Property, plant, and equipment (continued)

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

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

Property, plant, and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Infrastructure	Straight-line	
• Roads and paving		5-80 years
• Electricity		10-50 years
• Water		10-40 years
• Sewerage		12-20 years
• Landfill site		15-30 years
Community	Straight-line	
• Buildings		30-60 years
• Recreational facilities		20-50 years
• Security		5 years

Significant Accounting Policies

1.14 Property, plant, and equipment (continued)

Other property, plant and equipment	Straight-line	
• Buildings		30-60 years
• Specialist vehicles		5-20 years
• Other vehicles		5-20 years
• Furniture and fittings		3-18 years
• Plant and machinery		2-20 years
• Bins and containers		3-18 years
• Office equipment		3-18 years
• Library books		5-25 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life. The land is considered to have an unlimited life, therefore, the land is not depreciated.

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

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

The municipality assesses at each reporting date whether there is any indication that the municipality'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 municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

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

The municipality separately discloses expenditures to repair and maintain property, plant, and equipment in the notes to the financial statements (see note 12).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12).

1.15 Intangible assets

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

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

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

Significant Accounting Policies

1.15 Intangible assets (continued)

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial, and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are 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 Municipality.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Amortisation method	Average useful life
Servitudes		Indefinite
Computer software		3-10 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13).

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

1.15 Intangible assets (continued)

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

1.16 Heritage assets

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

The municipality separately discloses expenditures to repair and maintain heritage assets in the notes to the financial statements (see note 14).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

Impairment

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories, or intangible assets, the asset’s deemed cost for subsequent accounting shall be its revalued amount at the date of transfer. The entity shall apply the principles of GRAP 103 until the date of transfer. The municipality treats any difference between the carrying amount of the heritage asset and its fair value at the date of transfer in the same way as it treats the revaluation.

For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount shall be recognised in surplus or deficit.

1.16 Heritage assets (continued)

Derecognition

The municipality derecognises heritage assets 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 included in the surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.17 Payables from exchange transactions

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
Payables from exchange transactions as money owed by the municipality in exchange for goods and services and are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

1.18 Payables from non-exchange transactions

Payables from non-exchange transactions is money owed by the municipality for which there was no exchange for goods and services and are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

1.19 Unspent conditional grants

This is represented by funds unspent at the end of the financial year on grants received from National and Provincial governments or any other external party that can only be spent for the condition for which it was received. The amount is recognised as a current liability until the conditions of the grant are met or the money is transferred back to the funder.

1.20 Consumer deposits

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two month's consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

1.21 Value-added tax (VAT)

The municipality accounts for VAT on an accrual basis and is registered with the South African Revenue Services (SARS) for VAT on the payments (cash) basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

1.22 Leases

At the inception of an arrangement, the municipality determines whether the arrangement is or contains a lease.

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

When a lease includes both land and building elements, the entity assesses the classification of each element separately. The land and the building elements of a lease are considered separately for the lease classification as finance or an operating lease.

The municipality splits the lease payments between their service and asset components and account for them separately.

Classification of a lease is made at the inception of the lease and is not changed unless both parties agree to change the provisions of the initial lease other than renewing it and the changes would have resulted in a different classification of the lease at its inception.

In the case of renewal or extension of the lease, accounting shall be applied from the inception of the renewal or extension.

Significant Accounting Policies

1.22 Leases (continued)

Changes in estimates e.g., residual values, economic useful lives, and default payments shall not result in the reclassification of a lease.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease. Lease payments relating to the period, excluding costs for services are applied against the gross investment in the lease to reduce both the principal and the unearned finance revenue.

Finance leases - lessee

Finance lease assets are capitalised as property, plant, and equipment at the lower of fair value or the present value of the minimum lease payments at the inception of the lease with an equivalent amount being stated as finance lease liability as part of debt.

The capitalised amount is depreciated over the shorter of the lease term and the asset's useful life unless it is reasonably certain that Rand West City Local Municipality will obtain ownership by the end of the lease term, in which case it is depreciated over its useful life.

The depreciation policy used is consistent with that of other depreciable assets of the municipality.

Lease payments are allocated between capital repayments and finance expenses using the effective interest rate method.

To determine whether a leased asset has become impaired the municipality shall apply relevant impairment tests in the Standards of GRAP on Impairment of Cash-generating Assets (GRAP 26) and Impairment of Non-cash-generating Assets (GRAP 21).

Derecognition of a leased asset shall occur when:
- The lease is terminated or
- It meets derecognition criteria in terms of other classes of assets.

Operating leases - lessor

Rand West City Local Municipality presents assets subject to operating leases in the Statement of Financial Position according to the nature of the asset. These assets are depreciated in accordance with Rand West City Local Municipality's normal depreciation policy.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease revenue are recognised as an expense.

Initial direct costs incurred by Rand West City Local Municipality in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as the lease revenue.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as expenses and the contractual payments are recognised as an operating lease asset or liability.

1.23 Borrowing costs

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

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

Significant Accounting Policies

1.24 Borrowings

Borrowings are long-term and short-term loans obtained by the municipality from financial institutions for capital or operating expenses and interest is charged to the principal debt.

The portion of borrowings due within twelve months of the financial reporting date is disclosed as a current liability and the portion due in more than twelve months of the reporting date is disclosed as a non-current liability.

1.25 Provisions and Contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

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

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

Significant Accounting Policies

1.25 Provisions and Contingencies (continued)

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

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

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgment. Indications that an outflow of resources may be probable are:
- the financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation, and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on the loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at the reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities, and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Significant Accounting Policies

1.26 Employee benefits

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

The remuneration of employees is charged to the Statement of Financial Performance.

Short-term employee benefits are those that are expected to be settled completely within 12 months after the end of the reporting period in which the services have been rendered. Short-term benefits include paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care.

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

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for accumulated leave, incentive/performance bonuses and other employee benefits when Rand West City Local Municipality has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

Post-employment benefits: Defined contribution plans

Recognition and measurement

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are discounted using the discount rate as specified.

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

Significant Accounting Policies

1.26 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

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

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

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

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

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor),that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity 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 surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for 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 reduced by the fair value of plan assets.

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.

Termination benefits

Measurement

Defined contribution plans are post-employment benefit plans under which Rand West City Local Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to defined contribution pension plans are charged to the Statement of Financial Performance as an employee expense in the period in which related services are rendered by the employee or as they fall due.

Contributions that are expected to be wholly settled more than 12 months after the end of the reporting period, in which the employee renders the service, are discounted to their present value.

1.27 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial period are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.
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Significant Accounting Policies

1.28 Revaluation reserve

When heritage assets carrying amounts are increased as a result of a revaluation, the increase shall be credited directly to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

When heritage assets carrying amounts are decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

Some or all of the revaluation surplus included in net assets in respect of a heritage asset shall be transferred directly to accumulated surpluses or deficits when it is derecognised. This involves transferring some or the whole of the surplus when the heritage assets to which the surplus relates are retired or disposed of.

Transfers from revaluation surplus to accumulated surpluses or deficits are not made through surplus or deficit.

Significant Accounting Policies

1.29 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.

Revenue is recognised when it is probable that future economic benefits or services potential will flow to Rand West City Local Municipality, and when these benefits can be reliably measured.

Revenue is recognised net of indirect taxes, rebates, and trade discounts, and consists primarily of rates, service charges, rentals, interest received, grants from National and Provincial governments and other services rendered.

Revenue is measured at the fair value of the consideration received or receivable. The amount of revenue arising on a transaction is usually determined by agreement between the Rand West City Local Municipality and the purchaser or user of the asset or service.

Where the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:
-The prevailing rate for a similar instrument of an issuer with a similar credit rating; or a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.
- The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.
- Rand West City Local Municipality derives revenue from exchange and non-exchange transactions.

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

Service charges:

Rand West City Local Municipality recognises revenue from the rendering of services by reference to the stage of completion method when the outcome of the transaction can be measured reliably. The outcome of the transaction can be reliably measured, that is, when all the following conditions are satisfied:
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to Rand West City Local Municipality.
- The stage of completion of the transaction at the reporting date can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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Revenue arising from the provisioning of the services which is based on the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff.

Service charges relating to electricity and water are based on consumption. Meters are read on a periodically and revenue is recognised when billed. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history or deemed consumption for households. The provisional estimates of consumption are recognised as revenue when billed. Adjustments to provisional estimates of consumption are made in the billing period when meters have been read. These adjustments are recognised as revenue in the billing period.

An accrual on a determined consumption factor is made for consumption not measured at the end of each reporting period Residential sanitation service charges are based on taking 30kl of water consumption and multiplying by the applicable tariff for the financial period. Business sanitation service charges is based on taking the twelve months water consumption multiply by the applicable. Basic sewerage is based on taking the area size of the property multiply by the applicable tariff.

Service charges relating to refuse removal are recognised monthly based on 240l bins collected weekly.

Revenue from the sale of prepaid electricity and water is recognised at the point of sale less unused electricity and water at the end of the financial period.

Significant Accounting Policies

1.29 Revenue from exchange transactions (continued)

Rental of facilities and equipment

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

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

Interest

Interest received - investment
Interest earned on investments is recognised on a time-proportionate basis that takes into account the effective yield on the investments.

Interest received - outstanding receivables
Interest earned on outstanding receivables are recognised on a time-proportionate basis and receivables are charged an interest rate of 10%.

Income from agency fees

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

Other income

Other income is miscellaneous revenue generated by the municipality and is recognised on an accrual basis.

1.30 Income from agency fees

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

1.31 Other income

Other income is miscellaneous revenue generated by the municipality and is recognised on an accrual basis

Significant Accounting Policies

1.32 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where Rand West City Local Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Conditional grants and receipts

Revenue received from conditional grants, donations, and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions, or obligations embodied in the agreement. Where the conditions have not yet been met, the receipt will be recognised as a liability (Unspent conditional grants and receipts).

Property rates

Revenue from property rates is calculated from the date when the legal entitlement to this revenue arises and is recognised when billed. Collection charges are recognised when such amounts are legally enforceable and billed. Penalty interest on unpaid rates is recognised on a time proportion basis. A rating system charging one tariff is employed. Rebates and remissions are granted to certain categories of ratepayers and are recognised net of revenue.

Public donations and contributions

Public donations and contributions are recognised on a cash receipt basis or, where the donation is in the form of property, plant, and equipment, when the risks or rewards of ownership have transferred to the Municipality. Public donations and contributions are measured at fair value.

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Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued. Traffic fines are measured at fair value, which is based on the value of the fines issued, excluding the value of any early settlement discounts that are likely to be taken up by motorists. Interest is not levied on overdue amounts.

Subsequently, Rand West City Local Municipality evaluates the recoverability of these fines to determine the recoverable amount. This takes into account settlement discounts, reductions in the amount payable offered, past history in terms of the successful prosecution and recovery of the fines. Rand West City Local Municipality does not recognise services in-kind as assets or revenue.

1.33 Expenditure

Expenditure in the statement of financial performance is operational costs incurred in the normal operations of the municipality. Expenditure is accounted for on an accrual basis that is when the expense is incurred and not when it is paid. The following expenditure classes apply to Rand West City Local Municipality:

Employee related costs
Employee related costs is the expense incurred by the municipality to Rand West City employees. It is accounted for the period in which the employees would have worked that is the costs includes any accrued items such as leave and bonuses which will be paid after the financial year.

Remuneration of councillors
Remuneration of councillors is an expense incurred by the municipality to political office bearers and councillors and is set by the upper limits as determined by the framework envisaged in section 219 of the Constitution.

Finance costs
Finance costs are the interest charged on money owed by the municipality or the time value of money lost and are accounted for in the period in which it occurs

Significant Accounting Policies

1.33 Expenditure (continued)

Debt impairment
Debt impairment is the loss in the future economic benefits or service potential of a receivable. At the end of each financial year money owed to the municipality is assessed for recoverability and the portion assessed to be irrecoverable will be expensed in the statement of financial performance.

Bulk purchases
Bulk purchases are the cost of electricity and water the municipality is billed by Eskom and Rand Water respectively in a financial period.

Contracted services
Contracted services are the services the municipality has outsourced, and the cost represents the charges in the financial period.

Transfers and subsidies
Transfers and subsidies is the cost of contribution made by Rand West City to SPCA. The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not: receive any goods or services directly in return, as would be expected in a purchase or sale transaction; expect to be repaid in the future; or expect a financial return, as would be expected from an investment. These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

General expenses
General expenses are the administrative and operational costs incurred by the municipality. These include repairs and maintenance which are generally charged to expenses during the financial period in which they occurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

1.34 Actuarial gains and losses

Actuarial gains and losses comprise the difference between the pension payments made by an employer and the expected amount. A gain occurs if the amount paid is less than expected. A loss occurs if the amount paid is higher than expected. The amount is recognised as non-operating revenue or (expenditure) in the statements of financial performance.

1.35 Fair value adjustments

Fair value adjustments are the difference of the amount for which an investment property, biological asset, or agriculture produce could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction and the opening carrying amount of the investment property or biological asset.

A gain or loss arising from a change in the fair value of investment property shall be included in the surplus or deficit for the period in which it arises.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell a biological asset shall be included in the surplus or deficit for the period in which it arises.

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell shall be included in surplus or deficit for the period in which it arises.

Fair value adjustments are presented in the non-operating section of the statement of financial performance.

Significant Accounting Policies

1.36 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
-Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
-Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.37 Contingent liabilities

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

Rand West City Local Municipality does not recognise contingent liabilities. Contingent liabilities are disclosed in the notes to the annual financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Annually Rand West City Local Municipality evaluates the possibility of the outflow of resources or service potential.

1.38 Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Rand West City Local Municipality.

Rand West City Local Municipality does not recognise contingent assets. Contingent assets are disclosed in the notes to the annual financial statements, where an inflow of economic benefits or service potential is probable.

Rand West City Local Municipality continually assesses its contingent assets to ensure that developments are appropriately reflected in the financial statements. Where it does become virtually certain that an inflow of economic benefits or service potential will arise and the asset’s value can be measured reliably, the asset and the related revenue are recognised in the financial statements in the period in which the change occurs.

1.39 Related parties

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

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

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

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

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

Significant Accounting Policies

1.39 Related parties (continued)

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

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

1.40 Comparative figures

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

1.41 Financial instruments

Financial instruments are recognised when Rand West City Local Municipality becomes a party to the contractual provisions of the instrument and are initially measured at fair value. In the case of a financial instrument not measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to, or deducted from, the fair value, as appropriate on initial recognition.

Financial assets

The classification of financial assets depends on their nature and purpose and is determined at the time of initial recognition. Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and Rand West City Local Municipality has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

Financial assets at fair value

Financial assets that are held for trading or non-derivable financial assets with fixed or determinable payments that are designated at fair value at initial recognition. After the initial recognition, all changes to fair value are recognised through the Statement of Financial Performance.

Financial assets at amortised cost

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates which Rand West City Local Municipality has positive intent and ability to hold to maturity are stated at amortised cost using the effective interest method less any impairment.

Financial assets at cost

Residual interests that do not have a quoted market price in an active market and the fair value of which cannot be reliably measured are stated at cost, less any impairment.

Financial liabilities

After initial recognition, Rand West City Local Municipality measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions), and payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis. Financial liabilities are derecognised when the obligation specified in the contract is discharged or canceled or when it expires.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Significant Accounting Policies

1.41 Financial instruments (continued)

1.42 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

Impairment of Property, Plant and Equipment, Intangible Assets and Heritage Assets

The Municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

Impairment of cash-generating Assets

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

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

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

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

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

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

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

Significant Accounting Policies

1.42 Impairment of cash-generating assets (continued)

An impairment of assets carried at revalued amount reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

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

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

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

Impairment of non-cash-generating Assets

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality 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. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

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

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

Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

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

Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.43 Unauthorised expenditure

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

Significant Accounting Policies

1.43 Unauthorised expenditure (continued)

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

Should the council approve this expenditure, no further action is required.

