OKHAHLAMBA

LOCAL MUNICIPALITY • UMKHANDLU WENDAWO

Home of Heritage and Tourism

Okhahlamba Local Municipality
(Registration number KZN 235)

Annual Financial Statements

for the year ended 30 June, 2024

General Information

Legal form of entity	Local Municipality
Municipal demarcation code	KZN 235
Capacity	Low
Nature of business and principal activities	Service Delivery: Rates, Waste Management and General services. Main business operations: Local government activities, planning and promotion of the integrated development plan, land, economic and environmental development. The mandate of the municipality is in terms of section 152 of the Constitution of South Africa.
Accounting Officer	Mr SN Malinga Pr. Techn Eng(Civil)
Councillors	Mayor - Cllr. V. R. Mlotshwa Deputy Mayor - Cllr. N. E. Shabalala Speaker - Cllr. S. Z. Khumalo Member of the Executive Committee - Cllr. M. A. Mavundla Member of the Executive Committee - Cllr. S. M. Buthelezi Member of the Executive Committee - Cllr. M. G. Ndlangisa Cllr. M. N. Dlamini Cllr.S .P. Sehlako Cllr. P. N. Zwane Cllr. B. Z. Mchunu Cllr. D.R. Hlongwane Cllr. L. K. Letsoalo Cllr. B. A. Coka Cllr. V. W. Mazibuko Cllr. S. P Khoza Cllr. T. J. Dladla Cllr. K.O. Hadebe Cllr. R. T. Khoza Cllr. V. P. Mvula Cllr. P. W. Hlongwane Cllr. P.A.M. Mfuphi Cllr. IM Buthelezi Cllr. N.A. Mdakane Cllr. D.S. Ndaba Cllr. D.T. Sibeko Cllr. N.P. Khumalo Cllr. K.A. Hlongwane Cllr. R.S. Ngwenya Cllr. MM Zakwe

General Information

Registered office	259 Kingsway Road Bergville Tel: 036 448 8000 communications@okhahlamba.gov.za
Postal address	P. O. Box 71 Bergville 3350
Chief Finance Officer (CFO)	Mr. S.S. Dlamini
Bankers	First National Bank, ABSA, Investec Bank and Nedbank.
Auditors	Auditor General of South Africa
Preparer	The annual financial statements were internally compiled by: Manager: Finance, reviewed by Chief Financial Officer, Internal Audit.
Legislation governing the Municipality's operations:	Constitution of the Republic of South Africa (Act No. 108 of 1998) Local Government: Municipal Finance Management Act (Act No. 56 of 2003) Local Government: Municipal Systems Act (Act No. 32 of 2000) Local Government: Municipal Structures Act (Act No. 117 of 1998) Municipal Property Rates Act (Act No. 6 of 2004) Division of Revenue Act (Act No. 1 of 2007)

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Abbreviations

VAT	Value Added Tax
LGSETA	Local Government Sectorial Education and Training Authority
INEP	Integrated National Electrification Programme
PPE	Property, Plant and Equipment
WCF	Workman's Compensation Fund
COGTA	Co-operative Governance and Traditional Affairs
SETA WIL	Sectorial Education and Training Authority Work Integrated Learning
MFMA	Municipal Finance Management Act 56 of 2003
MIG	Municipal Infrastructure Grant
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
SARS	South African Revenue Services
GRAP	Generally Recognised Accounting Practice
IGRAP	Interpretation of Generally Recognised Accounting Practice
DORA	Division of Revenue Act

Approval of Annual Financial Statements

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June, 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.

The annual financial statements set out from page 5, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 August, 2024 and were signed on its behalf by:

Mr SN Malinga Pr. Techn Eng(Civil)
ND Civil Eng ,B Tech Civil Eng.,B Tech in Mngt.,Master in Public Admin.

Date of Signature

30 August, 2024

Statement of Financial Position as at 30 June, 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Operating lease receivable	7	105,456	86,302
Receivables from exchange transactions	8	9,619,857	13,078,591
Receivables from non-exchange transactions	9	2,256,180	1,303,249
Consumer debtors	10	33,883,472	35,386,469
Cash and cash equivalents	12	30,607,940	43,297,372
		76,472,905	**93,151,983**
Non-Current Assets			
Property, plant and equipment	3	488,694,452	469,426,802
Intangible assets	4	574,242	706,427
Heritage assets	5	93,660	93,660
Receivables from exchange transactions	8	277,778	555,556
		489,640,132	**470,782,445**
Total Assets		**566,113,037**	**563,934,428**
Liabilities			
Current Liabilities			
Operating lease liability	7	251,321	120,197
Payables from exchange transactions	15	40,522,666	46,518,746
Employee benefit obligation	6	333,000	895,000
Unspent conditional grants and receipts	13	10,503,685	12,101,815
Provisions	14	1,092,716	2,302,525
		52,703,388	**61,938,283**
Non-Current Liabilities			
Employee benefit obligation	6	6,245,506	4,992,682
Provisions	14	13,493,430	11,452,481
		19,738,936	**16,445,163**
Total Liabilities		**72,442,324**	**78,383,446**
Net Assets		**493,670,713**	**485,550,982**
Accumulated surplus		493,670,713	485,550,982
Total Net Assets		**493,670,713**	**485,550,982**

* See Note 39

Statement of Financial Performance for the period ended 30 June,2024

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	17	1,915,637	1,704,196
Rendering of services		354,020	438,420
Contract revenue		7,826,087	8,658,942
Rental of facilities and equipment		1,154,208	673,049
Interest on outstanding debtors		866,737	485,127
Agency services	21	4,339,272	4,313,961
Other income	20	139,103	163,896
Interest received	26	5,635,247	4,664,454
Total revenue from exchange transactions		**22,230,311**	**21,102,045**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	16	28,796,909	30,187,849
Property rates - penalties imposed	16	8,169,437	5,715,577
Transfer revenue			
Government grants	18	229,493,187	222,810,634
Public contributions and donations	19	-	60,000
Fines, Penalties and Forfeits		1,943,050	971,890
Government subsidies		3,373,422	3,222,000
Total revenue from non-exchange transactions		**271,776,005**	**262,967,950**
Total revenue		**294,006,316**	**284,069,995**
Expenditure			
Employee related costs	23	(132,070,532)	(122,157,810)
Remuneration of councillors	24	(12,456,380)	(11,459,576)
Employee benefits	6	(741,000)	(597,000)
Depreciation and amortisation	27	(31,192,378)	(25,822,336)
Finance costs	28	-	(200,681)
Lease rentals on operating lease		(1,806,682)	(3,064,145)
Debt Impairment	25	(14,703,655)	(8,183,902)
landfill site		-	(1,182,574)
General Expenses	22	(92,763,826)	(87,442,195)
Total expenditure		**(285,734,453)**	**(260,110,219)**
Operating surplus		**8,271,863**	**23,959,776**
Gain/(loss) on disposal of assets and liabilities		951,159	(1,536,351)
Actuarial gains/(losses)	6	(301,000)	1,202,000
Impairment loss	3	(802,290)	(5,774,051)
		(152,131)	**(6,108,402)**
Surplus for the year		**8,119,732**	**17,851,374**

* See Note 39

Statement of Changes in Net Assets for the year ended 30 June,2024

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	465,983,144	465,983,144
Adjustments		
Prior year restatements (note 39)	1,716,464	1,716,464
Balance at 1 July, 2022 as restated*	**467,699,608**	**467,699,608**
Changes in net assets		
Surplus for the period	17,851,374	17,851,374
Total changes	17,851,374	17,851,374
Restated* Balance at 1 July, 2023	**485,550,981**	**485,550,981**
Changes in net assets		
Surplus for the period	8,119,732	8,119,732
Total changes	8,119,732	8,119,732
Balance at 30 June, 2024	**493,670,713**	**493,670,713**

* See Note 39

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Cash receipt from ratepayers and other		48,441,651	44,556,427
Grants		227,895,057	219,047,194
Interest income		5,635,247	4,664,454
		281,971,955	268,268,075
Payments			
Employee costs		(144,526,913)	(133,617,386)
Suppliers		(99,955,500)	(76,978,930)
Finance costs		-	(200,681)
		(244,482,413)	(210,796,997)
Net cash flows from operating activities	30	**37,489,542**	**57,471,078**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(51,899,300)	(65,034,993)
Proceeds from sale of property, plant and equipment	3	1,868,924	6,558
Purchase of other intangible assets	4	(148,599)	-
Net cash flows from investing activities		**(50,178,975)**	**(65,028,435)**
Cash flows from financing activities			
Finance lease payments		-	(5,650,517)
Net increase/(decrease) in cash and cash equivalents		**(12,689,433)**	**(13,207,874)**
Cash and cash equivalents at the beginning of the year		43,297,372	56,505,242
Cash and cash equivalents at the end of the year	12	**30,607,939**	**43,297,368**

* See Note 39

Statement of Comparison of Budget and Actual Amounts for the year ended 3

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	1,707,000	213,000	**1,920,000**	1,915,637	**(4,363)**	
Rendering of services	602,000	(144,000)	**458,000**	354,020	**(103,980)**	a)
Contract revenue	-	7,826,087	**7,826,087**	7,826,087	**-**	
Rental of facilities and equipment	537,000	371,000	**908,000**	1,154,208	**246,208**	b)
Interest on outstanding debtors	430,000	272,000	**702,000**	866,737	**164,737**	c)
Agency Services	4,316,000	(291,000)	**4,025,000**	4,339,272	**314,272**	d)
Other income	6,000	123,000	**129,000**	139,103	**10,103**	e)
Interest received	3,783,000	1,057,000	**4,840,000**	5,635,247	**795,247**	f)
Total revenue from exchange transactions	**11,381,000**	**9,427,087**	**20,808,087**	**22,230,311**	**1,422,224**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	28,790,000	-	**28,790,000**	28,796,909	**6,909**	
Property rates - penalties imposed	5,952,000	1,044,000	**6,996,000**	8,169,437	**1,173,437**	g)
Transfer revenue						
Government grants	203,322,000	25,728,913	**229,050,913**	229,493,187	**442,274**	h)
Fines	633,000	(224,000)	**409,000**	1,943,050	**1,534,050**	i)
Government subsidies	3,236,000	59,000	**3,295,000**	3,373,422	**78,422**	
Total revenue from non-exchange transactions	**241,933,000**	**26,607,913**	**268,540,913**	**271,776,005**	**3,235,092**	
Total revenue	**253,314,000**	**36,035,000**	**289,349,000**	**294,006,316**	**4,657,316**	
Expenditure						
Employee related costs	(126,698,000)	-	**(126,698,000)**	(132,070,532)	**(5,372,532)**	j)
Remuneration of councillors	(11,334,000)	(1,218,000)	**(12,552,000)**	(12,456,380)	**95,620**	k)
Employee benefits	-	-	**-**	(741,000)	**(741,000)**	p)
Depreciation and amortisation	(37,615,000)	6,420,000	**(31,195,000)**	(31,192,378)	**2,622**	
Impairment loss/ Reversal of impairments	-	(810,000)	**(810,000)**	(802,290)	**7,710**	
Finance costs	-	(1,469,000)	**(1,469,000)**	-	**1,469,000**	l)
Lease rentals on operating lease	-	(1,820,000)	**(1,820,000)**	(1,806,682)	**13,318**	
Debt Impairment	(8,600,000)	(6,054,000)	**(14,654,000)**	(14,703,655)	**(49,655)**	m)
General Expenses	(54,526,000)	(18,171,000)	**(72,697,000)**	(92,763,826)	**(20,066,826)**	n)
Total expenditure	**(238,773,000)**	**(23,122,000)**	**(261,895,000)**	**(286,536,743)**	**(24,641,743)**	
Operating surplus	**14,541,000**	**12,913,000**	**27,454,000**	**7,469,573**	**(19,984,427)**	
Gain on disposal of assets and liabilities	-	-	**-**	951,159	**951,159**	o)
Actuarial gains/losses	-	-	**-**	(301,000)	**(301,000)**	p)
	-	**-**	**-**	**650,159**	**650,159**	
Surplus for the year	**14,541,000**	**12,913,000**	**27,454,000**	**8,119,732**	**(19,334,268)**	

Statement of Comparison of Budget and Actual Amounts for the year ended 3

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**14,541,000**	**12,913,000**	**27,454,000**	**8,119,732**	**(19,334,268)**	

Reconciliation

Significant increase/decrease is explained below;
a) Rendering of services- There has been a significant decrease in the building plans applications, largely due to the economic conditions.

b) Rental of facilities and equipment -The Municipality concluded additional leases with the Sector Departments at the CSC.
c)Interest on outstanding debtors - The Gross balances for refuse removal has increased due to the decrease in collection rate, therefore interest charges has increased.

d) Agency services - The number of drivers and learners licence applications increased in 2023/24, local drivers now prefer to use this station to register their vehicles.
e) Other income - The Municipality recovered fruitless and wasteful expenditure that was not budgeted for.
f) Interest income - The increase in repo rate led to the higher interest rates offered by financial institutions, the Municipality opened a call account to earn additional interest on unused funds.
g) Property rates penalties imposed - The Municipality charges 18% on outstanding gross balance, the property rates balance has a increased compared to 2023 balance, the rate payers are struggling to settle their accounts as they become due.

h)Government grants- the Municipality did not budget for the title deed restoration grant.

i)Fines, penalties and forfeits- The Municipality issued penalties on late completion of a construction project, the Municipality also conducted roadblocks as results of additional personnel.

j) Employee related costs- The implementation of upper limits gazette, the increase in leave days balances and the appointment of additional personnel has contributed to the line item exceeding the budget.
k) Remuneration of Councillors - MPAC chairperson was designated as full-time by the MEC for COGTA, this had financial implications and one councillor was not paid for part of the year..
l) Finance costs - The Municipality anticipated to complete all the process of securing a new long term lease in 2023/2024.

m) Debt impairment -The Municipality has revised the debt impairment provision for Government debt from 20% to 35 %, the Municipality has been struggling to collect Government debt.

n) General Expenses - The contributing cost drivers were, wet fuel, electricity, telephones, maintenance of assets, security services, social events, EPWP etc.The Municipality fully spent the Disaster Recovery grant, some of the expenditure incurred was operational (i.e. repairs and maintenance), however the entire budget was treated as capital during the budget process.
o)Gain on disposal of assets and liabilities - The Municipality disposed assets which were no longer needed for service delivery.
p) Actuarial gains/(losses) - The expenditure as per the GRAP 25 valuation report, the Municipality could not budget for these since the report is prepared at year end.

Statement of Comparison of Budget and Actual Amounts for the year ended 3

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						
Capital Budget	34,234,000	24,173,000	**58,407,000**	52,047,899	**(6,359,101)**	

Capital Budget - The capital expenditure does not equal the budget because of the following reasons:

Motor vehicle purchase order was placed in 2022/2023 when it was budgeted for, however the vehicle had to be manufactured and was only delivered in 2023/2024.

The increase in landfill site cost as per the GRAP 19 valuation roll was accounted for in accordance to Changes in Existing Decommissioning, Restoration and Similar Liabilities, this was not budgeted for.

Small equipment, software's and some IT equipment were identified during the review of licences, repairs and maintenance, and small tools accounts, these were purchased used operational expenditure votes/ accounts, the review of these accounts resulted in identifying these capital assets sitting the operational expenditure accounts.

The Municipality fully spent the Disaster Recovery grant, some of the expenditure incurred was operational (i.e. repairs and maintenance), however the entire budget was treated as capital during the budget process.

Significant Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Some assets are commonly described as “infrastructure assets”. While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics:

a) they are part of a system or network;
(b) they are specialised in nature and do not have alternative uses;
(c) they are immovable; and
(d) they may be subject to constraints on disposal.

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

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

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

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

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

Significant Accounting Policies

1.3 Property, plant and equipment (continued)

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.

Major spare parts and stand by equipment which are expected to be used for more than one accounting period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

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

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

Item	Depreciation method	Average useful life (Years)
Buildings	Straight-line	30
Plant and machinery	Straight-line	3-5
Motor vehicles	Straight-line	7-10
Office equipment	Straight-line	3-10
IT equipment	Straight-line	3-10
Infrastructure	Straight line	
• Roads - Gravel	Straight line	3 - 10
• Roads - Tar	Straight line	10 - 15
• Paving	Straight line	5 - 30
Community	Straight line	
• Solid waste disposal	Straight line	5 - 25
• Community Assets	Straight line	5 - 30
leased Assets	Straight-line	3-5

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

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

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

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

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

Significant Accounting Policies

1.3 Property, plant and equipment (continued)

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

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

1.4 Intangible assets

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.4 Intangible assets (continued)

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.5 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.5 Heritage assets (continued)

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Financial instruments

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

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

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

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

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

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

1.6 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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

1.6 Financial instruments (continued)

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

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

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions, where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

1.6 Financial instruments (continued)

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Significant Accounting Policies

1.6 Financial instruments (continued)

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions.

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

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

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

1.7 Leases

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

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

Significant Accounting Policies

1.7 Leases (continued)

Finance leases - lessee

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

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

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

Operating leases - lessor

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

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 an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

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

Identification

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

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

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

Value in use

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

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

1.9 Tax

Value Added Tax

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Section 15(2)(a) of the Value Added Tax Act No 89 of 1991.