Where it is determined that this expenditure must be recovered, it is accounted for as revenue in the Statement of Financial Performance. A corresponding asset (receivable) is raised in the Statement of Financial Position which is accounted for in terms of Rand West City Local Municipality's accounting policy on receivables.

Unauthorised expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue in the same statement.

1.44 Fruitless and wasteful expenditure

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

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

1.45 Irregular expenditure

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

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

1.46 Events after reporting date

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

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

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

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

1.47 Accounting by principals and agents

Identification

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

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

Significant Accounting Policies

1.47 Accounting by principals and agents (continued)

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

Identifying whether an entity is a principal or an agent

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

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

Recognition

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

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

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

1.48 Housing development fund

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

Figures in Rand	2024	2023

2. **New standards and interpretations**

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• iGRAP 21: The Effect of Past Decisions on Materiality	April 1, 2023	The impact of the standard is not material.
• GRAP 25 (as revised): Employee Benefits	April 1, 2023	The impact of the standard is not material.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	April 1, 2023	The impact of the standard is not material.
• GRAP 2020: Improvements to the Standards of GRAP 2020	April 1, 2023	The impact of the standard is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023 Improvements to the Standards of GRAP 2023	No effective date as yet	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	No effective date as yet	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	No effective date as yet	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	April 1, 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	April 1, 2025	Unlikely there will be a material impact

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2024 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers	April 1, 2023	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	April 1, 2023	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	April 1, 2023	Unlikely there will be a material impact

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Bank balances	3,882,833	8,453,883
Short-term deposits	168,691,437	242,014,031
	172,574,270	**250,467,914**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2024	June 30, 2023	June 30, 2022
FNB - Primary account - 62738742982	1,838,353	4,431,370	8,870,325	1,838,353	4,422,133	8,940,986
FNB - Consumers account - 62738744045	782,914	2,988,912	6,809,463	1,881,618	3,558,938	7,286,213
FNB - Licensing account - 62738744607	37,024	37,656	502,012	72,275	264,698	635,758
FNB - Fines account - 62738745811	54,115	175,992	18,099	54,115	195,309	18,099
FNB - Prepaid account - 62756388510	36,475	12,805	543,621	36,475	12,805	543,621
FNB - Call account - 62738951377	641,837	32,676,091	80,996,290	641,837	32,676,091	80,996,290
Investec - Call account - 50007880918	8,424,278	7,788,590	7,268,250	8,424,278	7,788,590	7,268,250
NEDCOR - Investment account - 11812875	-	-	70,881	-	-	70,881
NEDBANK - Investment account - 11987622	169,970	157,223	147,792	169,970	157,222	147,792
NEDBANK - Investment account - 19770842	-	-	84,279	-	-	84,279
STANDARD BANK - Investment account - 28633016	-	-	77,822	-	-	77,822
STANDARD BANK - Investment account - 328634174	-	-	6,618	-	-	6,618
FNB - HSDG - 63020916227	147,875,046	200,898,730	-	147,875,046	200,898,730	-
FNB - MIG - 63020895801	81,991	86,653	-	9,240,267	86,653	-
FNB - SRAC - 63020915310	915,605	116,457	-	915,605	116,457	-
FNB - WSIG - 63020918596	9,240,267	257,400	-	1,342,443	257,400	-
FNB - INEP - 63020919156	1,342,443	32,887	-	81,991	32,887	-
Total	**171,440,318**	**249,660,766**	**105,395,452**	**172,574,273**	**250,467,913**	**106,076,609**

The municipality uses the FNB call accounts to ring-fence conditional grant funds it receives, and included in the cash and cash equivalents balance of R 172,574,273 is unspent conditional grants of R 186,604,048.

The differences between the bank statement balances of R 171,440,318 and the cash book balances of R 172,574,273 is due to reconciling items.

Figures in Rand	2024	2023

4. Receivables from exchange transactions

	2024	2023
Gross balances		
Electricity	278,302,810	435,892,975
Water	597,090,064	395,629,193
Sewerage	278,189,881	154,510,007
Refuse	268,628,795	149,538,715
VAT	40,500,628	117,087,027
Other (Rental, interest, reconnection fees)	173,972,542	85,816,153
	1,636,684,720	**1,338,474,070**
Less: Allowance for impairment		
Electricity	(168,005,671)	(329,742,128)
Water	(537,364,838)	(301,152,501)
Sewerage	(256,403,106)	(137,357,209)
Refuse	(251,767,021)	(137,591,256)
VAT	(39,954,529)	(98,984,938)
Other (Rental, interest, reconnection fees)	(152,160,233)	(60,192,311)
	(1,405,655,398)	**(1,065,020,343)**
Net balance		
Electricity	110,297,139	106,150,847
Water	59,725,226	94,476,692
Sewerage	21,786,775	17,152,798
Refuse	16,861,774	11,947,459
VAT	546,099	18,102,089
Other (Rental, interest, reconnection fees)	21,812,309	25,623,842
	231,029,322	**273,453,727**
Electricity		
Current (0 -30 days)	108,600,642	97,323,242
31 - 60 days	12,926,966	14,121,208
61 - 90 days	10,572,351	11,764,414
91 - 120 days	9,402,927	11,214,545
121 - 365 days	42,370,548	68,783,788
> 365 days	94,429,376	232,685,777
Less: Allowance for impairment	(168,005,671)	(329,742,127)
	110,297,139	**106,150,847**
Water		
Current (0 -30 days)	61,483,426	66,660,715
31 - 60 days	24,202,097	16,397,545
61 - 90 days	16,914,682	13,208,347
91 - 120 days	15,229,425	12,103,183
121 - 365 days	137,781,785	53,756,265
> 365 days	341,478,649	233,503,138
Less: Allowance for impairment	(537,364,838)	(301,152,501)
	59,725,226	**94,476,692**

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

4. Receivables from exchange transactions (continued)

Sewerage		
Current (0 -30 days)	23,891,126	9,036,912
31 - 60 days	6,909,657	4,143,724
61 - 90 days	6,593,527	3,886,715
91 - 120 days	6,234,171	3,733,609
121 - 365 days	48,327,859	27,793,191
> 365 days	186,233,541	105,915,857
Less: Allowance for impairment	(256,403,106)	(137,357,210)
	21,786,775	**17,152,798**

Refuse		
Current (0 -30 days)	18,344,209	7,118,455
31 - 60 days	6,402,434	4,054,698
61 - 90 days	5,790,697	3,743,594
91 - 120 days	5,613,551	3,553,033
121 - 365 days	46,503,599	24,930,782
> 365 days	185,974,305	106,138,153
Less: Allowance for impairment	(251,767,021)	(137,591,256)
	16,861,774	**11,947,459**

VAT		
Current (0 -30 days)	1,522,781	12,745,532
31 - 60 days	1,106,257	4,873,538
61 - 90 days	1,073,242	3,842,118
91 - 120 days	1,052,077	3,427,366
121 - 365 days	8,216,283	20,392,238
> 365 days	27,529,988	71,806,235
Less: Allowance for impairment	(39,954,529)	(98,984,938)
	546,099	**18,102,089**

Other (rental, interest, reconnection fees)		
Current (0 -30 days)	5,344,429	7,798,642
31 - 60 days	3,031,690	1,455,922
61 - 90 days	1,001,641	674,465
91 - 120 days	1,288,945	502,716
121 - 365 days	13,194,806	15,698,819
> 365 days	150,111,031	59,685,589
Less: Allowance for impairment	(152,160,233)	(60,192,311)
	21,812,309	**25,623,842**

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

4. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	54,083,507	58,544,051
31 - 60 days	35,210,260	34,033,888
61 - 90 days	32,528,178	30,296,999
91 - 120 days	30,956,618	30,598,323
121 - 365 days	254,583,362	182,331,720
> 365 days	862,845,544	689,936,740
	1,270,207,469	1,025,741,721
Less: Allowance for impairment	(1,217,668,778)	(915,439,134)
	52,538,691	**110,302,587**

Industrial/ commercial		
Current (0 -30 days)	52,987,447	49,284,814
31 - 60 days	17,528,652	10,040,449
61 - 90 days	8,194,114	5,870,013
91 - 120 days	6,739,787	3,097,011
121 - 365 days	32,395,922	16,378,841
> 365 days	76,929,428	83,045,761
	194,775,350	167,716,889
Less: Allowance for impairment	(137,665,786)	(109,307,636)
	57,109,564	**58,409,253**

National and provincial government		
Current (0 -30 days)	107,780,225	92,515,948
31 - 60 days	807,522	685,033
61 - 90 days	347,560	692,961
91 - 120 days	274,724	595,822
121 - 365 days	1,902,418	8,414,881
> 365 days	7,700,519	9,594,718
	118,812,968	112,499,363
Less: Allowance for impairment	(1,829,753)	(13,729,416)
	116,983,215	**98,769,947**

Other account types		
Current (0 -30 days)	3,543,434	338,685
31 - 60 days	1,032,666	287,265
61 - 90 days	876,288	259,680
91 - 120 days	849,969	243,295
121 - 365 days	7,513,176	4,229,641
> 365 days	38,281,401	23,099,657
	52,096,934	**28,458,223**
Less: Allowance for impairment	(48,491,080)	(26,544,156)
	3,605,854	1,914,067

Total		
Current (0 -30 days)	219,186,613	200,683,498
31 - 60 days	54,579,100	45,046,635
61 - 90 days	41,946,139	37,119,653
91 - 120 days	38,821,097	34,534,451
121 - 365 days	296,394,877	211,355,084

Figures in Rand	2024	2023

4. Receivables from exchange transactions (continued)

> 365 days	985,756,893	809,734,748
	1,636,684,719	1,338,474,069
Less: Allowance for impairment	(1,405,655,397)	(1,065,020,342)
	231,029,322	**273,453,727**

Reconciliation of allowance for impairment

Balance at beginning of the year	(1,065,020,343)	(883,468,875)
Contributions to allowance	(340,635,055)	(181,551,468)
	(1,405,655,398)	**(1,065,020,343)**

Receivables from exchange transactions pledged as security

No receivables from exchange transactions were pledged as security for liabilities.

Credit quality of receivables from exchange transactions

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

The credit quality of each consumer debtor is reviewed in consideration of any and all other specified risk assessments based on: the active status of each debtor; the ownership of the properties within the municipal jurisdiction; the category of use of each debtor property; and the debt ageing status of each account in consideration.

Accordingly, management believes that there is no further credit provision required in excess of the debt impairment allowances made.

Receivables from exchange transactions impaired

As of June 30, 2024, receivables from exchange transactions of R 1,636,684,720 (2023: R 1,338,474,070) were assessed for impairment and provided for.

The amount of the allowance for impairment was R 1,405,655,398 as of 30 June 2024 (2023: R 1,065,020,343).

Rand West City Municipality has not discounted receivables from exchange transactions.

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

5. Receivables from non-exchange transactions

Fines	2,741,901	2,118,766
Property rates	35,484,731	55,762,963
	38,226,632	**57,881,729**

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security for liabilities.

5. Receivables from non-exchange transactions (continued)

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from non-exchange transactions past due but not impaired:

As of 30 June 2024, receivables from non-exchange transactions of R 37,945,782 (2023: R 57,881,729) were assessed for impairment and provided for.

Receivables from non-exchange transactions

	2024	2023
The ageing of receivables in respect to property rates is as follows:		
Current (0 -30 days)	27,437,461	20,101,291
31 - 60 days	11,302,412	8,300,295
61 - 90 days	9,159,346	7,513,782
91 - 120 days	8,771,300	6,887,189
121 - 365 days	64,754,141	59,818,204
>365 days	205,133,616	139,843,692
Less: Allowance for impairment	(291,073,547)	(186,701,490)
	35,484,729	**55,762,963**

	2024	2023
Summary of receivables from property rates by customer classification		
Consumers		
Current (0 -30 days)	12,735,577	11,156,747
31 - 60 days	7,030,545	5,354,296
61 - 90 days	5,478,615	4,954,502
91 - 120 days	5,194,311	4,335,645
121 - 365 days	37,417,732	30,011,187
>365 days	114,552,092	91,173,396
Less: Allowance for impairment	(179,660,701)	(125,889,431)
	2,748,171	**21,096,342**
Industrial / commercial		
Current (0 -30 days)	8,805,046	7,723,315
31 - 60 days	3,337,590	2,298,083
61 - 90 days	2,758,976	1,913,197
91 - 120 days	2,700,320	1,908,967
121 - 365 days	17,231,160	9,532,167
>365 days	55,449,213	37,656,882
Less: Allowance for impairment	(80,133,532)	(47,833,588)
	10,148,773	**13,199,023**
National and provincial government		
Current (0 -30 days)	4,955,597	1,221,228
31 - 60 days	137,424	647,916
61 - 90 days	128,746	646,082
91 - 120 days	127,698	642,577
121 - 365 days	3,419,041	20,274,850
>365 days	13,689,385	11,013,416
Less: Allowance for impairment	(308,467)	(12,978,471)
	22,149,424	**21,467,598**

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

5. Receivables from non-exchange transactions (continued)

Other account types

Current (0 -30 days)	941,242	-
31 - 60 days	796,853	-
61 - 90 days	793,010	-
91 - 120 days	748,971	-
121 - 365 days	6,686,208	-
>365 days	21,442,927	-
Less: Allowance for impairment	(30,970,847)	-
	438,364	**-**

Reconciliation of allowance for impairment

Opening balance	(186,701,490)	(146,375,426)
Contribution to Allowance	(104,372,057)	(40,326,064)
	(291,073,547)	**(186,701,490)**

Traffic Fines
Reconciliation of gross balance to net balances

Receivables from traffic fines	37,588,216	28,877,210
Less: Allowance for Impairment	(35,127,165)	(26,758,444)
	2,461,051	**2,118,766**

Reconciliation of allowance for impairment

Opening balance	(26,758,444)	(13,921,774)
Contribution to allowance	(8,368,721)	(12,836,670)
	(35,127,165)	**(26,758,444)**

Summary of allowance for impairment in the Statement of Financial Performance

Property rates	(104,372,057)	(40,326,064)
Traffic fines	(8,368,721)	(12,836,670)
	(112,740,778)	**(53,162,734)**

6. Prepayments

	-	1,636,775

The prepayment of R 1,636,775 is in relation to the Sankofa insurance premiums prepaid for a period of 4 months, from 1 July 2023 to 31 October 2023.

There were no prepayments at 30 June 2024.

7. Inventories

Water	729,888	510,109
Milk	1,400	1,607
Consumable stores	4,041,288	2,605,901
	4,772,576	**3,117,617**

Inventory pledged as security

No inventory was pledged as security for facilities.

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

8. Long term receivables

Consumer receivables with long term arrangements	6,455,550	4,293,262

Reconciliation of gross balances to net balances		
Long term receivables	24,563,931	15,844,488
Allowance for impairment	(18,108,381)	(11,551,226)
	6,455,550	**4,293,262**

Reconciliation of allowance for impairment		
Opening balance	(11,551,226)	(11,930,711)
Decrease or (increase) in allowance for impairment	(6,557,155)	379,485
	(18,108,381)	**(11,551,226)**

Non-current portion	3,981,305	1,893,046
Current portion	2,474,245	2,400,216
	6,455,550	**4,293,262**

Long term receivables:
Long term receivables are consumers who enter into an arrangement to pay off their debts over an agreed period of time as per the approved credit control policy. All long term receivables that are past due were considered to be impaired. At 30 June 2024 all long term receivables that were past due were impaired.

Long term receivables pledged as security:
No long term receivables were pledged as security for liabilities.