1.10 Employee benefits

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

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

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

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

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

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

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

Significant Accounting Policies

1.10 Employee benefits (continued)

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

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

Short-term employee benefits

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

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

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Post-employment benefits

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

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

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

Significant Accounting Policies

1.10 Employee benefits (continued)

Multi-employer plans

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity 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.

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:

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

Significant Accounting Policies

1.10 Employee benefits (continued)

Long service awards

The municipality offers long service award/bonus to an employee that has completed the following periods:

5 years service = 5 days
10 years service = 10 days
15 years service = 20 days
20-45 years service = 30 days

The employees may elect to either take or encash the days, the encashment or taking of the leave must take place in the same year that employee qualifies for the recognition/long service leave

Based on previous experience, employees elect encashment of the days over taking leave days

An employee that has 5 or more years service with the municipality and leaves the service of the municipality for any reason whatsoever, excluding reasons relating to misconduct, shall receive a pro rata long service bonus for any uncompleted period stipulated above.

1.11 Provisions and contingencies

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

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.11 Provisions and contingencies (continued)

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

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

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

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

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

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

1.11 Provisions and contingencies (continued)

Landfill Rehabilitation Provision

The Landfill Rehabilitation Provision is created for the rehabilitation of the current operational sites at the future estimated time of closure.

The value of the provision is based on the expected future cost to rehabilitate of the landfill site.

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

The asset is measured using the cost model :
a) subject to (b), changes in the liability are added to, deducted from, the cost of the related assets in the current period;
b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
c) if the adjustment results in an addition to the cost of an asset, the economic entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. if it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

1.12 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
- Salary commitments relating to employment contracts are excluded. Commitments are disclosed inclusive of VAT

1.13 Revenue from exchange transactions

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

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

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

Measurement

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

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

Significant Accounting Policies

1.13 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest

Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

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

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

Significant Accounting Policies

1.14 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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

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

1.14 Revenue from non-exchange transactions (continued)

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

Fines (IGRAP 1)

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

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

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

Gifts and donations, including goods in-kind

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

1.15 Rates and taxes

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

1.16 Government grants and receipts

Unconditional Grants

Equitable share allocations are recognised in revenue as and when the allocation is received.

Conditional Grants

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

1.17 Investment income

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

1.18 Accounting by principals and agents

Identification

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

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

Significant Accounting Policies

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:
- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

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

Recognition

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

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

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

1.19 Comparative figures

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

1.20 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

1.20 Unauthorised expenditure (continued)

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

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is;

(a) expenditure incurred by the Municipality or Municipal entity in contravention of, or that is not in accordance with, requirement of this act, and which has not been condoned in terms of section 170.
(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, requirement of the Municipal System Act, and which has not been condoned in terms of that Act.
(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office - Berears Act, 1998 (Act No. 20 of 1998)

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

1.23 Budget information

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

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

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

The approved budget covers the fiscal period from 2023-07-01 to 2024-06-30.

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

1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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 considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Significant Accounting Policies

1.24 Related parties (continued)

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.25 Events after reporting date

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

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

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

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

1.26 Significant judgements and sources of estimation uncertainty

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

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

Allowance for doubtful debts

The Municipality’s management in exercising reasonable judgemental in determining the provision for doubtful debt has considered GRAP 104, the assessment of the debtors and taking into account the risk factors presented by the debtors (type of debtor, amounts owing, payments history, economic indicators).
Changes to the assumptions used are accounted for as a change in accounting estimates in terms of GRAP 3.

Review of useful lives of property, plant and equipment and intangible assets

The useful lives of assets are based on management’s estimation. Management considers whether there is any indication that expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. These include changes in the composition, condition and nature of the asset, its susceptibility and adaptability to changes in technology and processes, the nature of the processes and environment in which the asset is deployed, availability of funding to replace the asset and changes in the market in relation to the asset, as well as planned repairs and maintenance including refurbishments.

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

1.26 Significant judgements and sources of estimation uncertainty (continued)

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

Employee Benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.
Other key assumptions for Long Service Award obligations are based on current market conditions. Additional information is disclosed in Note 6.

1.27 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

1.27 Statutory receivables (continued)

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

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

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

1.28 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

1.28 Cash and cash equivalents (continued)

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

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

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity’s cash management activities, and as such are included as a component of cash and cash equivalents.

1.29 Segment information

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

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

Measurement

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

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

1.30 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Significant Accounting Policies

1.30 Construction contracts and receivables (continued)

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

The Municipality uses the proportion that contract cost incurred for the work performed to date bear to the estimated total contract cost as the stage of completion.

1.31 Prior period errors

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Financial statements do not comply with Standards of GRAP if they contain either material errors or immaterial errors made intentionally to achieve a particular presentation of an entity's financial position, financial performance or cash flows. Potential current period errors discovered in that period are corrected before the financial statements are authorised for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period.

Material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after their discovery by

Restating the comparative amounts for the prior period(s) presented in which the error occurred; or

If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable (which may be the current period).

1.32 Materiality

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

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

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.33 Borrowing costs

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

Significant Accounting Policies

1.33 Borrowing costs (continued)

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

1.34 Off setting

Assets and liabilities, revenue and expenses should not be offset; these items should be reported separately. Offsetting is permitted only if it is required or permitted by other standards of GRAP (GRAP 25) , Legislation or where offsetting reflects the substance of the transaction or the event

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

2. New standards and interpretations

2.1 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 1 July, 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers	1 April, 2025	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	1 April, 2025	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	1 April, 2025	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	1 April, 2099	Impact is currently being assessed
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	1 April, 2099	Impact is currently being assessed
• GRAP 103 (as revised): Heritage Assets	1 April, 2099	Impact is currently being assessed
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	1 April, 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	1 April, 2025	Impact is currently being assessed

Notes to the Annual Financial Statements

Figures in Rand

3. 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	13,175,709	-	13,175,709	13,175,709	-	13,175,709
Buildings	272,995,755	(73,081,390)	199,914,365	265,769,395	(62,847,348)	202,922,047
Plant and machinery	11,311,368	(6,734,616)	4,576,752	11,034,985	(5,453,099)	5,581,886
Motor vehicles	42,243,609	(37,920,238)	4,323,371	48,546,439	(42,388,622)	6,157,817
Office equipment	8,606,255	(6,330,071)	2,276,184	8,240,176	(5,472,712)	2,767,464
IT equipment	5,368,255	(3,004,076)	2,364,179	5,105,213	(2,579,305)	2,525,908
Infrastructure	373,481,816	(111,805,540)	261,676,276	331,729,470	(95,824,569)	235,904,901
Community	15,289,692	(14,902,076)	387,616	14,700,776	(14,309,706)	391,070
Total	**742,472,459**	**(253,778,007)**	**488,694,452**	**698,302,163**	**(228,875,361)**	**469,426,802**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Additions (Work in Progress)	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	13,175,709	-	-	-	-	-	-	13,175,709
Buildings	202,922,047	-	7,516,869	(271,008)	(19,500)	(10,137,078)	(96,965)	199,914,365
Plant and machinery	5,581,886	336,656	-	(6,707)	-	(1,335,083)	-	4,576,752
Motor vehicles	6,157,817	790,766	-	(634,529)	-	(1,990,683)	-	4,323,371
Office equipment	2,767,464	378,031	-	(72)	-	(869,239)	-	2,276,184
IT equipment	2,525,908	555,215	-	(5,449)	-	(711,495)	-	2,364,179
Infrastructure	235,904,901	-	41,752,347	-	-	(15,845,062)	(135,910)	261,676,276
Community	391,070	569,416	-	-	19,500	(22,954)	(569,416)	387,616
	469,426,802	**2,630,084**	**49,269,216**	**(917,765)**	**-**	**(30,911,594)**	**(802,291)**	**488,694,452**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions (Work in Progress)	Disposals	Fair value donations	Other changes, movements	Depreciation	Impairment loss	Total
Land	13,175,709	-	-	-	-	-	-	-	13,175,709
Buildings	195,360,206	-	16,690,287	(47,602)	-	-	(8,331,205)	(749,639)	202,922,047
Plant and machinery	5,937,049	297,964	739,894	(165,516)	-	(160,114)	(1,050,717)	(16,674)	5,581,886
Motor vehicles	7,103,942	1,378,711	-	(1,875)	-	-	(2,322,961)	-	6,157,817
Office equipment	2,669,925	1,022,710	-	(30,990)	-	-	(894,181)	-	2,767,464
IT equipment	1,959,589	1,276,345	-	(101,950)	60,000	-	(668,076)	-	2,525,908
Infrastructure	210,282,438	-	41,288,210	(976,414)	-	-	(12,182,580)	(2,506,753)	235,904,901
Community	643,637	2,500,986	-	(199,040)	-	-	(53,527)	(2,500,986)	391,070
	437,132,495	**6,476,716**	**58,718,391**	**(1,523,387)**	**60,000**	**(160,114)**	**(25,503,247)**	**(5,774,052)**	**469,426,802**

Pledged as security assets

The Municipality has fully settled all finance leases in 2022/2023.

Donations

The Municipality received the following donations with the fair value of R Nil (2023 : R 60 000)

IT equipment from KwaZulu Natal Department of Sports, Arts and Culture with a fair value of R 60 000.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

3. Property, plant and equipment (continued)

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

Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Bergville Vehicle Testing Pit	1,851,713	1,851,713
Bergville athletic track	1,624,840	1,624,840
Bergville CSC Tuckshop	1,555,405	1,555,405
	5,031,958	**5,031,958**

There has been no movements in the above projects in the 2023/2024 financial year. These assets were assessed for any indication for impairment, there were no indications that the assets were impaired. The assessment was conducted by an independent third party.

The projects have not been completed due to unavailability of funding. The Municipality has been successful in sourcing funds for the completion of the athletic track for 2024/2025 financial year.

Reconciliation of Work-in-Progress 2024

	Included within Building	Included within Infrastructure	Total
Opening balance	13,457,772	58,414,780	71,872,552
Additions/capital expenditure	7,516,868	41,752,346	49,269,214
Disposals	(271,008)	-	(271,008)
Transferred to completed projects	(15,671,674)	(94,122,682)	(109,794,356)
	5,031,958	**6,044,444**	**11,076,402**

Reconciliation of Work-in-Progress 2023

	Included within Building	Included within Infrastructure	Included within Other PPE	Total
Opening balance	19,499,751	46,540,301	1,966,288	68,006,340
Additions/capital expenditure	16,690,287	41,288,210	739,894	58,718,391
Other movements [operational expenditure]	-	-	(160,113)	(160,113)
Transferred to completed projects	(22,732,266)	(29,413,731)	(2,546,069)	(54,692,066)
	13,457,772	**58,414,780**	**-**	**71,872,552**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

3. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Amount paid to employees	6,256,231	6,172,748
Amount paid to suppliers	5,194,987	5,489,667
Materials	12,075,240	4,021,724
Fuel and oil	3,555,973	4,223,282
	27,082,431	**19,907,421**

Repairs and Maintenance on Property, Plant and Equipment is detailed as follows

Amount paid to suppliers R 5 194 987 (2023: R 5 489 667), is included in general expenses (note 22) as sub-contracting services in the Statement of Financial Performance.

Employee related cost is the amount incurred on employees R 6 256 231 (2023: R 6 172 748), included in the employee related cost in the Statement of Financial Performance.

Materials amounting to R 12 075 240 (2023: R 4 021 724) are included in the general expenses (note 22) as consumables in the Statement of Financial Performance. Included in materials is joint pipes, culverts and precast wall wings used in the maintenance of roads and infrastructure

Fuel and oil amounting to R 3 555 973 (2023: R 4 223 282) is included in general expenses (note 22) in the statement of Financial performance.

Notes to the Annual Financial Statements

Figures in Rand

4. Intangible assets

	2024			2023		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	2,683,003	(2,108,761)	574,242	2,534,404	(1,827,977)	706,427

Reconciliation of intangible assets - 2024

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	706,427	148,599	(280,784)	574,242

Reconciliation of intangible assets - 2023

	Opening balance	**Disposals**	**Amortisation**	**Total**
Computer software, other	1,045,038	(19,522)	(319,089)	706,427

Notes to the Annual Financial Statements

Figures in Rand

5. Heritage assets

	2024			2023		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Art Collections, antiquities and exhibits	93,660	-	93,660	93,660	-	93,660

Reconciliation of heritage assets 2024

	Opening balance	**Total**
Art Collections, antiquities and exhibits	93,660	93,660

Reconciliation of heritage assets 2023

	Opening balance	**Total**
Art Collections, antiquities and exhibits	93,660	93,660

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

6. Employee benefit obligations

Defined contribution plan

Post retirement pension plan

The Municipality's personnel are members of one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. As the aforementioned funds are multi- employer funds, the allocation of any surplus/ deficit to individual municipalities cannot be determined.

Furthermore, disclosure of further details such as actuarial assumptions cannot be attributed to any specific municipality and is of no relevance to the users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution plans.

An independent valuer carries out statutory valuation of the NJMPF on a triennial basis and an interim valuation on an annual basis. The 2024 interim valuations have not been released.

Long Service Awards

The independent valuers carried out a statutory valuation on the Long Service Awards benefit as at 30 June 2024.

The principal actuarial assumptions used were as follows:

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

	2024	2023
Carrying value		
Opening Balance	(5,887,682)	(6,568,285)
Interest cost	(741,000)	(597,000)
Expected employee benefit payment/current service cost	(725,000)	(824,000)
Actuarial gain/(loss)	(301,000)	1,202,000
Less municipality paid benefits	1,076,176	899,603
	(6,578,506)	**(5,887,682)**

	2024	2023
Non-current liabilities	(6,245,506)	(4,992,682)
Current liabilities	(333,000)	(895,000)
	(6,578,506)	**(5,887,682)**

	2024	2023
Active members	373	354

Summary of key economic assumptions(p.a.)

	2024	2023
Discount rate	12.59 %	11.47 %
Salary inflation	8.82 %	7.85 %
Net discount rate	3.46 %	3.36 %
	-	-

Net expense recognised in the statement of financial performance

	2024	2023
Interest cost	741,000	597,000
Expected employee benefit payment/current service cost	725,000	824,000
Actuarial (gain)/loss	301,000	(1,202,000)
	1,767,000	**219,000**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

7. Operating lease

Current assets	105,456	86,302

Present Value of minimum lease payments		
-Within one year	1,045,870	1,261,499
- in second to fifth year	1,930,561	2,976,431
	2,976,431	**4,237,930**

The Municipality entered into an operating lease agreement for a period of 5 years with SASSA, leasing out office space in Dukuza Thusong and Community Service Centre and a monthly rental income is accounted for in the Statement of Financial Performance . The average lease term is 5 years with 6% escalation.

The Municipality entered into an operating lease agreement for a period of 5 years with IEC, leasing out office space in Community Service Centre and a monthly rental income is accounted for in the Statement of Financial Performance . The average lease term is 5 years with 0% escalation. The rental is fixed for the duration of the contract.

The Municipality entered into an operating lease agreement for a period of 5 years with the Department of Labour, leasing out office space in Community Service Centre and a monthly rental income is accounted for in the Statement of Financial Performance . The average lease term is 5 years with 6% escalation.

The Municipality entered into an operating lease agreement for a period of 5 years with Department of Agriculture, leasing out office space in Community Service Centre and a monthly rental income is accounted for in the Statement of Financial Performance . The average lease term is 5 years with 6% escalation.

Please refer note 29 for operating leases where the Municipality is a lessee.

8. Receivables from exchange transactions

Prepayments (landfill site lease, License fees) - Current	1,233,193	1,932,770
Accrued interest & agency fees receivables	222,396	240,995
VAT control	1,727,742	943,939
VAT input accrual	6,436,526	9,960,887
Prepayments (landfill site lease) - Non-Current	277,778	555,556
	9,897,635	**13,634,147**

Non-current assets	277,778	555,556
Current assets	9,619,857	13,078,591
	9,897,635	**13,634,147**

Statutory receivables included in receivables from exchange transactions above are as follows:		
VAT input accrual	6,436,526	9,960,887
VAT control	1,727,742	943,939
	8,164,268	**10,904,826**

Other non-financial asset receivables included in receivables from exchange transactions above are as follows:		
Prepayments (landfill site lease, License fees)	1,510,971	2,488,326
Financial asset receivables included in receivables from exchange transactions above	**222,396**	**240,995**
Total receivables from exchange transactions	9,897,635	13,634,147

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

8. Receivables from exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

VAT is levied in terms of Value-Added Tax Act 89 of 1991.

Determination of transaction amount

15% of the Vatable/Taxable supply.

Statutory receivables impaired

The carrying amount of the receivable amount disclosed is not impaired.

9. Receivables from non-exchange transactions

Fines	1,223,934	1,136,639
Sundry Debtors	1,015,279	49,747
Staff Debtors	16,967	116,863
	2,256,180	**1,303,249**

Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Fines	1,223,934	1,136,639
Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:		
Other non-financial asset receivable	72,246	166,610
Financial asset receivables included in receivables from non-exchange transactions above	**960,000**	**-**
Total receivables from non-exchange transactions	2,256,180	1,303,249

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

9. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Traffic fines are issued in terms of the Administrative Adjudication of Road Traffic Offences (AARTO Act) by way of notices to offenders which specify the value of the fine that must be paid.