Long term receivables impaired:
At 30 June 2024, long term receivables of R 24,563,930 (30 June 2023: R 15,844,488) were assessed for impairment and provided for. The amount of provision was R 18,108,381 as of 30 June 2024 (30 June 2023: 11,551,226).

9. Investments

Residual interest at cost		
Bonds The above is a zero coupon bond investment held with Stanlib for a period of 20 years from 2 July 1998. The bond matured and the municipality withdrew it partially. During the current financial year the investment increased by R 419,876 which is interest income received. Management kept the investment as current asset to gain interest on the available balance on the investment and to have immediate access to fund internal operations when deemed necessary by management.	5,762,090	5,342,214

Current assets		
At amortised cost	5,762,090	5,342,214

Financial assets pledged as collateral

Collateral

The above investment is not pledged as security on any borrowings.	-	-

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

10. Biological assets that form part of an agricultural activity

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Dairy cattle	578,000	-	578,000	589,000	-	589,000

Reconciliation of biological assets that form part of an agricultural activity - 2024

	Opening balance	Disposals	Fair value adjustments	Total
Dairy cattle	589,000	(140,500)	129,500	578,000

Reconciliation of biological assets that form part of an agricultural activity - 2023

	Opening balance	Disposals	Fair value adjustments	Total
Dairy cattle	516,150	(156,000)	228,850	589,000

Details of biological assets

Quantities of each biological asset		
Cows in production	3	10
Cows not in production	2	3
Heifers	11	15
Calves	36	31
Bulls	1	1
	53	**60**

Reconciliation of cows during 2024	Opening Balance	Death	Sales	Births	Total
Cows in production	10	(7)	-	-	3
Cows not in production	3	(1)	-	-	2
Heifers	15	(4)	-	-	11
Calves	31	(5)	-	10	36
Bulls	1	-	-	-	1
Subtotal	60	(17)	-	10	53
	60	**(17)**	**-**	**10**	**53**

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

The total number of biological assets decreased from 60 cows in 2023 to 53 cows in 2024 as a result of the above stated number of deaths(17) and births(10). and correction of errors where 3 dead cows were included in the prior year.

The restated number of cows decreased by 3 from the 63 reported in the 2022/2023 financial year to 60 due to the omission of 3 dead cows.

Pledged as security

No biological assets were pledged as security for liabilities.

Notes to the Audited Financial Statements

10. Biological assets that form part of an agricultural activity (continued)

Details of valuation

The effective date of the valuation was 30 June 2024. Valuations were performed by an independent valuer T P Mokhumo who is independent and is not connected to the municipality, he has recent experience in the valuation of biological assets.

The valuation was based on open market values where cows are verified and assessed on an individual basis.

The nature of the biological assets in cows held for milk production at 30 June 2024 produced an output of 315 litres of milk selling at R 5,10 per litre.

11. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1,144,647,075	-	1,144,647,075	1,087,520,000	-	1,087,520,000

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	1,087,520,000	57,127,075	1,144,647,075

Reconciliation of investment property - 2023

	Opening balance	Disposals	Reclassification	Fair value adjustments	Total
Investment property	304,003,639	(48,822)	(229,662)	783,794,845	1,087,520,000

Pledged as security

No investment property has been pledged as security for any liabilities of the municipality.

Investment property in the process of being constructed or developed

No investment property is in the process of being constructed or developed.

Details of property

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

Details of valuation

The effective date of the revaluations was 30 June 2024. Revaluations were performed by an independent valuer,Tshepho P. Mukhowa – Professional Valuer 2SACPVP (7006/9). registered with South African Council for Property Valuer Profession(SACPVP) as a prefessional valuer and also a member of the South African Institute of Valuers.Tshepho P. Mukhowa is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

During the year no repairs and maintenance expenditure was incurred on investment properties and there were no commitments for the purchase of investment property at year end.

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

12. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	898,565,692	(58,327,691)	840,238,001	898,565,692	(58,327,691)	840,238,001
Buildings	437,263,883	(384,703,914)	52,559,969	428,932,562	(381,452,510)	47,480,052
Infrastructure	7,598,338,117	(4,482,169,321)	3,116,168,796	7,297,139,424	(4,226,603,734)	3,070,535,690
Community	621,934,769	(421,530,882)	200,403,887	573,006,734	(406,781,907)	166,224,827
Leased assets	71,870,508	(2,850,408)	69,020,100	-	-	-
Library books	20,543,375	(14,494,538)	6,048,837	25,100,429	(16,883,852)	8,216,577
Other property, plant and equipment	153,954,015	(96,230,941)	57,723,074	141,642,505	(88,877,507)	52,764,998
Total	**9,802,470,359**	**(5,460,307,695)**	**4,342,162,664**	**9,364,387,346**	**(5,178,927,201)**	**4,185,460,145**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Donations	Derecognition/ Disposals	Depreciation	Impairment loss	Impairment reversal	Total
Land	840,238,001	-	-	-	-	-	-	840,238,001
Buildings	47,480,052	8,360,257	-	(20,382)	(3,319,235)	-	59,277	52,559,969
Infrastructure	3,070,535,690	304,135,956	10,464,831	(3,135,941)	(138,604,856)	(127,226,884)	-	3,116,168,796
Community	166,224,827	47,262,058	2,067,856	(8,589)	(11,870,372)	(3,271,893)	-	200,403,887
Leased assets	-	71,870,508	-	-	(2,850,408)	-	-	69,020,100
Library books	8,216,577	62,672	-	(709,076)	(1,521,336)	-	-	6,048,837
Other property, plant and equipment	52,764,998	12,863,523	2,000,694	(929,355)	(8,910,901)	(65,885)	-	57,723,074
	4,185,460,145	**444,554,974**	**14,533,381**	**(4,803,343)**	**(167,077,108)**	**(130,564,662)**	**59,277**	**4,342,162,664**

Included in the additions amount of R 444,554,974 is the non-cash amount of R 17,870,508 relating to the new FML finance lease contract entered into during the 2023/2024 financial year.

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Donations	Assets derecognised	Reclassification	Depreciation	Impairment loss and reversal of impairment	Total
Land	841,951,539	-	-	(1,713,538)	229,661	-	(229,661)	840,238,001
Buildings	49,097,522	2,570,613	-	(186,282)	-	(3,762,075)	(239,726)	47,480,052
Infrastructure	2,952,389,587	293,246,410	-	(13,493,031)	(185,504)	(143,926,053)	(17,495,719)	3,070,535,690
Community	183,308,609	592,164	-	(674,283)	185,504	(12,452,476)	(4,734,691)	166,224,827
Leased assets	24,113,639	-	-	(18,750,419)	-	(5,363,220)	-	-
Library books	7,764,247	1,703,427	-	(24,303)	-	(1,226,794)	-	8,216,577
Other property, plant and equipment	47,415,977	13,595,009	130,195	(655,081)	-	(7,446,476)	(274,626)	52,764,998
	4,106,041,120	**311,707,623**	**130,195**	**(35,496,937)**	**229,661**	**(174,177,094)**	**(22,974,423)**	**4,185,460,145**

Pledged as security

No property, plant and equipment was pledged as security.

There are no restrictions on any tittle of property, plant and equipment.

12. Property, plant and equipment (continued)

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

Property, plant and equipment Under Construction 2024, accumulated expenditure included in carrying value of property, plant and equipment

	Included within Infrastructure	Included within Community	Total
Opening balance	382,921,348	828,438	383,749,786
Additions	298,396,124	23,641,810	322,037,934
Capitalised	(238,855,183)	(23,641,810)	(262,496,993)
	442,462,289	**828,438**	**443,290,727**

Property, plant and equipment Under Construction 2023, accumulated expenditure included in carrying value of property, plant and equipment

	Included within Infrastructure	Included within Community	Total
Opening balance	219,177,117	828,438	220,005,555
Additions	254,489,990	-	254,489,990
Correction of misallocation	(32,132,650)	-	(32,132,650)
Capitalised	(58,613,109)	-	(58,613,109)
	382,921,348	**828,438**	**383,749,786**

12. Property, plant and equipment (continued)

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

	2024	2023
Outdoor facilities: Construction of Toekomsrus stadium - upgrading of Toekomsrus stadium	-	19,363,961
Outfall sewers: Rehabilitation of sewer networks in Mohlakeng and Toekomsrus	1,951,171	1,951,171
Water treatment works: upgrading of bulk services bekkersdal water tower and badirile treatment plant designs	8,458,268	8,458,268
1215 Construction of old Mohlakeng roads in ext 11 phase 4	3,925,261	-
Storm water conveyance: upgrading of storm water Mohlakeng and Toekomsrus	1,563,673	1,563,673
Roads: 1215 construction of roads and stormwater in Badirile Phase 3	125,249	125,249
Portion dev of Middelvles/Luipardvlei (Mohlakeng North ext	-	32,132,650
Zuurbekom multi-purpose sports&recreation community centre (soccer facility)	828,438	828,438
LV Networks: electrification of Mohlakeng ext 5	47,103,782	46,094,196
Construction of the Alternative Pump Water Supply Pipeline in Glenharvie	35,762,897	35,762,897
Electricity: MV Substations: Borwa Substation phase 3	52,297,321	-
	152,016,060	**146,280,503**

MV Substations: Borwa Substation phase 3 with a carrying value of R 52,297,321 - project on hold due to budget constraints.

Water treatment works: upgrading of bulk services Bekkersdal water tower and Badirile treatment plant designs with a carrying value of R 8,458,268 - project on hold due to budget constraints.

Outfall sewers: rehabilitation of sewer networks in Mohlakeng and Toekomsrus with a carrying value of R 1,951,171 - no budget allocation.

Roads: 1215 construction of old Mohlakeng roads in ext11 phase 4 with a carrying amount of R 3,925,261 - budget constraints..

Storm water conveyance: upgrading of storm water Mohlakeng and Toekomsrus with a carrying value of R 1,563,673 - no budget allocations.

Roads: 1215 construction of roads and stormwater in Badirile phase 3 with a carrying value of R 125,249 - budget constraints.

Construction of Glenharvie alternate water supply pipeline with a carrying amount of R 35,762,897 - budget constraints.

Zuurbekom multi-purpose sports&recreation community centre (soccer facility) with a carrying value of R 828,438 - budget constraints.

LV networks: electrification of Mohlakeng ext 5 with a carrying value of R 47,103,782 - budget constraints.

Expenditure incurred to repair and maintain various classes of property, plant and equipment was as follows:

	2024	2023
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Buildings	190,851	61,568
Commnuity Assets	30,436,752	1,126,060
Infrastracture Assets	50,054,743	36,632,015
Other Property, Plant and Equipment	7,401,300	3,234,038
	88,083,646	**41,053,681**

13. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5,825,798	(5,039,548)	786,250	6,242,773	(4,861,936)	1,380,837
Servitudes	6,146,046	-	6,146,046	6,146,046	-	6,146,046
Total	**11,971,844**	**(5,039,548)**	**6,932,296**	**12,388,819**	**(4,861,936)**	**7,526,883**

Reconciliation of intangible assets - 2024

	Opening balance	Derecognition	Amortisation	Total
Computer software	1,380,837	(29,814)	(564,773)	786,250
Servitudes	6,146,046	-	-	6,146,046
	7,526,883	**(29,814)**	**(564,773)**	**6,932,296**

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	1,508,136	450,000	(577,299)	1,380,837
Servitudes	6,146,046	-	-	6,146,046
	7,654,182	**450,000**	**(577,299)**	**7,526,883**

Pledged as security

No intangible assets were pledged as security.

13. Intangible assets (continued)

Restricted title

There are no restrictions on any title of intangible assets.

Details of intangible assets

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

Servitudes recognised in the Rand West City Local Municipality's asset register represent an intangible right of way claimed on a portion of land to access a specific item of infrastructure with their values dependent on the extent of and accessibility to the portion of land on which the right of way is claimed. As such the lifespan of the right of way is linked to the portion of land as this right is likely to exist beyond the effective lifespan of the asset, with this direct link of the intangible asset to lifespan of the land portion over which the right has been claimed, the lifespans of servitudes are therefore deemed to be indefinite.

Notes to the Audited Financial Statements

14. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Paintings and other artifacts	3,868,660	-	3,868,660	3,904,117	-	3,904,117

Reconciliation of heritage assets 2024

	Opening balance	Disposals	Total
Paintings and other artifacts	3,904,117	(35,457)	3,868,660

Reconciliation of heritage assets 2023

	Opening balance	Total
Paintings and other artifacts	3,904,117	3,904,117

Restrictions on heritage assets

There are no restrictions on any title and disposal of heritage assets.

Pledged as security

No heritage assets were pledged as security.

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

14. Heritage assets (continued)

Revaluations

Paintings and other artifacts

The effective date of the revaluation was 30 June 2020. Revaluations were performed by independent valuer, Mr Paul Myson (IFAAAA) Fellow International Fine Art and Antiques Appraiser Association the next valuation will be performed on 30 June 2025.

Mr Paul Myson is not connected to the municipality and has recent experience in the valuation of heritage assets. The valuation was based on open market value.

The revaluation will be performed every five years.

Details of Heritage assets:

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

During the year no repairs and maintenance expenditure was incurred on heritage assets and there were no commitments for the purchase of heritage assets at year end.

Heritage assets retired from active use and held for disposal

No heritage assets were retired from active use and held for disposal.

15. Payables from exchange transactions

Trade payables	1,221,759,774	871,622,287
Sale of stands received in advance	7,953,739	-
Retention monies payable	38,254,383	32,919,381
Payroll accruals	26,593,052	25,781,163
Accrued leave	42,916,813	42,458,117
Accrued bonus (13th cheque)	10,451,638	10,657,236
Payments received in advance	12,415,935	10,089,255
Consumer debtors with credit balances	45,267,634	139,725,362
Eskom debt relief	215,596,641	215,596,641
	1,621,209,609	**1,348,849,442**

Eskom Debt Relief:

The municipality qualified to participate in the Municipal Debt Relief arrangement from the 1st of June 2023 for an amount of R 839,286,568 owed to Eskom as at 31 March 2023. Upon approval of participation an interest write off of R 22,949,164 was granted to the municipality as per the requirements of the debt relief.

The municipality will not be charged interest on the municipal debt relief liability for a period of 3 years, and as a result the Eskom debt relief liability of R 839,949,164 has been recognised at present value discounted at 14,25% being the prime rate+2,5% interest rate charged by Eskom.

In the 2023/2024 financial year, the municipality complied with the requirements of the debt relief for the first year starting from June 2023 to May 2024 and has received approval to write off R 279,762,189 of the R 839,286,568 owed to Eskom.

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

15. Payables from exchange transactions (continued)

Municipal Debt Relief Liability at Present Value		
Municipal debt relief liability	-	839,286,568
Off-market portion (interest relief)	-	(192,496,646)
Present value	**-**	**646,789,922**
Non-current liability	215,596,641	431,193,281
Current liability	215,596,641	215,596,641
	431,193,282	**646,789,922**

16. Payables from non-exchange transactions

Unallocated receipts	15,776,395	12,654,089

17. VAT payable

VAT payable	35,497,852	30,666,761

VAT is received and paid as required by the Value Added Tax Act no. 89 of 1991 (VAT Act).

VAT is applied to all relevant goods and services as stated in the VAT Act and the amount thereof is determined in terms of the VAT Act and is submitted and paid on a monthly basis. Interest is charged on outstanding VAT amounts.

The VAT payable to SARS at 30 June 2024 is R 35,497,852 which is made up of input VAT of R 1,507,833,728 and output VAT and refunds of R 1,543,331,580. Output VAT charged on sale of goods and services is assessed with the debtors impairment provision and included therein. See note 4 for more details on the impairment provision of receivables from exchange transactions.