Determination of transaction amount

Schedule 3 of the AARTO Regulations 2008 for charge codes and descriptions, penalties and their discounts, and demerit points.

Interest or other charges levied/charged

No interest charges on outstanding traffic fines, however warrant of arrest is issued on long outstanding traffic fines.

Statutory receivables impaired

As of 30 June, 2024, traffic fines of R 3 784 431 (2023: R 3 124 338) were impaired and provided for.

The amount of the provision was R 2 560 497 as of 30 June, 2024 (2023: R 1 987 700).

The net balance is R 1 223 934 as at 30 June 2024 (2023; R 1 136 639):

Factors the entity considered in assessing statutory receivables impaired

The Municipality accounts for traffic fines impairment in accordance with IGRAP1.

The Municipality assess the average collection rate of the traffic fines over 11 years.

Reconciliation of provision for impairment for statutory receivables

Opening balance	(1,987,700)	(1,567,540)
Provision for impairment	(572,797)	(420,160)
	(2,560,497)	**(1,987,700)**

Sundry debtors

Included in sundry debtors is a amount of R 49 747 (2023: R 49 747) that was not banked by the former employee, an amount of R 46 489 was recovered from the employee pension fund.

Included in sundry debtors is a amount of R 960 000 (2023: Nil) for the delay in the completion of the construction project in accordance to the penalty clause in the contract.

Included in sundry debtors is a amount of R 5 531 (2023: Nil) that relate to the monies collected by the cash management service provider to be deposited to the Municipality account, these monies have not reflected on the Municipal bank account.

Staff Debtors

The amount for staff debtor relates to employees who were overpaid during the financial year, UIFW recoveries and traffic fines paid recoveries. This is the amount due as at the 30 June 2024 R 16 967(2023: R 116 863).

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

10. Consumer debtors

Gross balances		
Rates	48,678,691	45,820,520
Refuse	5,235,768	4,092,362
Other debtors	50,115,295	41,995,110
	104,029,754	**91,907,992**
Less: Allowance for impairment		
Rates	(32,822,775)	(28,299,239)
Refuse	(3,530,342)	(2,527,486)
Other debtors	(33,793,165)	(25,694,798)
	(70,146,282)	**(56,521,523)**
Net balance		
Rates	15,855,916	17,521,281
Refuse	1,705,426	1,564,876
Other debtors	16,322,130	16,300,312
	33,883,472	**35,386,469**
Statutory receivables included in consumer debtors above are as follows:		
Property rates	15,855,916	17,521,281
Financial asset receivables included in consumer debtors above	**18,027,556**	**17,865,188**
Total consumer debtors	33,883,472	35,386,469
Included in above is receivables from exchange transactions (Gross balances)		
Refuse	5,235,768	4,092,362
Included in above is receivables from non-exchange transactions (Gross balances)		
Property rates	48,678,692	45,820,520
Other Debtors	50,117,853	41,997,669
	98,796,545	**87,818,189**
Gross balance	**104,032,313**	**91,910,551**
Rates	15,855,916	17,521,281
Refuse	1,705,426	1,564,876
Other Debtors	16,322,130	16,300,312
Reconciliation of allowance for impairment		
Balance at beginning of the year	(56,521,523)	(48,885,883)
Contributions to allowance	(14,130,857)	(7,763,742)
Debt written off against allowance	506,098	128,102
	(70,146,282)	**(56,521,523)**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

10. Consumer debtors (continued)

Statutory receivables general information

Transaction(s) arising from statute

Property rates are charged in terms of Municipal Property Rates Act.

Determination of transaction amount

Property rates are determined by applying cents in the Rand on the market valuation as per the Council approved tariff policy (see note 16):

Interest or other charges levied/charged

Interest at a fixed rate of 18% per annum (2023: 18 %) is levied on the rates outstanding one month after due date.

Basis used to assess and test whether a statutory receivable is impaired

Accounts with 0-90 days balance are not impaired as there is less doubt in the recoverability of the monies. This does not include unregistered land where the total debt is provided at 100%.

Significant debtors are identified and are tested for impairment individually.

Insignificant debtors are grouped as per their category (i.e. Commercial, Residential etc.) and tested for impairment as a group.

Reconciliation of provision for impairment

Relating specifically to Statutory Receivables		
Opening balance	(28,299,239)	(26,107,380)
Provision for impairment	(4,523,536)	(2,191,859)
	(32,822,775)	**(28,299,239)**

Receivables past due but not impaired

Relating specifically to Statutory Receivables

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 30 June, 2024, R1 894 733 (2023: R 2 127 664) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Amount not past due or impaired	2,018,340	2,203,752
Amount past due but not impaired	1,894,733	2,127,664
Amount past due and impaired	40,267,818	36,977,945

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June, 2024, R 3 333 370 (2023: R 3 728 040) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Amount not past due or impaired	3,042,962	3,157,140
Amount past due but not impaired	3,333,370	3,728,040
Amount past due and impaired	97,655,908	84,631,212

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

10. Consumer debtors (continued)

Consumer debtors impaired

As of 30 June, 2024, consumer debtors of R 97 655 908 (2023: R 84 631 212) were impaired and provided for.

The amount of the provision was R 70 146 282 as of 30 June, 2024 (2023: R 56 521 523).

11. Consumer debtors disclosure

	2024	2023
Gross balances		
Organ of the State	27,168,724	24,854,726
Commercial	7,288,390	6,757,952
Households	20,106,711	16,614,743
Other	49,468,415	43,683,083
	104,032,240	**91,910,504**
Less: Allowance for impairment		
Organ of the State	(9,109,346)	(4,623,579)
Commercial	(1,816,040)	(1,649,307)
Households	(16,118,037)	(13,043,712)
Other	(43,102,859)	(37,204,925)
	(70,146,282)	**(56,521,523)**
Net balance		
Organ of the State	18,059,378	20,231,147
Commercial	5,472,350	5,108,645
Households	3,988,674	3,571,031
Other	6,365,556	6,478,158
	33,885,958	**35,388,981**
Organ of state		
Current (0 -30 days)	447,702	664,033
31 - 60 days	359,882	476,996
61 - 90 days	334,438	367,551
91 - 120 days	330,121	326,131
121 - 150 days	584,281	348,653
> 150 days	25,112,300	22,671,362
	27,168,724	**24,854,726**
Commercial		
Current (0 -30 days)	822,121	709,751
31 - 60 days	227,102	308,584
61 - 90 days	185,700	241,929
91 - 120 days	167,307	203,050
121 - 150 days	216,004	182,262
> 150 days	5,670,155	5,112,376
	7,288,389	**6,757,952**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

11. Consumer debtors disclosure (continued)

Household		
Current (0 -30 days)	654,070	732,190
31 - 60 days	481,038	453,249
61 - 90 days	443,582	418,546
91 - 120 days	431,832	398,067
121 - 150 days	546,753	389,250
> 150 days	17,549,436	14,223,441
	20,106,711	**16,614,743**

Other		
Current (0 -30 days)	1,364,765	1,396,594
31 - 60 days	903,354	956,025
61 - 90 days	872,320	818,397
91 - 120 days	832,260	765,733
121 - 150 days	1,192,941	714,876
> 150 days	44,302,775	39,031,458
	49,468,415	**43,683,083**

Included in Other is Agricultural, Industrial,Tourism, Privately Developed Estates properties, unregistered land.

Credit balances R 5 481 072 (2023: R 5 308 515) have been added to the gross debtors and have been included in payables from exchange transactions note 15.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

12. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Cash on hand	6,300	6,200
Bank balances	1,119,893	3,632,894
Short-term deposits	29,481,747	39,658,278
	30,607,940	**43,297,372**

The municipality had the following bank accounts

Account number / description	**Bank statement balances**		**Cash book balances**	
	30 June, 2024	**30 June, 2023**	**30 June, 2024**	**30 June, 2023**
Nedbank 03/7881154969/02 Call deposit	5,722,003	10,805,135	5,722,003	10,805,135
FNB 63096724133: Call account	4,318,159	-	4,318,159	-
First National Bank: 51660362710 Cheque Account	1,119,893	3,632,894	1,119,893	3,632,894
First National Bank: 62752942063:Cheque Account	78,772	813,064	78,772	813,064
First National Bank: 74484485427 Fixed Deposit	-	5,246,719	-	5,246,719
Absa Bank: 2074514859: Fixed Deposit	19,362,813	17,726,515	19,362,813	17,726,515
Investec : 1100463208500	-	5,066,844	-	5,066,844
Total	**30,601,640**	**43,291,171**	**30,601,640**	**43,291,171**

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2024	2023
Unspent conditional grants and receipts		
Human Settlements Housing Grant	-	441,794
Housing Projects Grant	9,900,153	9,900,153
Extravaganza Grant	6,950	6,950
LGSETA and CETA	595,359	207,297
Small Town Rehabilitation Grant	-	1,544,398
KZN EDTEA grant	1,223	1,223
	10,503,685	**12,101,815**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited.

See note 18 for reconciliation of grants from National/Provincial Government.

Figures in Rand	2024	2023

14. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Payments	Total
Environmental rehabilitation	13,106,523	569,416	-	13,675,939
Legal proceedings	-	56,646	-	56,646
Performance Bonuses	648,483	684,502	(479,424)	853,561
	13,755,006	**1,310,564**	**(479,424)**	**14,586,146**

Reconciliation of provisions - 2023

	Opening Balance	Additions	Payments	Interest	Total
Environmental rehabilitation	10,702,023	2,500,986	(1,279,060)	1,182,574	13,106,523
Performance bonuses	790,371	490,123	(632,011)	-	648,483
	11,492,394	**2,991,109**	**(1,911,071)**	**1,182,574**	**13,755,006**

	2024	2023
Non-current liabilities	13,493,430	11,452,481
Current liabilities	1,092,716	2,302,525
	14,586,146	**13,755,006**

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate the landfill site used for waste disposal.

Balance of the provision for landfill site rehabilitation R 13 675 939 (2023: R 13 106 523).

Increase in the landfill site rehabilitation provision is R 569 416 (2023: R 2 500 986).

The Municipality expects to start with the rehabilitation of the landfill site in the 2024/25 financial year, no payment has been made in 2023/24 for professional fees (2023: R 1 279 060).

The provision for performance bonuses relates to the constructive obligation on payment of performance bonuses for section 57 employees in previous financial years.

The Municipality has been paying a performance bonus up to 14% of the total remuneration for section 57 employees.

The position for Director Social Services was filled in 2023/2024, this led to the increase in the provision.

The payment of performance bonuses is expected to be made in 2024/2025 after the approval by Council.

No reimbursements are expected on the provisions.

The provision for legal proceeding relates to the arbitration between the Municipality and a former employee that claimed unfair dismissal, the commissioner awarded in favour of the former employee. The award is dated 15 July 2024, the Municipality intends to appeal/object the award.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

15. Payables from exchange transactions

Trade payables	2,972,786	5,088,479
Payments received in advance	5,481,072	5,308,515
Retention	13,314,874	17,981,061
Leave pay accrual	11,150,828	10,236,790
Unallocated Receipts	1,475,428	922,176
Sundry Payables	1,153,340	435,203
13th Cheque Accrual	3,419,601	3,212,035
VAT output accrual	1,554,737	3,334,487
	40,522,666	**46,518,746**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

16. Property rates

Rates received

Residential	8,075,228	11,299,043
Commercial	12,395,681	9,946,844
State	3,619,589	2,981,069
Municipal	1,196,466	1,014,755
Small holdings and farms	8,510,848	11,569,204
Communal Land	4,368,053	5,877,399
Other properties	3,502,862	5,541,809
Less: Income forgone	(12,871,818)	(18,042,274)
	28,796,909	30,187,849
Property rates - penalties imposed	8,169,437	5,715,577
	36,966,346	**35,903,426**

Valuations

Residential	1,689,391,800	1,719,248,800
Commercial	1,585,955,000	1,586,055,000
Public Purpose Service and State	461,821,000	461,811,000
Municipal	158,925,000	155,762,000
Small holdings and farms	7,097,835,000	7,207,969,000
Communal Land	916,649,000	912,412,000
Other	734,911,000	561,594,000
	12,645,487,800	**12,604,851,800**

Valuations on properties are performed every 5 years. The new general valuation came into effect on 1 July 2022. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. Interim valuations have been received for the 2023/24 financial year.

Assessments rates are determined by applying the following cents in the Rand on the market valuation:

Agriculture properties used for agriculture purposes	0.00119	0.00161
Business and commercial properties	0.00787	0.00643
Industrial properties	0.00754	0.00643
Municipal properties, land reform, informal settlements, public worship	0.00754	0.00643
Public service infrastructure	0.00119	0.01841
Residential purpose	0.00477	0.00643
Communal land	0.00477	0.00643
Vacant land	0.00763	-
Rebates granted to:		
Agriculture and agricultural small holdings	20 %	20 %
Place of Worship, Communal Land and Municipal properties	100 %	100 %
Public service infrastructure	100 %	100 %
Residential small holdings and rural residential	20 %	20 %
Tourism and hospitality	25 %	25 %
Protected areas	100 %	100 %

A rebate is granted in terms of the Municipal Property Rates Act on the first R15 000 of the market value of all residential properties . Public Service Infrastructure are permitted a 100% impermissible exemption.

An additional rebate is allowed on the next R85 000 of the market value of all properties within a residential category. A 20% rebate is allowed for other properties based on the category of the property.

Pensioners and disabled rate payers receive a 50% rebate on application. 100% indigent rebates are offered to qualifying applicants with total household income not exceeding R 4 710 per month. A 5% discount is applicable to rates settled on calculation, application and paid in advance for a specific financial year.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

16. Property rates (continued)

Rates are levied on an annual basis over 12 monthly installments with the final date for payment being 31 July 2024.

Penalties at a fixed rate of 18% per annum (2023: 18 %) is levied on the rates outstanding one month after due date.

17. Service charges

	2024	2023
Refuse removal	1,915,637	1,704,196

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

18. Government grants & subsidies

Operating grants		
Equitable Share	158,616,000	149,733,000
Financial Management Grant (FMG)	1,850,000	1,850,000
Tittle deed restoration	441,789	-
Expanded Public Works Programme (EPWP)	2,437,000	3,638,000
	163,344,789	**155,221,000**
Capital grants		
Municipal Infrastructure Grant (MIG)	30,956,000	47,791,000
Small Town Rehabilitation Grant	8,644,398	14,355,602
Light industrial hub grant	-	5,443,032
Disaster Relief Grant	26,548,000	-
	66,148,398	**67,589,634**
	229,493,187	**222,810,634**

Equitable Share

Current-year receipts	158,616,000	149,733,000

In terms of the Constitution of South Africa, this grant is used to subsidise provision for basic services and for the municipality's operations.

Finance Management Grant (FMG)

Current-year receipts	1,850,000	1,850,000
Conditions met - transferred to revenue	(1,850,000)	(1,850,000)
	-	**-**

This grant was used for implementation of MSCOA, physical verification of assets , Municipal Finance Management Programme and payments of finance interns. No funds were withheld.

Human Settlements Housing Grant

Balance unspent at beginning of year	441,794	441,794
Current-year receipts	-	2,485,028
Conditions met - transferred to revenue	(441,794)	-
Other	-	(2,485,028)
	-	**441,794**

The grant is for tittle deeds for Gugulethu RDP houses.

Figures in Rand	2024	2023

18. Government grants & subsidies (continued)

Municipal Infrastructure Grant (MIG)

Current-year receipts	30,956,000	47,791,000
Conditions met - transferred to revenue	(30,956,000)	(47,791,000)
	-	-

The grant is for the implementation of projects approved by MIG. No funds were withheld.

Housing Projects Grant

Balance unspent at beginning of year	9,900,153	9,900,153

The monies were received between 2007 to 2009 for housing projects , there are ongoing engagements between the municipality , the KwaZulu Natal Department of Human Settlement and the KwaZulu Natal Provincial Treasury.

Extravaganza Grant

Balance unspent at beginning of year	6,950	6,950
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	6,950	**6,950**

Conditions still to be met - remain liabilities (see note 13).

This grant is for the organisation of Extravaganza festivities. No funds were withheld.

Local Government Sectorial Education and Training Authority Grant (LG SETA)

Balance unspent at beginning of year	207,297	515,135
Current-year receipts	1,820,326	3,126,874
Conditions met - transferred to revenue	(1,432,264)	(3,434,712)
	595,359	**207,297**

Conditions still to be met - remain liabilities (see note 13).

This grant is provided for the by LGSETA and CETA in implementing the National Skills Development Strategy for the provision of experiential training to further education and training of graduates and learnership programmes. The Municipality is an Agent to the arrangement with the training authorities. The training authorities transfers the monies to the Municipality to pay for stipends and for the entities implementing the programmes. The arrangement improves the lives of unemployed youth and graduates. No funds were withheld.

Integrated National Electrification Programme (INEP)

Current-year receipts	9,000,000	7,100,000
Conditions met - transferred to revenue	(9,000,000)	(7,100,000)
	-	-

The Municipality constructs powerlines for Eskom, upon completion of the projects Eskom takes ownerships of these assets. The Municipality does not have a licence to distribute or sell electricity. The transactions are treated in accordance to GRAP 11: Contraction contracts.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

18. Government grants & subsidies (continued)

Small town Rehabilitaion

Balance unspent at beginning of year	1,544,398	5,000,000
Current-year receipts	7,100,000	10,900,000
Conditions met - transferred to revenue	(8,644,398)	(14,355,602)
	-	**1,544,398**

This grant is for the construction of the Light Industrial Hub Phase 2 and 3 . No funds were withheld.