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	323,065	-
COGTA	496,520	-
Gauteng Department of Human Settlements Grant	173,285,751	196,960,759
Municipal Water Infrastructure Grant	1	-
Gauteng Department of Social Development Grant	8,462,946	8,462,946
Public Contribution	3,990,216	3,990,216
Aids District Programme	14,978	-
Neighbourhood Development Grant	30,571	-
	186,604,048	**209,413,921**

See note 32 for reconciliation of grants from National/Provincial Government.

19. Consumer deposits

Electricity and water	67,808,482	65,715,595
Rental of facilities	1,064,199	993,964
	68,872,681	**66,709,559**

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

20. Finance lease obligation

Minimum lease payments due		
- within one year	28,542,681	-
- in second to fifth year inclusive	55,115,751	-
	83,658,432	-
less: future finance charges	(13,178,573)	-
Present value of minimum lease payments	**70,479,859**	**-**

Present value of minimum lease payments due		
- within one year	21,388,864	-
- in second to fifth year inclusive	49,090,995	-
	70,479,859	**-**

Non-current liabilities	49,090,995	-
Current liabilities	21,388,864	-
	70,479,859	**-**

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

The municipality acquired a new finance lease in the 2023/2024 financial year on a lease term of 36 months and the average effective borrowing rate was at the prime overdraft rate of 10,75% as provided by the service provider on the 19th of July 2023 being the effective commencement date of the lease.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 12 .

Interest rates are linked to prime, and all leases do not escalate and include additional charges for contingent rent which are administration fees, insurance and maintenance costs.

Notes to the Audited Financial Statements

21. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Change in landfill closure provision	Change in discount factor	Total
Landfill site	160,624,796	-	-	(15,074,678)	17,813,799	163,363,917
Performance bonuses	-	1,502,170	-	-	-	1,502,170
Minor claims	102,935	-	(47,602)	-	-	55,333
	160,727,731	**1,502,170**	**(47,602)**	**(15,074,678)**	**17,813,799**	**164,921,420**

Reconciliation of provisions - 2023

	Opening Balance	Additions	Reversed during the year	Change in discount factor	Total
Landfill site	162,026,110	-	-	(1,401,314)	160,624,796
Performance bonuses	4,052,825	-	(4,052,825)	-	-
Sewerage pollution repairs	3,000,000	-	(3,000,000)	-	-
Minor claims	-	102,935	-	-	102,935
	169,078,935	**102,935**	**(7,052,825)**	**(1,401,314)**	**160,727,731**

	2024	2023
Non-current liabilities	163,363,917	160,624,796
Current liabilities	1,557,503	102,935
	164,921,420	**160,727,731**

Landfill site provision

The valuation was done by Seakle Godschalk who is a professional environmental scientist from Environment and Sustainability Solutions CC, He holds a masters degree in accounting. Seakle Godschalk is an independent valuer and is registered with the South African Council for Natural Scientific Professions as well as with the South African Institure of Ecologists and Environmental Scientists. The current expected remaining useful life of the landfill is estimated at 6 years and 3 years for the Libanon and Uitvalfontein landfills respectively.

Performance bonuses provision

The calculated provision for performance bonus was done using a rate of 14% of the total package. The provision for performance bonus is categorised as a provision based on the fact that the performance bonus will only be paid once an employee has met the conditions for performance bonus, therefor,e it is uncertain whether all the employees who are qualifying for a performance bonus will meet the award criteria. In addition the bonus has to be approved by the Council. Only section 56 employees have been provided for in the current financial year.

Minor claims provision

The municipality has recognised minor claims for damages which are below R 30 000 due to the trend of likely paying them out.

Sewerage pollution repairs provision

During the 2021/2022 financial year the municipality entered into an agreement in terms of section 105A of the criminal procedure act (act 51 of 1977) in which the municipality pleaded guilty to charges on complaints to pollution in terms of the National Environmental Management Act.

21. Provisions (continued)

As per the plea agreement dated 17 May 2022 the municipality was sentenced to utilise the imposed fine of R 3 million on or before 1 September 2022 for the urgent and necessary repairs of all the identified equipment. The plea agreement further suspends for 5 years an amount of R 7 million on condition including but not limited to that the municipality utilises the R 3 million on repairs for sewerae pollution.

Subsequently in the 2022/2023 financial year the municipality has spent R 4 993 596 inclusive of VAT towards urgent repairs and maintenance of the sewer treatment plant. The provision has been reversed as a result of adhering to the plea agreement.

22. Employee benefit obligations

Details of valuation

An actuarial valuation has been performed for Rand West City Local Municipality's unfunded liability in respect of the entitlement of employees to Long Service Awards.

The effective date of this valuation is 30 June 2024 and its purpose is to enable the Municipality to provide appropriate disclosure in their Financial Statements in respect of this liability.

The valuation was perfomed by D.T Murериwa who is a fellow member of the Actuarial Society of South Africa (ASSA) and a fellow member of the Faculty of Actuaries in his capacity as a consulting Actuary of One Pangaea Financial. Mr. D.T Mureriwa is an independent valuer and is not connected to the municipality.

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

	2024	2023
Carrying value		
Present value of the defined benefit obligation-wholly unfunded (PEMA)	(156,678,844)	(151,158,790)
Present value of the defined benefit obligation-partly or wholly funded (LSA)	(2,793,425)	(25,349,720)
	(159,472,269)	**(176,508,510)**

Post retirement medical benefits:

The Municipalty offers employees and continuation members the opportunity of belonging to one of several medical aid schemes. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death in retirement, the surviving dependents may continue membership of the medical aid scheme. Qualifying members receive a post employment subsidy for which the municipality is liable.

The municipality operates an unfunded defined benefit plan for these qualifying employees.

The present value of the defined benefit obligation, and the related current service cost and the past service cost, were measured using the Projected Unit Credit method.

At the valuation date individuals entitled to a post retirement medical aid subsidy were:

	2024	2023
In-service (employee) members	938	963
In-service (employee) non-members	-	153
Continuation (retiree and widow)	114	100
	-	-

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

	2024	2023
Opening balance	151,158,790	152,076,000
Net expense recognised in the statement of financial performance	5,520,054	(917,210)
	156,678,844	**151,158,790**

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

22. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance are as follows:

Current service cost	7,304,232	7,333,000
Interest cost	20,577,060	16,181,000
Actuarial (gains) losses	(17,230,671)	(20,264,210)
	10,650,621	**3,249,790**

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

22. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Health care cost inflation	8.68 %	9.82 %
Discount rates used	13.25 %	13.85 %
Net discount rate	4.21 %	3.67 %
The average retirement age used in years was	62	62
Consumer Price Inflation	7.68 %	8.32 %

Long service awards liability:

The municipality offers employees a long service bonus for every 5 years of completed service from 10 years to 45 years. The long service awards are paid on retirement, resignation or death. The amount payable is reviewed periodically and is assumed to increase in line with expected CPI inflation.

The long service award liability is not a funded arrangement, i.e. no separate assets have been set aside to meet its liability.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the Projected Unit Credit Method.

As at the financial year end 30 June 2024 1088 employees (30 June 2023: 1121) were eligible for long service awards. The current service cost for the financial year ended 30 June 2024 is estimated to be R 1,978,997 (30 June 2023: R 1,978,997).

Key assumptions used at the reporting date:		
Discount rate used	10.28 %	10.60 %
Salary increase rate	5.77 %	6.32 %
Net effective discount rate	4.26 %	4.02 %
Consumer Price Index	4.77 %	5.32 %
	-	-

Changes in the present value of the long service award obligation are as follows:		
Opening balance	25,349,720	24,392,000
Net expense recognised in the statement of financial perfomance	(22,556,295)	957,720
	2,793,425	**25,349,720**

Net expense of the long service awards obligation recognised in the statement of financial performance:		
Current service cost	1,978,997	1,978,997
Interest cost	2,516,600	2,516,600
Actuarial (gains)/Losses	(26,651,892)	(3,187,877)
	(22,156,295)	**1,307,720**

Actuarial (losses)/gains reconciliation		
Post retirement medical benefits	17,230,671	20,264,210
Long service awards	26,651,892	3,187,877
	43,882,563	**23,452,087**

23. Revaluation reserve

The revaluation reserve increases or decreases based on the revaluations of the heritage assets. see note 14.

Opening balance	1,308,969	1,308,969

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

24. Service charges

Sale of electricity	786,913,181	714,399,278
Sale of water	382,883,271	345,327,165
Sewerage and sanitation charges	112,975,506	89,464,489
Refuse removal	103,620,004	88,487,767
	1,386,391,962	**1,237,678,699**

25. Rental of facilities and equipment

Premises		
Rental of buildings	2,235,471	2,087,076
Rental of facilities	243,150	2,341,015
Rental of land	1,125,827	150,936
	3,604,448	**4,579,027**

26. Fines, Penalties and Forfeits

Traffic Fines	13,525,339	17,431,708

27. Interest received - investment

Interest revenue		
Interest received - investment	20,058,146	15,116,661

Interest received from investments was mainly due to grant funds which were invested in the FNB call accounts.

28. Interest received - outstanding receivables

Interest received - outstanding debtors		
Interest received - exchange transactions	88,278,380	69,842,689
Interest received - non-exchange transactions	17,133,881	14,305,129
	105,412,261	**84,147,818**

During the current financial year all consumers were charged interest at a rate of 10% on the arrear accounts as per the Rand West City credit control policy.

29. Income from agency services

Gauteng Department of Transport	22,020,876	21,377,475

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

29. Income from agency services (continued)

Reconciliation of the carrying amount of payables		
Amounts collected on behalf of and paid to the principal	59,054,411	62,866,724

PRINCIPAL-AGENT ARRANGEMENTS

The municipality has assessed that the following significant principal-agent arrangements exists:

1.1 Principal in other principal-agent arrangements (non-material)

Randwest City Local Municipality is the principal in arrangements with service provider Rilley Auctioneers who sell movable and immovable assets on their behalf.

Spectrum Utility services is a service provider that acts as a agent to the Municipality in the third-party sale of prepaid electricity and water. All payments are paid into the third-party agents bank account and are then transferred to the Municipal bank account on a weekly basis and the service provider invoices the Municipality for commission payable.

The following information is disclosed in aggregate:

Riley Actioneers - sale of stands:		
Commission - sale of stands	500,282	-

Spectrum Utility Services - prepaid electricity and water:		
Commission paid to agent	11,315,530	15,252,973

There are no resources under the custodianship of the agents, nor have they been recognised as such.

1.2 Agent in arrangement with Provincial Department of Transport

Randwestcity Local Municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services shown above. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

30. Other income

Staff recoveries	1,216,456	-
Eskom debt relief write off	215,596,641	-
Unclaimed monies	72,700,412	-
Building plan fees	1,862,557	1,827,231
Burial fees	2,604,083	2,100,059
Recovery monies (penalties lost items - library)	16,800	4,681
Eskom debt relief interest write off	-	22,949,164
Commission earned	214,002	315,249
Copies income	49,024	87,721
Farming income	-	304
Staff parking	90,487	71,028
Tender documents	73,044	68,262
Sundry surpluses	(1,331)	6,047
Valuation fees	16,404	12,449
Clearance certificates	1,412,844	1,569,915
Administration fees	12,982	2,155,039
Licences and permits	240,760	63,149
Membership fees	94,216	89,568
Advertising	149,665	298,707
Insurance claims	175,738	379,887
Entrance fees	794,604	23,728
Weigh bridge	1,047	152,885
	297,320,435	**32,175,073**

31. Property rates

Rates received

Assessment rates	379,962,762	398,871,016
Less: Income forgone (rebates)	(29,796,040)	(66,608,399)
	350,166,722	**332,262,617**

Valuations (R 000')

Residential	14,331,914	14,089,273
Business and commercial	2,718,056	2,593,793
Government	1,407,937	1,533,654
Agricultural	1,454,418	1,342,876
Vacant land	247,614	160,880
	20,159,939	**19,720,476**

Valuations on land and buildings are performed every 5 years. The municipality has implemented a new General Valuation Roll with effect from 1 July 2021.

Interim/supplementary valuations are processed on an annual basis to consolidate changes made on the roll resulting from property consolidations, subdivisions and new township that occurred.

The applicable rate as approved for in the Property Rates Policy and gazetted in the municipal tariff book is applied to property valuations to determine assessment rates.

Exemptions and rebates are granted to certain property categories in accordance with the Property Rates Policy.

Rates are calculated on an annual basis, levied monthly and payable by the 7th day of the following month post the actual billing. Interest as determined by Council is levied on outstanding rates not paid after the due date.

Figures in Rand	2024	2023

32. Government grants & subsidies

Operating grants		
Equitable share	435,302,002	393,069,184
Municipal Infrastructure Grant	4,565,481	2,328,923
Finance Management Grant	2,300,000	2,300,000
Gauteng Department of Sports, Recreation, Arts and Culture Grant	32,886,000	41,766,000
Skills Development Grant	1,466,634	2,339,611
Expanded Public Works Programme	2,548,000	3,878,000
Aids District Programme	3,895,300	4,802,003
COGTA	14,503,480	-
Neighbourhood Development Grant	4,969,429	-
	502,436,326	**450,483,721**

Capital grants		
Municipal Infrastructure Grant	131,974,454	102,088,077
Municipal Water Infrastructure Grant	69,682,196	77,939,410
Integrated National Electrification Programme	58,000,000	31,089,000
Gauteng Department of Human Settlement Grant	53,675,008	85,316,927
Energy Efficiency and Demand Side Management Grant	4,000,000	4,000,000
	317,331,658	**300,433,414**

Operating grants	502,436,326	450,483,721
Capital grants	317,331,658	300,433,414
	819,767,984	**750,917,135**

Equitable Share

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

All registered indigents receive a monthly subsidy of 100% rebate on property rates and taxes up to the market value of R 450 000, 100% rebate on refuse and sewer tariffs, 50 kilowatts of electricity and 6 kilolitres of water.

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	3,454,512
Current-year receipts	136,863,000	104,417,000
Conditions met - transferred to revenue	(136,539,935)	(2,328,923)
Other	-	(102,088,077)
	-	(3,454,512)
	323,065	**-**

The purpose of this grant is to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprise and social institutions servicing poor communities.

Finance Management Grant

Current-year receipts	2,300,000	2,300,000
Conditions met - transferred to revenue	(2,300,000)	(2,300,000)
	-	**-**

The purpose of this grant is to promote and support reforms in financial management by building capacity in the municipality to implement the municipal finance management act (MFMA).

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

32. Government grants & subsidies (continued)

Integrated National Electrification Programme

Current-year receipts	58,000,000	31,089,000
Conditions met - transferred to revenue	(58,000,000)	(31,089,000)
	-	-

The purpose of this grant is to adress the electrification backlog of permanetly occupied residential dwellings.

Cogta

Current-year receipts	15,000,000	-
Conditions met - transferred to revenue	(14,503,480)	-
	496,520	-

Provide explanations of conditions still to be met and other relevant information.

Gauteng Department of Human Settlement Grant

Balance unspent at beginning of year	196,960,759	10,977,686
Current-year receipts	30,000,000	271,300,000
Conditions met - transferred to revenue	(53,675,008)	(85,316,927)
	173,285,751	**196,960,759**

The purpose of this grant is to provide funding for the creation of sustainable human settlements.

Municipal Water Infrastructure Grant

Balance unspent at beginning of year	-	10,000,000
Current-year receipts	69,682,198	69,439,410
Conditions met - transferred to revenue	(69,682,197)	(77,939,410)
Roll over not approved	-	(1,500,000)
	1	-

The purpose of this grant is to supplement the gaps, and focus on the functionality of water infrastructure.

Gauteng Department of Sports, Recreation, Arts and Culture Grant

Current-year receipts	32,886,000	41,766,000
Conditions met - transferred to revenue	(32,886,000)	(41,766,000)
	-	-

The purpose of this grant is to support the municipality with its administration of libraries..

Gauteng Department of Social Development Grant

Balance unspent at beginning of year	8,462,946	8,462,946

The purpose of the grant is to promote social development within the communities.

Public Contribution

Balance unspent at beginning of year	3,990,216	3,990,216

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

32. Government grants & subsidies (continued)

The purpose of public contribution is to assist in minimising infrastructure backlogs.

Aids District Programme

	2024	2023
Balance unspent at beginning of year	-	983,763
Current-year receipts	3,910,278	3,818,240
Conditions met - transferred to revenue	(3,895,300)	(4,802,003)
	14,978	**-**

The purpose of this grant is to enhance awareness programmes offered communities to prevent and mitigate the impact of HIV/AIDS.

Expanded Public Works Programme

	2024	2023
Current-year receipts	2,548,000	3,878,000
Conditions met - transferred to revenue	(2,548,000)	(3,878,000)
	-	**-**

The purpose of thie grant is to provide expanded public works programme funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

Skills Development Grant

	2024	2023
Current-year receipts	1,466,634	2,339,611
Conditions met - transferred to revenue	(1,466,634)	(2,339,611)
	-	**-**

The purpose of this grant is to provide skills development within the municipality.

Neighbourhood Development Grant

	2024	2023
Current-year receipts	5,000,000	-
Conditions met - transferred to revenue	(4,969,429)	-
	30,571	**-**

Provide explanations of conditions still to be met and other relevant information.

Energy Efficiency and Demand Side Management Grant

	2024	2023
Balance unspent at beginning of year	-	1,670
Current-year receipts	4,000,000	4,000,000
Conditions met - transferred to revenue	(4,000,000)	(4,000,000)
Other	-	(1,670)
	-	**-**

The purpose of this grant is to provide positive returns to energy consumers and the enviroment through the reduction of enviromental pollution and the carbon footprint of the energy sector and by enhancing energy security.

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

33. Public contributions and donations

Property, plant and equipment	14,533,381	130,195

The following donations were received during the 2023/2024 financial year:.

Gauteng Department of Sport, Arts, Culture and Recreation:
- Computer equipment - 15 tablet gadgets amounting to R 126,307
- Office equipment - scanner amounting to R 17,627
- Recording studio equipment amounting to R 656,761

City Power:
- 800 smart electricity prepaid meters worth R 1,211,088
- Ten(10) solar high mast worth R 4,258,142
- Ten(10) pole transformer worth R 1,239,790

Xanado Trade or Investment 141 (Pty)Ltd Mwalimu Holdings (Pty)Ltd Joint Venture:
- MV Electrcitiy Substation - Afri Village Switching Station worth R 1,877,905
- MV Electricity Substation - Connie Mulder Switching Station worth R 1,877,905
- Afri Village Taxi Rank - Bus terminals worth R 2,067,856

Sibanye Stillwater Gold Mining Company:
- Bucket Winch Machine Sanitation Equipment to the value of R 1,200,000

Figures in Rand	2024	2023

34. Employee related costs

Acting allowances	2,892,504	6,799,790
Basic	390,412,649	363,068,036
Bonus (13th cheque)	30,060,438	26,746,821
Cellphone allowances	1,821,877	1,768,352
Defined contribution plans	66,008,640	62,841,833
Group insurance	3,451,484	3,151,382
Housing benefits and allowances	3,611,941	3,467,092
Leave pay	9,556,851	1,997,657
Medical aid - company contributions	44,704,929	37,455,092
Overtime payments	35,858,897	30,906,068
SDL	5,071,985	4,904,166
Standby allowances	3,280,934	3,128,282
Sundry allowances	9,851,390	10,019,617
Travel allowances	21,888,355	20,467,752
UIF	2,347,712	2,412,274
	630,820,586	**579,134,214**

Remuneration of Municipal Manager: Mr T.C Ndlovu

Annual Remuneration	1,555,845	1,131,635
Car Allowance	180,000	180,000
Back pay	519,066	-
Other	20,340	-
Cellphone allowance	24,000	24,000
Skills	22,633	12,996
	2,321,884	**1,348,631**

The municipal manager was appointed on the 1st of July 2022 to date.

The total remuneration paid to the municipal manager Mr Thabo Ndlovu from the month of July 2023 to June 2024 amounted to R 2,321,884 and it includes a back pay of R 519,066 for upper limits for senior managers.

Remuneration of Chief Finance Officer Mr X Malindi (Mr G Mnisi former CFO)

Annual Remuneration	680,675	668,874
Car Allowance	310,595	476,486
Other	16,103	-
Back pay	53,390	4,391
Cellphone	12,000	15,000
Skills	11,972	9,241
Acting allowance	257,922	-
	1,342,657	**1,173,992**

The total remuneration of R 1,342,657 paid from July 2023 to June 2024 consists of payments made to the former CFO Mr Gareth Mnisi and the current CFO Mr Xolani Malindi.

The former CFO Mr Gareth Mnisi resigned on the 31st of October 2023 and was paid R 721,187 for the current year. The current CFO Mr Xolani Malindi was acting from the 1st of November 2023, and was subsequently appointed permanent CFO from the 1st of March 2024 and his total salary for the current financial year is R 621,468.01.

Remuneration of Executive Director Community Services: Mr Z.M Silinga (former Ms L.A Modiba)

Annual Remuneration	1,210,448	573,795
Car Allowance	300,000	51,314

Figures in Rand	2024	2023

34. Employee related costs (continued)

Cellphone allowance	18,000	10,500
Skills and bargain levy	14,942	9,455
Leave resignation and non-pension payout	-	308,918
Back pay	3,622	-
Other	8,475	-
	1,555,487	**953,982**

The executive director community services Mr Mzubanzi Silinga was appointed on the 1st of July 2023 to date.

The total remuneration of R 1,555,487 paid to the executive director community services includes the back of R 30,510 paid to the previous executive manager community services Ms Lovey Modiba for upper limits for senior managers.

The current executive director was paid a total of R 1,524,977 from July 2023 to June 2024 which includes the upper limits back pay amount of R 3,622.

Remuneration of Executive Director Corporate Support Services: Ms R Mokebe (former Mr L.M Nkele)

Annual Remuneration	1,155,474	412,204
Car Allowance	362,218	150,924
Acting allowance	19,922	-
Leave sell	7,628	-
Skills and bargain levy	15,163	5,456
Other	11,865	-
Cellphone allowance	18,000	7,500
	1,590,270	**576,084**

The executive director corporate was appointed on the 1st of February 2023 to date.

The total remuneration of R 1,590,270 paid to the executive director corporate support services includes the back pay of R 41,251 paid to the previous executive manager corporate support services Mr Marks Nkele for upper limits for senior managers.

The current executive director was paid a total of R 1,549,019 for the month of July 2023 to June 2024.

Remuneration of Chief Operating Officer: Mr M.B Machaba (former Mr L Steyn)

Annual Remuneration	1,155,474	435,386
Car Allowance	383,951	150,924
Other	11,865	-
Cellphone allowance	18,000	7,500
Skills and bargain levy	13,159	4,957
Leave sell	8,475	-
	1,590,924	**598,767**

The chief operating officer was appointed on the 1st of February 2023 to date.

The total remuneration of R 1,590,924 paid to the chief operating officer includes the back pay of R 41,251 paid to the previous chief operating officer Mr Lary Steyn for upper limits for senior managers.

The current chief operating officer was paid a total of R 1,549,673 for the month of July 2023 to June 2024.

Remuneration of Executive Director Infrastructure: Mr B Nkambule

Annual Remuneration	1,137,980	1,185,133
Car Allowance	350,735	279,151
Bonus	-	20,340

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

34. Employee related costs (continued)

Back pay	47,088	-
Other	20,340	-
Cellphone allowance	18,000	28,200
Skills and bargain levy	15,198	14,508
Leave pay	-	226,024
	1,589,341	**1,753,356**

The executive director infrastructure was appointed on the 4th of August 2016 to date.

The total remuneration paid to the executive director infrastructure Mr Bongani Nkambule for the month of July 2023 to June 2024 amounted to R 1,589,341 which includes a upper limits back pay of R 47,088 for senior managers.

Remuneration of Executive Director Development and Planning: Mr N.V Bekwa (former Mr. M.G Makhubu)

Annual Remuneration	1,155,474	435,386
Car Allowance	362,218	150,924
Cellphone allowance	18,000	7,500
Skills and bargain levy	13,754	5,235
Back pay	21,733	-
Other	20,340	-
	1,591,519	**599,045**

The executive director development and planning Mr Vuyani Bekwa was appointed on the 1st of February 2023.

The total remuneration of R 1,591,519 paid to the executive director development and planning includes the pay back amount of R 41,251 paid to the previous executive manager development and planning Mr Greg Makhubu for upper limits for senior managers.

The current executive director was paid a total of R 1,550,269 from July 2023 to June 2024 which includes the upper limits back pay amount of R 21,733.

Remuneration of the Chief of Staff: Mr C.H. Stoffels

Annual Remuneration	-	1,199,283
Contributions to UIF, Medical and Pension Funds	-	12,488
	-	**1,211,771**

The Chief of Staff was appointed on 04 August 2016 to date.

Remuneration of Executive Director Public Safety: Ms B.S Mofokeng

Annual Remuneration	109,361	-
Car Allowance	15,000	-
Cellphone allowance	1,500	-
Short time	(41,785)	-
Skills and bargain levy	811	-
	84,887	**-**

The executive director public safety position is a new position in the organisational structure of the Municipality approved in the May 2023 and Ms. B.S Mofokeng was appointed on the 1st of June 2024.

35. Remuneration of councillors

Councillors	34,808,726	33,921,303

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

35. Remuneration of councillors (continued)

The remuneration of the political office bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

2024	Appointment date	Annual remuneration	Travel allowances	Cellphone allowances	Total
Cllr. W.M. Matsheke (Executive Mayor) October - June	10/1/2023	633,198	186,564	31,418	851,181
Cllr. I.G. Khoza (Executive Mayor) July - September	Thursday, August 4, 2016	416,506	135,321	43,200	595,027
Cllr. N. Molatlhegi (Deputy Executive Mayor) February - June	Thursday, August 4, 2016	659,494	213,794	43,200	916,484
Cllr. S. Moumakwe (Speaker) October - June	8/4/2016	677,188	209,564	43,200	929,952
Cllr. D.D Sithole (Speaker) July - September	Thursday, August 4, 2016	630,604	211,396	43,200	885,200
Cllr. B.A Mosina (MPAC chairperson)	8/4/2016	619,558	203,890	43,200	866,648
Cllr. M. Jokazi (Council whip)	8/4/2016	639,281	207,964	43,200	890,445
Cllr. J. Legoete (MMC water, sanitation and electricity)	8/4/2016	639,325	207,964	43,200	890,488
Cllr. D.M. Machaba (MMC finance)	8/4/2016	639,324	207,964	43,200	890,488
Cllr. P.S. Mapena-Dlamini (MMC Intergrated, environmental and water management)	8/4/2016	639,325	207,964	43,200	890,488
Cllr. S.N. Khenene (MMC LED)	8/4/2016	639,325	207,964	43,200	890,488
Cllr. W.S. Njani (MMC Corporate) October - June	8/4/2016	546,866	168,633	43,200	758,699
Cllr. A. Sityebi (MMC Corporate) July - September	Thursday, August 4, 2016	474,092	-	43,200	517,292
Cllr. U.R Dickson (MMC health and social development)	8/4/2016	639,325	207,964	43,200	890,488
Cllr. A. Zama (MMC human settlement, development and planning)	8/4/2016	635,459	207,964	42,480	886,263
Cllr. B.A Nimmenhoudt (MMC human settlement, development and planning)		273	-	-	273
Cllr. N.D Ndzipho (MMC SRAC)	8/4/2016	639,325	207,964	43,200	890,488
Cllr. ERASMUS GA	11/1/2021	270,027	87,750	43,200	400,977
Cllr. HARRISON C	11/1/2021	270,027	87,750	43,200	400,977
Cllr. FAKU PK	11/1/2021	270,379	87,750	43,200	401,329
Cllr. MAHUMA B	Thursday, August 4, 2016	66,337	28,710	11,381	106,427
Cllr. VAN TONDER AJ	11/1/2021	270,446	87,750	43,200	401,397
Cllr. KRUGER G	11/1/2021	270,446	87,750	43,200	401,397
Cllr. KIEWIETZ NC	11/1/2021	270,027	87,750	43,200	400,977
Cllr. MTHIMKHULU MM	11/1/2021	357,821	-	43,200	401,021
Cllr. LETLHAKE B	11/1/2021	117	-	-	117
Cllr. MUNYAI HB	11/1/2021	270,027	87,750	43,200	400,977
Cllr. BERGMAN FJ	11/1/2021	270,027	87,750	43,200	400,977
Cllr. HILD HH	11/1/2021	358,372	-	43,200	401,572
Cllr. MBULULA D (MMC public safety)	11/1/2021	583,377	-	43,200	626,577
Cllr. SABA A	11/1/2021	270,456	87,750	43,200	401,407
Cllr. SEKHOKHO LS	11/1/2021	270,446	87,750	43,200	401,397
Cllr. TLHOLOE TM	11/1/2021	357,821	-	43,200	401,021
Cllr. WILLIAMS N	11/1/2021	357,821	-	43,200	401,021
Cllr. BROUGH CF	11/1/2021	270,103	87,750	50,780	408,633
Cllr. TSOTETSI KE	11/1/2021	270,027	87,750	43,200	400,977

35. Remuneration of councillors (continued)

Cllr. LETLHAKE JS	11/1/2021	270,027	87,750	43,200	400,977
Cllr. RAMOTLHALE MC	11/1/2021	270,027	87,750	43,200	400,977
Cllr. DREYER BC	11/1/2021	270,027	87,750	43,200	400,977
Cllr. MATLAILA ME	11/1/2021	270,027	87,750	43,200	400,977
Cllr. STEFANE TE	11/1/2021	270,027	87,750	43,200	400,977
Cllr. TLHAGALE TG	11/1/2021	270,446	87,750	43,200	401,397
Cllr. GREEN BE	11/1/2021	270,027	87,750	43,200	400,977
Cllr. NOAH DP	11/1/2021	270,027	87,750	43,200	400,977
Cllr. BATALISI XM	11/1/2021	270,027	87,750	43,200	400,977
Cllr. NTSUME S	11/1/2021	270,027	87,750	43,200	400,977
Cllr. NOMGA N	11/1/2021	357,821	-	43,200	401,021
Cllr. NKOSI BN	11/1/2021	357,821	-	43,200	401,021
Cllr. MABONGO TJ	11/1/2021	270,027	87,750	43,200	400,977
Cllr. MRWETYANA	11/1/2021	299,562	58,230	43,200	400,992
Cllr. NGOZI PL	11/1/2021	60,865	-	7,400	68,265
Cllr. MALEMA TP	11/1/2021	270,027	87,750	43,200	400,977
Cllr. MOABI MK	11/1/2021	270,027	87,750	43,200	400,977
Cllr. MOKOBANE TS	11/1/2021	270,028	87,749	43,200	400,977
Cllr. THOBEKO II	11/1/2021	357,854	-	46,490	404,344
Cllr. THENJEKWAYO JA	11/1/2021	358,372	-	43,200	401,572
Cllr. TLHAPISO MG	11/1/2021	270,027	87,750	43,200	400,977
Cllr. MARUMELE SK	11/1/2021	270,028	87,749	43,200	400,977
Cllr. MODISE PIB	11/1/2021	270,027	87,750	43,200	400,977
Cllr. NYEMENI JR	11/1/2021	357,821	-	43,200	401,021
Cllr. KATI KG	11/1/2021	270,027	87,750	43,200	400,977
Cllr. NKOSI ZNC	11/1/2021	270,027	87,750	43,200	400,977
Cllr. MOFOKENG P	11/1/2021	270,027	87,750	43,200	400,977
Cllr. BHEMBE ST	11/1/2021	91,985	-	14,400	106,385
Cllr. MOENG AA	11/1/2021	270,446	87,750	43,200	401,397
Cllr. BOTHA MN	11/1/2021	270,446	87,750	43,200	401,397
Cllr. LEGOTE B	11/1/2021	270,446	87,750	43,200	401,397
Cllr. ERASMUS P	11/1/2021	158,163	50,850	25,200	234,213
Cllr. STEFFERS FJC	11/1/2021	358,372	-	43,200	401,572
Cllr. SCHADE C	11/1/2021	358,372	-	43,200	401,572
Cllr. BIYELA LE	11/1/2021	358,372	-	43,200	401,572
Cllr. SEBITSO LM	8/4/2016	356,540	-	42,880	399,420
Cllr. LEROTHODI TD	Monday, November 1, 2021	197,714	-	21,600	219,314
Cllr. SELOKA LG	Monday, November 1, 2021	238,812	-	28,800	267,612
Cllr. SWANEPOEL SH		67,045	-	8,064	75,109
Subtotal	-	25,640,362	6,201,912	2,966,093	34,808,726
		25,640,362	**6,201,912**	**2,966,093**	**34,808,726**