Expanded Public works Programme (EPWP)

Current-year receipts	2,437,000	3,638,000
Conditions met - transferred to revenue	(2,437,000)	(3,638,000)
	-	-

This grant is for the operational costs of the co-operative Extended Public Works Programme.

Economic Development Tourism Environmental Affairs (EDTEA) Grant

Balance unspent at beginning of year	1,223	1,223

Conditions still to be met - remain liabilities (see note 13).

This grant is for purchase of materials and equipment for local emerging suppliers. No funds were withheld.

Disaster Relief Grant

Current-year receipts	26,548,000	-
Conditions met - transferred to revenue	(26,548,000)	-
	-	-

The grant is for the rehabilitaion and regraveling of roads that were demaged by the floods.

19. Public contributions and donations

Public contributions and donations	-	60,000

The Municipality received the following donation with the fair value of R Nil in 2024 (2023: R 60 000).

IT equipment from KwaZulu Natal Department of Sports, Arts and Culture with a fair value of R 60 000.

20. Other income

Business Licenses	7,904	25,826
Fees for photocopies and subscriptions	30,715	22,061
Rates Clearance	47,653	49,740
Tenders	21,180	28,609
Valuation Roll	2,435	217
Taxi Rank Fees	21,149	17,676
Sundry Revenue	8,067	19,767
	139,103	**163,896**

Included in Sundry revenue is the amount of fruitless and wasteful expenditure recovered in 2023/2024 see note 41.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

21. Agency services

Driver's Licenses	2,464,830	2,758,200
Vehicle Registration	1,874,442	1,555,761
	4,339,272	**4,313,961**

The Municipality receives 10% (2023: 8.62%) on amounts collected for vehicle registrations since this is the function of the Department of Transport.

22. General expenses

Audit committee fees	329,944	249,877
Advertising	270,571	462,627
Auditors remuneration	3,058,591	2,758,607
Bank Charges	39,294	41,968
Communications and public relations	160,379	-
Consulting and professional Services	4,850,485	4,118,322
Consumables	14,067,360	5,778,738
Disaster and emergencies	378,093	591,301
Education support	1,271,015	378,047
Sub-contracting services	5,227,852	5,489,667
Refreshments	397,808	500,629
Pound	150,417	231,897
Insurance	1,441,591	1,584,301
Conferences and seminars	52,118	80,900
IT expenses	3,651,434	2,379,618
Pauper burials	596,164	411,574
Medical expenses	47,100	60,674
Rental of offices and office machines	1,657,819	903,550
Fuel and oil	6,995,028	8,510,843
Postage and courier	16,234	16,369
Printing and stationery	1,360,053	1,010,222
License fees	1,554,481	1,569,978
Strategic planning	308,022	531,971
Security (guarding of municipal properties)	9,124,067	8,347,235
Subscriptions and membership fees	1,319,597	1,252,111
Telephone and fax	3,636,066	5,071,188
Training	572,560	445,176
Subsistence and travelling reimbursement	1,756,795	1,383,508
Electricity	3,803,508	3,297,992
Water	277,392	265,088
Uniform	1,267,607	798,187
Tourism Development	186,786	-
SMME's support	6,581,552	13,309,272
Free basic electricity	620,653	328,031
Ward committee	1,711,071	1,756,655
Public participation	5,818,871	4,573,243
Valuation expense	143,780	122,607
Scholar patrol	235,581	171,280
Contract costs	7,826,087	8,658,942
	92,763,826	**87,442,195**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

23. Employee related costs

Basic	93,140,339	85,739,204
Bonus	7,383,325	6,818,460
Medical aid - company contributions	3,349,336	2,817,598
Unemployment Insurance Fund (UIF)	713,264	690,474
Workmen's Compensation Fund (WCF)	817,816	997,813
Skills Development Levy (SDL)	1,036,315	946,020
Leave pay provision charge	1,599,561	2,534,210
Overtime payments	3,599,668	2,874,304
Long-service awards	725,000	824,000
Car allowance	4,237,136	3,553,215
Housing benefits and allowances	410,568	440,966
SALGA	50,585	46,667
Post employee benefits- Pension	15,007,619	13,874,879
	132,070,532	**122,157,810**

Remuneration of Municipal Manager

Annual Remuneration	1,331,158	1,298,734
Car Allowance	192,000	192,000
Performance Bonuses	192,875	187,252
	1,716,033	**1,677,986**

Remuneration of Chief Finance Officer

Annual Remuneration	1,040,758	907,815
Car Allowance	216,000	216,000
Performance Bonuses	101,800	38,436
	1,358,558	**1,162,251**

Remuneration of Director Social Services

Annual Remuneration	987,071	798,491
Car Allowance	216,000	140,000
Performance Bonuses	92,374	153,744
Housing allowance	-	100,000
	1,295,445	**1,192,235**

Remuneration of Director Technical Services

Annual Remuneration	993,694	623,655
Car Allowance	226,835	105,612
Housing allowance	-	88,500
Performance Bonuses	52,785	98,835
	1,273,314	**916,602**

Figures in Rand	2024	2023

23. Employee related costs (continued)

Remuneration of Director Corporate Services

Annual Remuneration	999,772	683,925
Car Allowance	216,000	108,000
Performance Bonuses	39,589	153,744
	1,255,361	**945,669**

24. Remuneration of councillors

Councillors	12,337,144	11,348,081
SDL and UIF	119,236	111,495
	12,456,380	**11,459,576**

Mayor		
Annual remuneration	954,073	900,013
Cellphone allowance	53,208	41,100
SDL	10,073	9,411
	1,017,354	**950,524**

Deputy Mayor		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	8,202	7,606
	824,669	**768,257**

Speaker		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	7,084	6,573
	823,551	**767,224**

Exco		
Annual remuneration	1,143,582	1,112,207
Travel allowance	54,000	13,500
Cellphone allowance	159,624	123,300
Subsistence and travel reimbursements	-	6,084
SDL	13,494	12,510
	1,370,700	**1,267,601**

Councillors		
Annual remuneration	6,876,298	6,590,176
Travel allowance	259,226	88,000
Cellphone allowance	1,204,199	958,483
SDL	80,383	75,395
	8,420,106	**7,712,054**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

24. Remuneration of councillors (continued)

In-kind benefits

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

The Mayor has 2 full-time bodyguards and the use of a Council owned vehicle.

The Deputy Mayor has 2 full-time bodyguards and the use of a Council owned vehicle .

The Speaker has 2 full-time bodyguards and the use of a Council owned vehicle.

The MPAC chairperson uses Council owned vehicle.

Accounting Officer's certification of Councilors remuneration

The Accounting Officer certifies that the salaries, allowances and benefits of Councilors as disclosed above are within the upper limits of the framework envisaged in Section 219 of the Constitution read with the Remuneration of Public Office Bearer's Act.

Subsistence and travelling reimbursement

The councilors' subsistence and travelling reimbursement R Nil (2023: R 6 084) is included under general expenses in the statement of Financial Performance.

25. Debt impairment

	2024	2023
Debt impairment - Consumer debtors	14,130,857	7,763,742
Debt impairment-Traffic fines	572,798	420,160
	14,703,655	**8,183,902**

Debt impairment for consumer debtors is R 14 130 857 (2023:R 7 763 742). Increase in provision from (2023: 56 521 523- R 506 098) to (2024: R 70 146 282). An amount of R 506 098 (2023: R 128 102) was written off against the debt impairment.

Debt impairment for traffic fines is R 572 798 , the provision increased from June 2023: R 1 987 700 to 30 June 2024: R 2 560 497

26. Interest received

	2024	2023
Interest revenue		
Interest received - Current Account	1,663,717	1,654,673
Interest received - Investments	3,971,530	3,009,781
	5,635,247	**4,664,454**

27. Depreciation and amortisation

	2024	2023
Property, plant and equipment	30,911,594	25,503,247
Intangible assets	280,784	319,089
	31,192,378	**25,822,336**

Refer to reconciliation in note 3 and 4 for further details. Depreciation and amortisation is calculated over the useful life of the asset and reflects the realisation of that asset through continued use.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

28. Finance costs

Finance leases	-	200,681

29. Operating lease

The Municipality entered into a 3 year lease with Transnet for the lease of land where the Light industrial hub is constructed. The average lease term was 3 years with 9% escalation. Monthly rental expenditure is accounted for in the Statement of Financial Performance . The average lease term is 3 years with 9% escalation

The Municipality entered into an operating lease agreement as from 28 June 2023 for a period of 3 years with Yuretek, leasing photocopier machines and a monthly rental expense is accounted for in the Statement of Financial Performance . The average lease term is 3 years with 0% escalation. The rental is fixed for the duration of the contract.