2023	Appointment date	Annual remuneration	Travel allowances	Cellphone allowances	Total
Cllr. G. Khoza (Executive Mayor)	8/4/2016	912,140	251,357	44,400	1,207,898
Cllr. D. Sithole (Speaker)	8/4/2016	744,719	201,249	44,400	990,369
Cllr. B.A Mosina (MPAC chairperson)	8/4/2016	646,879	182,989	44,400	874,268
Cllr. M. Jokazi (Council whip)	8/4/2016	676,227	188,515	44,400	909,142
Cllr. J. Legoete (MMC water, sanitation and electricity	8/4/2016	676,267	188,515	44,400	909,181
Cllr. S. Moumakwe (MMC finance)	8/4/2016	677,163	188,515	44,400	910,077
Cllr. N. Molatlhegi (MMC public safety)	8/4/2016	676,272	188,515	44,400	909,186

35. Remuneration of councillors (continued)

Cllr. P.S. Mapena-Dlamini (MMC Intergrated, environmental and water management)	8/4/2016	676,767	188,515	44,400	909,681
Cllr. S.N. Khenene (MMC LED)	8/4/2016	676,410	188,515	44,400	909,324
Cllr. A. Sityebi (MMC Corporate)	8/4/2016	820,182	53,714	44,400	918,296
Cllr. U.R Dickson (MMC health and social development)	8/4/2016	657,938	188,515	44,400	890,853
Cllr. D.M Machaba (MMC roads, stormwater and transport)	8/4/2016	682,335	171,664	44,400	898,399
Cllr. B.A Nimmenhoudt (MMC human settlement, development and planning)	8/4/2016	496,804	137,964	34,800	669,568
Cllr. N.D Ndzipho (MMC SRAC)	8/4/2016	657,938	188,515	44,400	890,853
Cllr. ERASMUS GA	11/1/2021	262,734	79,543	44,400	386,677
Cllr. HARRISON C	11/1/2021	262,712	79,543	44,400	386,655
Cllr. FAKU PK	11/1/2021	263,108	79,543	44,400	387,051
Cllr. MAHUMA B	11/1/2021	277,267	58,213	44,400	379,880
Cllr. VAN TONDER AJ	11/1/2021	278,766	58,213	44,400	381,379
Cllr. KRUGER G	11/1/2021	278,978	58,213	44,400	381,591
Cllr. KIEWIETZ NC	11/1/2021	262,712	79,543	44,400	386,655
Cllr. MTHIMKHULU MM	11/1/2021	312,411	22,664	44,400	379,475
Cllr. LETLHAKE B	11/1/2021	175,129	22,664	29,093	226,886
Cllr. MUNYAI HB	11/1/2021	262,712	79,543	44,400	386,655
Cllr. BERGMAN FJ	11/1/2021	261,270	79,543	44,400	385,213
Cllr. HILD HH	11/1/2021	312,985	22,664	44,400	380,049
Cllr. MBULULA D	11/1/2021	312,411	22,664	44,400	379,475
Cllr. SABA A	11/1/2021	261,734	79,543	44,400	385,677
Cllr. SEKHOKHO LS	11/1/2021	263,169	79,543	44,400	387,112
Cllr. TLHOLOE TM	11/1/2021	312,411	22,664	44,400	379,475
Cllr. WILLIAMS N	11/1/2021	335,086	-	44,400	379,486
Cllr. BROUGH CF	11/1/2021	262,712	79,543	44,400	386,655
Cllr. TSOTETSI KE	11/1/2021	262,712	79,543	44,400	386,655
Cllr. NJANI WS	11/1/2021	262,712	79,543	44,400	386,655
Cllr. LETLHAKE JS	11/1/2021	261,270	79,543	44,400	385,213
Cllr. RAMOTLHALE MC	11/1/2021	261,270	79,543	44,400	385,213
Cllr. DREYER BC	11/1/2021	262,712	79,543	44,400	386,655
Cllr. MATLAILA ME	11/1/2021	262,712	79,543	44,400	386,655
Cllr. STEFANE TE	11/1/2021	262,884	79,543	44,400	386,827
Cllr. TLHAGALE TG	11/1/2021	261,734	79,543	44,400	385,677
Cllr. GREEN BE	11/1/2021	285,292	49,769	44,400	379,461
Cllr. NOAH DP	11/1/2021	299,298	35,549	44,400	379,247
Cllr. BATALISI XM	11/1/2021	268,950	79,543	44,400	392,893
Cllr. NTSUME S	11/1/2021	299,298	35,549	44,400	379,247
Cllr. NOMGA N	11/1/2021	334,866	-	44,400	379,266
Cllr. NKOSI BN	11/1/2021	340,690	7,110	44,400	392,200
Cllr. MABONGO TJ	11/1/2021	273,900	73,877	44,400	392,177
Cllr. MRWETYANA	11/1/2021	279,467	68,211	44,400	392,078
Cllr. NGOZI PL	11/1/2021	334,866	-	44,400	379,266
Cllr. MALEMA TP	11/1/2021	279,558	68,211	44,400	392,169
Cllr. MOABI MK	11/1/2021	320,639	14,220	44,400	379,259
Cllr. MOKOBANE TS	11/1/2021	285,129	56,877	44,400	386,406
Cllr. THOBEKO II	11/1/2021	334,866	-	44,400	379,266
Cllr. THENJEKWAYO JA	11/1/2021	335,441	-	44,400	379,841
Cllr. TLHAPISO MG	11/1/2021	327,752	7,110	44,400	379,262
Cllr. MARUMELE SK	11/1/2021	334,866	-	44,400	379,266
Cllr. MODISE PIB	11/1/2021	292,199	42,659	44,400	379,258
Cllr. NYEMENI JR	11/1/2021	335,072	-	44,400	379,472
Cllr. KATI KG	11/1/2021	273,798	73,877	44,400	392,075
Cllr. NKOSI ZNC	11/1/2021	285,071	49,769	44,400	379,240

35. Remuneration of councillors (continued)

Cllr. MOFOKENG P	11/1/2021		268,220	79,543	44,400	392,163
Cllr. BHEMBE ST	11/1/2021		334,866	-	44,400	379,266
Cllr. MOENG AA	11/1/2021		268,662	79,543	44,400	392,605
Cllr. BOTHA MN	11/1/2021		268,571	79,543	44,400	392,514
Cllr. LEGOTE B	11/1/2021		292,697	42,659	44,400	379,756
Cllr. ERASMUS P	11/1/2021		268,662	79,543	44,400	392,605
Cllr. STEFFERS FJC	11/1/2021		335,441	-	44,400	379,841
Cllr. SCHADE C	11/1/2021		335,441	-	44,400	379,841
Cllr. BIYELA LE	11/1/2021		335,212	-	44,400	379,612
Cllr. SEBITSO LM	8/4/2016		121,086	-	14,720	135,806
Cllr. ZAMA A			12,294	-	960	13,254
Subtotal		-	25,696,524	5,170,409	3,054,373	33,921,303
			25,696,524	**5,170,409**	**3,054,373**	**33,921,303**

In-kind benefits

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

The Mayor, Speaker and Chief Whip each have the use of separate Council owned vehicles for official duties.

The Executive Mayor has two full-time bodyguards and the Speaker has one full-time bodyguard.

36. Depreciation and amortisation

	2024	2023
Property, plant and equipment	167,155,396	174,177,094
Intangible assets	564,774	577,299
	167,720,170	**174,754,393**

37. Impairment loss of assets

	2024	2023
Property, plant and equipment	130,498,777	23,706,580
Reversal of impairment	(19,423,238)	(732,157)
	111,075,539	**22,974,423**

Included in the impairment loss of assets is the Hannes van niekerk waste water treatment plant amounting to R 122,467,391.80.

The Libannon landfill site waste processing facility has been impaired due to a lack of electricity.

Electricity substations(Drowell Substation,Std 39 Bussing Str Substation, Bussing substattion and Ralerata Street sub-station , 12th Streeet sub-station) are non-functional due to vandalism.

Vandalised community assets components at parks, sports faclities, cemeteries, community halls, libraries, market stalls and public ablution were also included in the impairment loss of assets.

38. Finance costs

	2024	2023
Trade and other payables	71,312,872	106,706,485
Finance leases	578,961	-
Interest due to discounting of receivables	-	2,011,022
Interest cost on employee benefit obligations	23,093,660	18,697,600
Interest cost on landfill site provision	17,813,799	16,306,412
	112,799,292	**143,721,519**

Notes to the Audited Financial Statements

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39. Debt impairment

Contributions from receivables from exchange transactions	340,635,055	181,551,467
Contributions from long term receivables	6,557,155	(379,486)
Contributions from receivables from non-exchange transactions	112,740,777	53,162,734
Bad debts written off	33,593,951	65,729,171
	493,526,938	**300,063,886**

The debt impairment calculation has resulted in an increase in number of debtors that were impaired as a result of non payment of debtors due and the Municipality's inability to collect on its debtors, when the assumptions of impairment were assessed on debtors this increased debt impairment significantly.

40. Bulk purchases

Electricity	953,698,182	796,922,426

See note 60 for the disclosure on the electricity distribution losses.

41. Inventory consumed

Water inventory consumed	377,155,911	324,890,372

See note 60 for the disclosure on the water distribution losses.

42. Contracted services

Outsourced Services		
Credit cost control	11,056,855	8,333,272
Fleet management	17,861,102	5,277,680
IT support	6,344,316	6,050,279
Meter Management	-	2,713,719
Repairs and maintenance	88,083,648	19,008,608
Security Services	44,685,560	40,593,196
Prepaid vending costs	11,315,530	15,252,973
	-	-
	179,347,011	**97,229,727**
	-	-
	-	-

43. Transfer and subsidies

Other subsidies		
SPCA grant	720,000	720,000

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

44. General expenses

Audit committee costs	1,201,190	581,438
Advertising and communication	597,632	105,317
Auditors remuneration	10,340,969	9,202,124
Bank charges	7,118,607	3,241,332
Cleaning	-	88,024
Commission paid and discounts allowed	-	150,295
Consulting and professional fees	36,928,505	61,607,141
Consumables	3,166,800	2,759,167
Occupational health	4,350	29,445
Insurance	5,853,229	5,551,436
Burial expenses	202,941	265,933
Software licences	9,944,296	13,609,873
Farming	678,984	636,620
Motor vehicle expenses	1,264,698	2,214,357
Fuel and oil	13,411,796	12,984,372
Postage and courier	4,107,421	2,314,515
Printing and stationery	171,605	170,959
Subscriptions and membership fees	6,315,746	12,540,417
Telephone and fax	1,893,752	-
Training	1,071,945	2,133,715
Travel and subsistence	-	454,828
Municipal events and improvements	1,726,783	1,228,816
Uniforms	4,467,883	385,749
Municipal service charges	782,552	701,171
Water research levy	2,217,877	9,491,502
Library programmes	60,600	104,531
	113,530,161	**142,553,077**

45. Changes in decommissioning and restoration of landfill site

	15,074,678	17,707,726

The amount deducted from the cost of the landfill was exceeding the carrying amount of the landfill by an amount of R 15,074,678 reference to iGRAP 2.

46. Gain or loss on disposal of assets and liabilities

Gain or loss on sale of stands	-	(551,297)
Biological assets	(140,500)	(156,001)
Inventory surplus/loss	27,348	-
Derecognition of finance lease asset	-	(18,750,419)
Derecognition of finance lease liability	-	1,365,078
Investment property	-	(48,822)
Heritage assets	(35,457)	-
Intangible assets	(29,813)	-
Property, plant and equipment	473,970	(18,645,070)
	295,548	**(36,786,531)**

The municipality held an auction of movable assets during the 2023/2024 financial year and received proceeds amounting to R 6,425,550 from the auction which are included in the gain on the disposal of property plant and equipment. The carrying value of the assets disposed of amounts to a total of R 4,709,787 disclosed in note 12.

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

47. Fair value adjustments

Investment property	57,127,078	783,794,848
Biological assets	129,500	228,850
Milk inventory	(207)	515
	57,256,371	**784,024,213**

48. Cash generated from operations

(Deficit) surplus	(25,891,801)	859,825,209
Adjustments for:		
Depreciation and amortisation	167,720,170	174,754,393
Gain or loss on disposal of assets and liabilities	(295,548)	36,786,530
Fair value adjustments	(57,256,371)	(784,024,213)
Interest income	(419,876)	(592,285)
Finance cost - employee benefit obligations	23,093,660	18,697,600
Actuarial gains	(43,882,563)	(23,452,087)
Finance costs - landfill site	17,813,799	16,306,412
Impairment loss of assets	111,075,539	22,974,423
Debt impairment - exchange	374,229,006	186,584,607
Eskom debt relief - revenue non exchange	-	(192,496,646)
Employee benefits - Current service costs and Change in earnings basis	9,283,229	9,311,997
Accrued bonus (13th cheque) and Accrued leave	253,098	(5,971,677)
Performance bonus provision	(1,502,170)	(429,057)
Public contributions and donations	(14,533,381)	(130,195)
Debt impairment - non exchange	112,740,777	49,995,617
Debt impairment long term receivables	6,557,155	(379,486)
Changes in existing decommissioning and restoration of landfill site	(15,074,678)	(17,707,726)
Movement in provisions	(15,122,280)	(20,604,791)
Eskom debt relief - interest write off	-	(22,949,164)
Movements in employee benefit obligation	(4,281,495)	1,883,734
Prior period error	-	(129,263)
Movements in provisions - performance bonuses	1,502,170	(4,052,825)
Movements in Eskom debt relief - non current	-	431,193,281
Changes in working capital:		
Inventories	(1,627,818)	(120,396)
Receivables from exchange transactions	(331,804,601)	(176,277,981)
Other receivables from non-exchange transactions	(93,085,680)	(62,032,086)
Prepayments	1,636,775	91,575
Payables from exchange transactions	68,829,218	(212,941,969)
VAT	4,831,091	(35,521,860)
Unspent conditional grants and receipts	(22,809,792)	171,543,128
Consumer deposits	2,163,122	5,840,785
Payables from non-exchange transactions	3,122,306	(2,862,272)
	277,263,061	**423,113,312**

Notes to the Audited Financial Statements

Figures in Rand	2024	2023
49. Commitments		
Already contracted for but not yet spent		
Already contracted for but not provided for		
• Infrastructure assets	153,661,540	265,187,656
Total capital commitments		
Already contracted for but not provided for	153,661,540	265,187,656
Total commitments		
Total commitments		
Authorised capital expenditure	153,661,540	265,187,656

This committed expenditure relates to capital expenditure and will be financed by grants and internally generated funds.

Figures in Rand	2024	2023

50. Contingencies

Contingent liabilities

Claim by Ashken for damages due to cancellation of an appointment as a service provider	41,335,330	41,335,330
Claim by Myka Trade Nthai in respect of disputed unpaid invoices for the operation and maintaining of the Lebanon landfill site.	8,588,765	8,588,765
Claim by Mabotwane Security Services CC in respect of disputed unpaid invoices.	4,580,390	4,580,390
Claim by Rand West Brake & Clutch for vehicle storage fees and interest	3,903,445	3,903,445
Claim by P. Semono for injuries sustained due to stepping into an open water drain.	2,763,681	2,763,681
Claim by SAMRO in respect of outstanding licence fees	2,425,599	-
Claim by MNS Inc in respect of payments.	2,207,544	2,207,544
Claim by Moses Mankulu for injuries sustained due to falling into an open manhole.	1,800,000	1,800,000
Claim by Sergio Fabiao for injuries sustained due to falling into an open damaged storm water drain located on the pavement	1,667,185	1,667,185
Claim by Violet Gorgina Hendrina Kok in respect of a car damage due to a pothole.	1,330,000	-
Claim by Maureen Sila as a result of failure to have covered/repaired an open manhole that she fell into	773,000	773,000
Claim by Pakisa Msibi for injuries sustained due to stepping into an open access hole (manhole).	750,000	-
Claim by Zacatype CC in respect of a car damage due to a pothole.	659,212	-
Claim by PJC Strauss for the erection of a cellphone mast on their property and the unreasonable levels of noise caused by erecting the phone mast.	500,000	-
Claim by Ilifa Africa in respect of unpaid disputed invoices.	400,000	400,000
Claim by Monica Mosima and Prince Mbaba for financial loss and damages following a disciplinary process where the plaintiffs were dismissed due to a misconduct which resulted in certain benefits not being paid even after an award for re-instatement was issued.	334,332	334,332
Claim by ISI Network for the Municipality to write-off all its debt of municipal account which is older than 3 years.	263,851	263,851
Claim by Demper Star (PTY) LTD for the repayment of historical debt of a previous owner paid in order to obtain a clearance certificate	116,070	116,070
Claim by Ursula Mahlangu and 14 others in respect of unfair discrimination in the Labour Court	87,728	87,728
Claim by King Price obo Gabriel Ntshoe for damages caused when a municipal vehicle collided with the plaintiff's vehicle.	66,213	-
Claim by Nthabeleng Jocobeth Makuane in respect of a car damage due to a pothole.	54,196	-
	74,606,541	**68,821,321**

Municipal levies account (West Rand District Municipality):

The municipality entered into a settlement agreement with the West Rand District Municipality regarding the amounts owed to the municipality. The settlement agreement was signed by the accounting officers of both municipalities reducing the district municipalitys obligation to R 8,251,621 on condition that it adheres to the payment arrangement, and the correction of the billing errors on its levies account.

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

50. Contingencies (continued)

Contingent liabilities with unknown claim amounts:
- Claim by Edradour body corporate in respect off alleged unlawful disconnection
- Claim by Durand in respect of incorrect billing
- Claim by Afrirent (PTY)LTD in respect to awarding of the FML tender to be constitutionally invalid and that it be awarded to the applicant
- Claim by Gold Fields Operations Limited to enforce the court oder to investigate and report on a available temporary emergency accomodation and to file a comprehensive report to assist the court in considering all relevant facts in the eviction proceedings
- Claim by Sibanye Gold and 5 others for disputes on rates
- Claim by Randgate Spar in respect of service account
- Claim by Gauteng Department of Agriculture and Rural Development in respect of non-compliance with conditions of the waste management licence for Randfontein Waste Disposal Site as per sec 31L of the (NEMA).
- Claim by Rand West Brake & Clutch is respect of reclaiming possession of vehicles from the respondent.
- Claim by Nicolette Gcilishe in respect of unfair discrimination.

- Claim by ZMB Holdings in respect of unlawful disconnection.

- Claim by Arrow Creek Investments 25 in respect of disconnection of electricity services.

- Claim by Afriforum droogeheuwel to prevent construction of the development and that the decision to approve the application for the development be reviewed and set aside.

- Claim relating to the contravention of the National Road Traffic Act 93 of 1996 where it is alleged that the employee wrongfully and unlawfully drove negligently and recklessly during the course of his duties as a traffic offcer.

- Claim by Mogorosi in respect of labour disputes.

- Claim by MN Zwane in respect of labour disputes.

Contingent assets:

During the current financial year the municipality opened with an unspent conditional grant of R 34 522 395 which is an amount which has not yet been transferred by Gauteng Department of Human Settlement for a grant that was gazetted for in 2017/2018 financial year and only transferred R 15 686 250 to the municipality in the 2018/2019 financial year and this results in a possible asset that may arise because of a gain that is contingent on future events that are not under the municipality's control.

Claim of R 64 196 950 for payments made to Kwane Fleet by Rand West City Local Municipality relating to the non-adherence of the SLA relating to the leasing of vehicles for service delivery.

51. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Executive mayor	Refer to note 34
Speaker	Refer to note 34
Council whip	Refer to note 34
Councillors	Refer to note 34
Members of key management	Refer to note 33

Related party transactions

Purchases from (sales to) related parties (organisations in which councillors and/or employees have a direct/indirect interest):	2024	2023
Shumba Event Solutions CC	30,500	29,500
Imisebenzi Iyakhuluma Traders	13,200	-

The transactions with the above related parties were within the normal course of business and R 2,000 was owed to Shumba Events CC at 30 June 2024 (2023: R 0).

Councillors/Mayoral committee members
Refer to note 34 "Remuneration of councillors". The total amount paid to councillors was R 34,808,726 (2023: R 33,921,303).

Executive Management
Refer to note 33 "Employee related costs". The total amount paid to Municipal Manager and Executive Managers was R 11,666,969 (2023: R 8,215,628).

52. Change in estimate

Property, plant and equipment

The useful lives of certain property, plant and equipment items on the asset register were assessed during the current financial year and it was found that certain assets are being utilized for periods that extent beyond their original expected useful lives.This resulted in the remaining useful lives of these particular assets being adjusted downwards to accommodate the prolonged utilisation. The effect of this revision has resulted in the depreciation charge changing as shown below:

	Depreciation before adjustment in useful lives	Depreciation after adjustment in useful lives	Effect of the change in estimate
Community Assets	(12,250,411)	(11,870,372)	380,038
Infrastructure Assets	(141,936,351)	(138,604,856)	3,331,495
Other Assets	(3,582,836)	(3,319,235)	263,601
Library Books	(926,099)	(1,521,336)	(595,237)
	(158,695,697)	**(155,315,799)**	**3,379,897**

53. Prior period errors

Receivables from exchange transactions: are restated by a total of R4,057,874. R 1,630,310 relating to MTN for rental of facilities, R 935,148 relating to sale of stands sold in the previous financial years, R 1,405 interest income from FNB not recognised in the prior year, R 860,393 payment of South Deep account erroneously allocated to electricity connections, An amount of R2,351,403.57. for sewer billing was never charged at Azaadville gardens.

53. Prior period errors (continued)

Biological assets that form part of an agricultural activity: is restated by R 109,585 as a result of the adjustment of a cow erroneously reported as alive, and adjustments in the negative amounts in the carrying values not considered in the previous financial year.

Investment Property: is restated by R 792,906,603 as a result of the change in the methodology used to value investment property.

Property, plant and equipment: is restated by a total of R 5,568,529 due to omission of library books and movable assets procured in the previous financial year. R 27,741 relates to movable assets R34,776 relates to depreciation on books and R7,362 was overstated on repairs and maintenance R 5,683,285 to library books.

Payables from exchange transactions: is restated by a total of R 235,636,698 relating to R 221,929,264 for the reversal of interest charged by Eskom as per the conditions of the debt relief. R 1,372,786 for the increase in the councillors upper limits back pay, R 12,334,648 for credit notes and invoices relating to the prior year and Reclassification of R431,193,281 relating to debt relief.

Eskom debt relief - Non current portion: Is restated by a Total Reclassification of R 431,193,281.

Service charges: is restated by R 1,149,010. An amount of R 860,393 was restated due to the correction of the South Deep payment erroneously allocated to electricity connections and R 2,351,404 for sewer billing was nevercharged at Azaadville gardens . Reclassificication of R 76,0003,223 relates municipal services charges.

Rental of facilities: was restated by R 1,630,310 relating to MTN for rental of facilities .

Interest received-investment: is restated by R 1,405 due to interest income from the favourable FNB bank balance not recognised in the previous financial year.

Remuneration of councillors: is restated by a total of R 1,372,786 due to the back pay of councillors upper limits.

Finance cost: is restated by R 10,171,467 due to the reversal of interest charged by Eskom as per the conditions of the debt relief amounting to R 9,920,636 R 100,000 correction of interest charged by the Department of Labour and R 150,995 interest on late payment not recognised in the prior year.

General expense: is restated by R 112,536 relating to the correction of invoices captured in the previous financial year.

Gain or loss on disposal of assets: is restated R 2,841,681 due to sale of stands sold in the previous financial year and R 21,500 relating to derecognition of biological assets.

Contracted services: is restated by R 21,412,599 as a result of invoices not recognised in the prior year, movable assets and library books erroneously recognised as expenditure in the prior year.

Fair value adjustments: is restated by R 793,037,688 due to R 131,085 adjustments in the carrying value of biological assets not considered in the previous financial year, and R 792,906,603 relating to the change in the methodology used to value investment property.

Other Income: Is restated by R22,949,164 due to eskom debt relief interest write off.

Eskom debt Relief Revenue is restated by R 192,496,646.

Depreciation: is restated by R 809,069 due to adjustments to PPE.

Bulk purchases and inventory consumed: Bulk purchases water has been reclassified to the inventory consumed line item.

53. Prior period errors (continued)

Statement of financial position	Balance as previously reported	Prior period error	Reclassification	Restated balance
Receivables from exchange transactions	269,395,853	4,057,874	-	273,453,727
Property, Plant and Equipment	4,179,891,616	5,568,529	-	4,185,460,145
Investment property	294,613,397	792,906,603	-	1,087,520,000
Biological Assets	479,415	109,585	-	589,000
Payables from exchange transactions	(2,015,679,421)	235,636,698	431,193,281	(1,348,849,442)
Eskom debt relief - non current portion	-	-	(431,193,281)	(431,193,281)
	2,728,700,860	**1,038,279,289**	**-**	**3,766,980,149**

Statement of financial performance	Balance as previously reported	Prior period error	Reclassification	Restated balance
Service charges	(1,312,190,912)	(1,491,010)	76,003,223	(1,237,678,699)
Other income	(9,225,909)	(22,949,164)	-	(32,175,073)
Rental of facilities	(2,948,717)	(1,630,310)	-	(4,579,027)
Interest on investment	(15,115,256)	(1,405)	-	(15,116,661)
Property rates	(334,805,158)	-	2,542,541	(332,262,617)
Contracted services	118,642,322	(21,412,599)	-	97,229,723
Eskom debt relief - revenue non exchange	-	(192,496,646)	-	(192,496,646)
Remuneration of councillors	32,548,516	1,372,786	-	33,921,302
Finance costs	153,892,986	(10,171,467)	-	143,721,519
General expenses	221,211,377	(112,536)	(78,545,764)	142,553,077
Gain or loss on disposal of assets	33,944,850	2,841,681	-	36,786,531
Fair value adjustments	9,013,475	(793,037,688)	-	(784,024,213)
Depreciation and amortisation	173,945,324	809,069	-	174,754,393
Bulk purchases	1,121,812,798	-	(324,890,372)	796,922,426
Inventory consumed	-	-	324,890,372	324,890,372
	190,725,696	**(1,038,279,289)**	**-**	**(847,553,593)**

Commitments:

Commitments have been restated by R 149,567,140 from R 414,754,796 to audited in the 2022/2023 financial year to R 265,187,656.

54. Comparative figures

Certain comparative figures have been reclassified.

55. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Figures in Rand	2024	2023

55. Risk management (continued)

Liquidity risk

The municipality’s risk to liquidity is a result of the funds available to cover future commitments liquidity risk arises largely from the municipality's ability to fund assets and meet financial obligation. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	1,541,248,106	-	-	-	1,541,248,106
Payables from non exchange transactions	15,776,395	-	-	-	15,776,395
Unspent conditional grants and receipts	186,604,048	-	-	-	186,604,048
Consumer deposits	68,872,681	-	-	-	68,872,681
	1,812,501,230	**-**	**-**	**-**	**1,812,501,230**

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	1,269,952,926	-	-	-	1,269,952,926
Payables from non exchange transactions	12,654,089	-	-	-	12,654,089
Unspent conditional grants and receipts	209,413,921	-	-	-	209,413,921
Consumer deposits	66,709,559	-	-	-	66,709,559
	1,558,730,495	**-**	**-**	**-**	**1,558,730,495**

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality is exposed to significant credit risk as its consumers are largely unemployed and are from low income households. Concentrations of credit risk are as per the financial instruments detailed below and for their credit quality refer to the various notes.The municipality decreases its exposure and concentration of credit risk by only depositing cash with major banks with high quality credit standing and limits exposure to any one counter-party

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

Financial instrument	2024	2023
Cash and cash equivalents (Note 3)	172,574,271	250,467,915
Receivables from exchange transactions (Note 4)	231,029,322	273,453,727
Long term receivables (Note 8)	6,455,550	4,293,262
Investments (Note 9)	5,762,090	5,342,214

Refer to the notes 3, 4, 8 and 9 for the aging of the financial instruments and any impairment losses recognised in the current financial year.

In the current year, no investments have been pledged as security for borrowings.

Market risk

The type of market risk that the municipality is exposed to is interest rate risk, this arises on interest-bearing financial instruments recognised in the statement of financial position. The Municipality manages this risk by fixing the interest rates on the loan.

56. Going concern

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

We draw attention to the fact that the municipality had a net deficit of R 25,891,801 at 30 June 2024 and the current liabilities of R 1,950,906,952 exceeded the current assets of R 454,839,138 by R 1,496,067,814 as at 30 June 2024. The municipality is currently faced with numerous financial problems which impact, amongst others its ability to meet its financial commitments and the provision of sustainable basic services. Challenges faced regarding financial issues manifests in cash flow constraints.

During the current financial year, the municipality experienced serious cash flow challenges. While the municipality had taken reasonable steps to ensure that all creditors were paid within 30 days, it was not able to meet this criterion. Because of this, there were some instances where the municipality incurred interest in respect of outstanding balances of creditors.
There is a material uncertainty and, therefore, the municipality may be unable to realise its assets and discharge its liabilities in the normal course of service delivery.

Rand West City Local Municipality has developed a revenue enhancement strategy which seeks to address the issues that have contributed to the current situation. This strategy takes a holistic approach to the organisation and was presented to and approved by the Rand West City Local Municipality Council. The plan is for various strategies to effect the changes needed for viability and sustainability of the municipality but not all could be considered due to its' limited cash-flow and institutional capacity. In addition to this, the strategies will be balanced between short term and long term to ensure the strategies will have the greatest impact based on the resources available, financial and human resources.

57. Events after the reporting date

The accounting officer is not aware of any other matter or circumstance arising since the end of the financial year to the date of authorisation of these financial statements except for the following whose approval and/or occurrence was after the reporting date of 30 June 2024:

- On 3 July 2024 council resolved to write off unauthorised expenditure amounting to R 1,414,321,437 disclosed in note 57 (R 1,166,759,116 write off disclosed in 2023 and R 247,562,321 write off disclosed in 2024) in terms of council resolution number SP.1/03/07/2024.
- On 3 July 2024 council resolved to write off irregular expenditure amounting to R 19,299,896 disclosed in note 59 in terms of council resolution number SP.1/03/07/2024 .
- On 3 July 2024 council resolved to write off fruitless and wasteful expenditure amounting to R 150,774,365 disclosed in note 58 in terms of council resolution number sp.1/03/07/2024.
- Change in the prime rate from 11,75% to 11,50% from the 20th of September 2024.
- On 5 September 2024 the Municipality received approval to write off one third of the Eskom debt owed at 31 March 2023 as per the conditions of the municipal debt relief programme.

Notes to the Audited Financial Statements

58. Unauthorised expenditure

Figures in Rand	2024	2023
Opening balance as previously reported	1,070,581,003	2,023,026,188
Add: Unauthorised expenditure - current	451,144,240	229,713,786
Add: Unauthorised expenditure - prior period	-	(15,399,855)
Add: Unauthorised expenditure on conditional grants	14,029,775	-
Less: Approved/condoned/authorised by council	(261,310,185)	(1,166,759,116)
Closing balance	**1,274,444,833**	**1,070,581,003**

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

Non-cash	297,989,929	71,519,907
Cash	153,154,311	158,193,879
	451,144,240	**229,713,786**

Analysed as follows: non-cash

Depreciation and Amortisation	94,751,597	1,357,021
Debt Impairment	203,238,332	-
Assets derecognised	-	70,162,886
	297,989,929	**71,519,907**

Analysed as follows: cash

Bulk purchases	19,557,847	48,835,377
Contracted services	9,642,250	-
Remuneration of councillors	4,246,985	3,414,516
Finance cost	62,354,899	105,943,986
Employee Related Cost	57,352,330	-
	153,154,311	**158,193,879**

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

58. Unauthorised expenditure (continued)

Unauthorised expenditure: Budget overspending – per municipal department:

Municipal manager	955,145	-
Political	25,667,851	17,233,599
Information technology	-	4,446,750
Corporate support services	-	69,455,400
Infrastructure	205,314,410	74,727,893
Community services	55,950,455	7,319,382
Planning and development	18,477,410	-
Financial management services	126,041,922	54,668,733
Public safety	18,737,047	1,862,029
	451,144,240	**229,713,786**

There was no unauthorised spending incurred for capital expenditure.

R 14,029,775 was spent in excess of the unspent conditional grant funding.

Action taken/to be taken in respect of unauthorised expenditure:

Unauthorised expenditure as at 30 June 2023 was tabled to council and referred by council to MPAC for further investigation. On the 3rd of July 2024, council approved a write off unauthorised expenditure as per council resolution SP.1/03/07/2024.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure as the processes have not yet been concluded.

The current 2023/24 financial year unauthorised expenditure will be reported to council in the next financial year.

59. Fruitless and wasteful expenditure

Opening balance as previously reported	368,518,443	295,407,681
Add: Fruitless and wasteful expenditure identified - current	71,055,488	117,492,803
Less: Amount written off - prior period	(150,774,365)	(44,382,041)
Closing balance	**288,799,566**	**368,518,443**

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

59. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year includes those listed below:

Interest on overdue creditors: Eskom	981,677	88,920,785
Interest on overdue creditors: Telkom SA Ltd	2,934	6,881
Interest on overdue creditors: Rand Water	55,547,401	26,532,103
Munsoft	-	46,836
Auditor General	87,248	15,589
Interest as per court order: SAMRO	-	200,000
Pension Fund	-	32,598
Department of Labour	396,613	1,123,159
Overpayment of leave days: Leave pay	-	614,852
Interest on overdue creditors: Eskom (small accounts)	1,750	-
Interest on overdue creditors: Gauteng Department of Roads	12,539,944	-
Interest as per court order: Proplan	15,628	-
Red ant	22,707	-
FNB interest charged	21,386	-
SARS	1,438,200	-
	71,055,488	**117,492,803**

Action taken/to be taken in respect of fruitless and wasteful expenditure:

All fruitless and wasteful expenditure incurred as at 30 June 2023 has been tabled to council and referred to MPAC for further investigation. MPAC will table its findings to council in the next council sitting.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure as the processes have not yet been concluded.

The current 2023/24 financial year fruitless and wasteful expenditure will be reported to council in the next financial year.

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

60. Irregular expenditure

	2024	2023
Opening balance as previously reported	730,431,832	680,660,893
Add: Irregular expenditure - current	182,234,907	64,511,557
Add: Irregular expenditure - prior period	28,581,736	24,612,223
Less: Amount written off - prior period	(19,299,896)	(39,352,841)
Closing balance	**921,948,579**	**730,431,832**

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

60. Irregular expenditure (continued)

Analysis of irregular expenditure awaiting investigation

2022/2023 Cases under investigation:

Cases related to non-compliance with procurement process requirements:

- 2 contracts not awarded to the tenderer that scored the highest points.
- Splitting of quotes.
- The appointed bidder did not meet the minimum required functionality points.
- Contract was advertised for less than 30 days.

2023/2024 Cases under investigation:

Cases related to non-compliance with procurement process requirements:

- No formal scm process folowed for a service provider paid in one financial year. The tender was not advertised using DTI designated sectors.
- Functionality criteria was incorrectly interpreted as reference letters were submitted instead of completion certificates.
- Reason for deviation cited as impractical and impossible to follow tender process due to poor planning.
- 2 contracts awareded were SCM processes not followed where a separate independent procurement should have been followed.

Non-Compliance with Section 17 SCM Regulations	-	20,597
Non-Compliance with section 36 SCM Regulations	-	247,135
Non-Compliance with MFMA Regulation 116(3)(b)	108,965,845	15,585,252
Non-Compliance with SCM Regulation 28	31,242,802	34,093,705
Non-Compliance with MFMA 110(2)	2,416,758	2,538,489
PPP 5(6)PPR 2017	1,595,213	-
PPR 2022	170,545	-
SCM regulation 22 (1) (b) i	343,094	-
RWCLM SCM policy	31,344,917	-
Non-compliance with SCM regulation 6(3)c	-	12,026,379
section 116 of the MFMA paragraph 3	6,155,732	-
	182,234,906	**64,511,557**

Irregular expenditure is presented inclusive of VAT.

Action taken/to be taken in respect of irregular expenditure:

Irregular expenditure as at 30 June 2023 was tabled to council and referred to the Municipal Public Accounts Committee (MPAC) for investigation. On the 3rd of July 2024 irregular expenditure incurred in the 2019/20 and 2020/21 financial years was investigated and the findings tabled in council by the Municipal Public Accounts Committee (MPAC) and a total of R 19,299,896 was approved for write off, and R 14,094,515 referred for further investigation by council.

Notes to the Audited Financial Statements

Figures in Rand	2024	2023

60. Irregular expenditure (continued)

Council further resolved that the outstanding forensic investigations be concluded and a report be tabled to council before the end of the first quarter of the 2024/25 financial year, that effective control measures be put in place to avoid the recurrence of irregular expenditure, and rigorous training be accorded to the supply chain management practitioners with the support of the Gauteng Provincial Treasury, South African Local Government Association (SALGA) and the Department of Cooperative Governance and Traditional Affairs (Cogta), and that all items referred for further investigation be tabled before council on a quarterly basis.

As at 30 June 2024 no criminal or discliplinary steps have been taken as a consequence of the above expenditure as the processes have not yet been concluded.

The current 2023/24 financial year irregular expenditure will be reported to council in the next financial year.

61. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2024	2023
Opening balance	8,275,315	-
Current year subscription / fee	6,301,431	12,558,885
Amount paid - current year	(9,137,658)	(4,283,570)
	5,439,088	**8,275,315**

	2024	2023
Material distribution losses		
Electricity	371,975,456	270,351,385
Water	206,090,159	175,450,100
	578,065,615	**445,801,485**

	2024	2023
Electricity:		
Non-technical losses	371,975,456	270,351,385

	2024	2023
Water:		
Technical losses	22,898,907	19,494,456
Non-technical losses	183,191,252	155,955,644
	206,090,159	**175,450,100**

The total electricity distribution losses from July 2023 to June 2024 was 198,152,409 kilowatts (2023: 179,171,037 kilowatts) which represents 39% (2023: 35%) of total electricity purchased. These electricity distribution losses comprise of non technical losses being theft, faults etc. Attempts are currently being made to reduce these non-technical losses.

Water distribution losses for the current financial period was 15,621,315 kilo litres (2023: 14,528,936 kilo litres) and represents 54% (2023: 54%) of the total units purchased. Of the 15,621,315 kilo litres, 1,721,508 kilo litres were technical losses and 13,899,806 kilo litres were non-technical losses (2023: 1,613,187 kilo litres technical and 12,915,749 kilo litres non-technical losses). These water distribution losses cannot be accounted for mainly due to theft, faulty pipes, spillages etc.

A network study is being conducted to determine the electricity technical losses.

See note 40 and 41 for the total electricity purchases and water inventory consumed for the financial year.

Audit fees

	2024	2023
Current year subscription / fee	10,759,433	10,600,270
Interest charged	26,205	-
Amount paid - current year	(8,710,923)	(10,600,270)
	2,074,715	**-**

Figures in Rand	2024	2023

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

PAYE and UIF

	2024	2023
Opening balance	7,163,784	7,386,369
Current year subscription / fee	97,516,062	91,123,912
Amount paid - current year	(95,624,433)	(91,346,497)
	9,055,413	**7,163,784**

Pension and Medical Aid Deductions

	2024	2023
Opening balance	12,875,430	12,309,185
Current year subscription / fee	159,547,076	152,153,980
Amount paid - current year	(158,336,749)	(151,587,735)
	14,085,757	**12,875,430**

Councillors' arrear consumer accounts

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

June 30, 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor D Mbulula	13,484	119,409	132,893
Councillor HB Munyai	2,559	49,451	52,010
Councillor MS Maakane c/o Makhene B	4,051	57,271	61,322
Councillor P Ngozi	3,620	2,571	6,191
Councillor SW Mrwetyana	3,408	28,804	32,212
Councillor CM Mahuma	3,065	3,065	6,130
Councillor E Matsoso c/o Moabi K	7,573	148,769	156,342
Councillor MM Moeletsi c/o Modise PIB	7,144	20,438	27,582
Councillor MM Mofokeng	5,555	119,361	124,916
Councillor NS Nyathi c/o Mabongo TJ	2,155	37,977	40,132
	52,614	**587,116**	**639,730**

June 30, 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor D Mbulula	5,053	477	5,530
Councillor SS and SJ Moumakwe	2,875	-	2,875
Councillor SW Mretyana	3,839	12,199	16,038
Councillor E Matsotso c/o Moabi MK	9,151	4,991	14,142
Councillor S Majikija c/o Njani WS	2,266	-	2,266
	23,184	**17,667**	**40,851**

Notes to the Audited Financial Statements

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

Deviations from SCM regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and noted by Council.

In the current year the municipality did not incur any expenditure in deviating from the SCM Regulations.

Paragraph 45(a),(b) &(c) of Government Gazette No. 27636 issued on 30 May 2005 states that the notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R 2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months.

See note 50 for Councillors, employees and organisations in which they have a direct or indirect material interest.

62. Budget differences

Material differences between budget and actual amounts

All budget fluctuations above 10% in comparison to actual results for the financial period were considered material and are shown in the Statement of Comparison of Budget and Actual amounts.

60.1 **Finance costs** reported as part of irregular expenditure, interest due to Randwater and other creditor not paid within 30 days due to cash flow constraints of the municipality.

60.2 **Contracted services** high legal expenditure, Increaseed collection,connection and Disconnection costs for electricity

60.3 **Bulk purchases - inventory consumed** increased demand for Water as well as high water losses. - The budget funding plan inculudes loss control measures which are expected to improve the metering of internal charges and the elimination of water and electricity internal cost

60.4 **Employee related cost** overspending due to overtime and demand for protective clothing/uniform

60.5 **Debt impairment** none cash year end journals and provisions

60.6 **Remuneration of councillors** councillors have been budgeted for based on approved upper limits

63. Segment reporting

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas. 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.

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.

63. Segment reporting (continued)

Aggregated segments and basis of aggregation

The municipality operates throughout the GT485 demarcation. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout GT485 were sufficiently similar to warrant aggregation.

The following segments were aggregated into a single segment as they have similar economic characteristics, and share a majority of the following:
(a) segments share the nature of the goods and/or services delivered
(b) segments share the type or class of customer/consumer to which goods and services are delivered;
(c) segments share the methods used to distribute the goods or provide the services;
(d) segments share the nature of the regulatory environment where applicable

1. Trading services:
- Water
- Electricity
- Refuse/Solid waste
- Sewerage/Waste water

2. Economic and environmental services:
- Agriculture
- Economic development planning
- Housing
- Roads
- Town planning, buidling regulations and enforcement
- Property and valuation services

3. Community and public safety:
- Cemetries
- Libraries
- Community halls and facilities
- Health and child care services
- Recreational services and sporting grounds and stadiums
- Licensing and regulation
- Traffic police and street parking control
- Community parks and nurseries

4. Governance:
- Chief Whip
- Council
- Mayor
- MPAC
- Speaker

Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Community and public safety	Community and social services, sports and recreation, public safety and health
Trading services	Sewerage, refuse, electricity and water
Governance	Community outreach
Economic and environmental services	Economic development and planning, agriculture, road transport, housing and environmental protection services

Notes to the Audited Financial Statements

Figures in Rand

63. Segment reporting (continued)

Segment surplus or deficit, assets and liabilities

2024

	Economic and environmental services	Trading services	Governance	Community and public safety	Total
Revenue					
Revenue from non-exchange transactions	475,041,175	173,660,335	497,912,416	51,379,500	1,197,993,426
Revenue from exchange transactions	3,392,118	1,276,532,039	404,576,369	24,837,195	1,709,337,721
Interest revenue	-	-	125,470,407	-	125,470,407
actuarial (losses)/gain	-	-	43,882,563	-	43,882,563
Total segment revenue	**478,433,293**	**1,450,192,374**	**1,071,841,755**	**76,216,695**	**3,076,684,117**
Entity's revenue					**3,076,684,117**
Expenditure					
Employee related costs	51,258,258	133,902,400	268,742,008	176,917,919	630,820,585
Other expenses	11,817,733	511,486,956	383,755,518	10,873,490	917,933,697
Bulk purchases	-	953,698,182	-	-	953,698,182
Inventory consumed	-	377,155,911	-	-	377,155,911
Depreciation and amortisation	57,000,000	103,489,229	2,850,408	4,380,533	167,720,170
Interest expense	-	18,071,213	94,728,079	-	112,799,292
fair value adjustments	207	-	(57,256,578)	-	(57,256,371)
Gain or loss on disposal of assets and liabilities	-	-	(331,005)	35,457	(295,548)
Total segment expenditure	**120,076,198**	**2,097,803,891**	**692,488,430**	**192,207,399**	**3,102,575,918**
Total segmental surplus/(deficit)	**358,357,095**	**(647,611,517)**	**379,353,325**	**(115,990,704)**	**(25,891,801)**
Assets					
current assets	75,823,526	133,111,483	149,933,958	95,970,171	454,839,138
non-current assets	18,914,774	466,930,289	4,979,308,376	37,016,561	5,502,170,000
Total segment assets	**94,738,300**	**600,041,772**	**5,129,242,334**	**132,986,732**	**5,957,009,138**

Notes to the Audited Financial Statements

Figures in Rand

63. Segment reporting (continued)

	Economic and environmental services	Trading services	Governance	Community and public safety	Total
Total assets as per Statement of financial Position					**5,957,009,138**
Liabilities					
current liabilities	265,932,322	590,682,738	875,543,303	218,748,589	1,950,906,952
non-current liabilities	703,957	376,221,436	210,598,428	-	587,523,821
Total segment liabilities	**266,636,279**	**966,904,174**	**1,086,141,731**	**218,748,589**	**2,538,430,773**
Total liabilities as per Statement of financial Position					**2,538,430,773**