The Municipality further entered into an operating lease agreement as from 01 July 2017 for a period of 9 years with MZ Hlatshwayo. Leasing a land for the pound and landfill site. The payments were made in two equal payments within 2 financial years starting from the 2017/2018 and 2018/2019 financial years. Operating lease payment is accounted for in the Statement of Financial Performance and prepaid expense is accounted for in the Statement of Financial Position. The lease term is 9 years with 0% escalation.

Minimum Lease Due - Photocopier		
1 year	1,397,780	1,397,780
>2 years	1,397,780	2,795,561
	2,795,560	**4,193,341**

Minimum Lease Due - Light indrustrial hub land		
1 year	162,830	149,385
>2 years	13,663	176,493
	176,493	**325,878**

30. Cash generated from operations

Surplus	8,119,732	17,851,374
Adjustments for:		
Depreciation and amortisation	31,192,378	25,822,336
Gain/(loss) on sale of assets and liabilities	(951,159)	1,536,351
Finance costs - Finance leases	-	200,681
Finance costs	-	-
Impairment deficit	802,290	5,774,051
Debt impairment	14,703,655	8,183,902
Movements in operating lease assets and accruals	(19,154)	3,307
Movements in retirement benefit assets and liabilities	690,824	(680,603)
Movements in provisions	831,140	2,262,612
Donation received	-	(60,000)
Changes in working capital:		
Receivables from exchange transactions	3,736,512	(4,147,185)
Consumer debtors	(13,200,659)	(12,947,571)
Other receivables from non-exchange transactions	(952,931)	5,112,969
Payables from exchange transactions	(5,864,956)	12,322,295
Unspent conditional grants and receipts	(1,598,130)	(3,763,441)
	37,489,542	**57,471,078**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

31. Construction Contracts

Construction contracts revenue		
Contract Revenue INEP	7,826,087	6,173,913
Contract Revenue Housing	-	2,485,029
	7,826,087	**8,658,942**
Construction contracts costs (included in General expenses)		
Contract costs INEP	(7,826,087)	(6,173,913)
Contract Cost Housing Grant	-	(2,485,029)
	(7,826,087)	**(8,658,942)**
	-	-

32. Commitments

Authorised capital expenditure

Approved & contracted for		
• Capital projects already contracted for	36,234,789	85,934,046

Authorised operational expenditure

Approved & contracted for		
• Operational projects already contracted for	18,367,862	13,026,493
Approved but not yet contracted for		
• Operational projects not yet contracted for	36,530	318,433

Notes to the Annual Financial Statements

33. Contingent liabilities

Microvulintuthuko Business Enterprise CC has instituted legal action to claim payments against the municipality in relation to retention funds deducted in the course of the project (Bergville licensing and testing centre) as well as payment for alleged outstanding invoices, since the contract was terminated by the municipality. The municipality disputes this claim. The claim amount is:
R 3 120 080 (2023: R 3 120 080) (claim for work done)
R 690 176 (2023: R 690 176) (retention)

At this stage it is not probable that the municipality will pay , because the odds of success appear to be even.

Since December 2020 there has been no developments in this matter.

Mott McDonald (Pty) LTD instituted legal action to claim payment against the Municipality in relation to alleged breach of contract and unpaid consulting engineer fees (Bergville Sport Complex). The Municipality disputes this claim. The disputed claim amount is R 1 202 342 (2023: R 1 202 342).

The odds of success at this stage appear to be even at this stage. There has been no further legal steps from the plaintiff's since August 2022.

KwaZulu Natal Department of Cooperative Governance and Traditional Affairs is claiming the savings from the grant made to the Municipality amounting to R 148 652 (2023: R 148 652). KZN- Cogta paid an amount of R 2 000 000 for the construction of gym park project to the Municipality to utilise the grant for the purpose of the project.

Having considered the merit of the matter, the odds of success at this stage appear to be even.

There has been no further development since 20 April 2022.

Kinetic Capital is claiming a sum of R 1 485 610 and interest thereto tempore morae from the Municipality.

There is 50% prospects of success on the matter, however the parties have engaged and entered into a settlement agreement on February 2024.

Dlamini MP instituted action by a way of summons against the Municipality jointly with Other for damages sustained as a result of plaintiff vehicle colliding with a pothole alleged to be under the jurisdiction of the Municipality. There appears to be a definite prospects of success, the judgment debt is the sum of R 89 000 plus interest (2023: Nil)

Mela Okuhle Trading Enterprise is claiming retention's that were withheld by the Municipality to be paid before the issuance of the final completion certificate. The claim is for R 2 097 776 plus interest and (2023: Nil) and legal fees of R 3 000 000. The prospects of success are high.

Contingent assets

No contingent assets exist for the period ended 30 June 2024 (2023: Nil)

34. Related parties

Key Management Personnel and Councillors Remuneration.

Remuneration of Key Management Personnel and Councillors is set out in Note 23 and 24 respectively to the Annual Financial Statements.

35. Segment information

General information

Identification of segments

The municipality does not have reportable segments as at 30 June 2024 (2023: Nil)

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

36. Risk management

Financial risk management

Due to the largely non-trading nature of the activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality's finance function monitors and manages the financial risks relating to the operations of the municipality. These risks include credit risk, liquidity risk, market risk relating to interest rate risk.

Liquidity risk

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

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.

Trade and other payables	16,287,660	23,069,540

Credit risk

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

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

Financial instrument	**2024**	**2023**
Cash and cash equivalents	30,607,940	43,297,372
Trade and other receivables	18,249,952	18,106,183

The amount disclosed for trade and other receivables is after the allowance for impairment .

Market risk

Interest rate risk

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

Cash and cash equivalent	30,607,940	43,297,372

37. Events after the reporting date

There are no material events that occurred after the reporting date 30 June 2024 apart from the ones included in note 14, 40, 41 and 42. (2023: Nil).

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38. Change in Estimate

The Municipality has revised the remaining useful lives of assets which had reached the end of their useful lives, based on the conditions in terms of GRAP 17 paragraph 56.

The effects of this revisions have overall decreased the depreciation by R 1 037 476.

The Municipality has revised the debt impairment provision for Government debt from 20% to 35 %, the Municipality has been struggling to collect government debt.

The effect of this revision has increased to debt impairment by R 3 904 005.

The effect on the change in useful lives, change in residual values are as follows:

Depreciation	Depreciation per annum before	Depreciation per annum after	Difference (Change in Future depreciation)
Computer	49,377	16,462	32,915
Solid waste	5,920	1,973	3,947
Office Furniture	158,724	53,038	105,686
Machinery and Equipment	39,670	13,223	26,447
Infrastructure	834,847	264,412	570,435
Motor vehicles	355,110	118,370	236,740
Buildings	18,325	6,108	12,217
Intangible assets	73,633	24,544	49,089
	1,535,606	**498,130**	**1,037,476**

Allowance for impairment	Impairment per annum before	Impairment per annum after	Difference (change in impairment per annum)
Government debt provision	5,205,340	9,109,345	3,904,005

39. Prior-year adjustments and reclassifications

The Municipality entered into a lease with the Department of Labour, with the lease commencement date of 01/06/2020, however the Department was not billed in previous periods, the effects of the correction of prior period error is as follows:

2021/2022 and prior years

Consumer debtors increased by R 228 251, VAT output accrual increased by R 29 772, operating lease receivable increased by R 17 986 and accumulated surplus increased by R 216 465.

2022/2023

Consumer debtors increased by R 119 679, VAT output accrual increased by R 15 610, operating lease receivable decreased by R 166, rentals of facilities increased by R 103 903.

The Municipality entered into a lease with the Department of Agriculture, with the lease commencement date of 01/06/2023, however the Department was not billed in previous periods, the effect of the correction of prior period error will be as follows:

2022/2023

Consumer debtors increased by R 46 184, VAT output accrual increased by R 6 024 , operating lease receivable increased by R 5 117 and , rentals of facilities increased by R 45 277.

39. Prior-year adjustments and reclassifications (continued)

The Municipality entered into a lease with the Transnet, with the lease commencement date of 01/08/2022, however the Municipality was not billed in previous periods, the effects of the correction of prior period error are as follows:

2022/2023

Operating lease payable increased by R 120 197 and operating lease rentals with increase by R 120 197.

The Municipality did not include ERF 54 ptn 2 of Bergville in the FAR the deed search shows that the Municipality is the owner, Land has been included with a fair value of R 1 500 000 as per the valuation roll that was effective 01/07/2017, the effects of the correction of prior periods is as follows:

Prior periods before 2022/2023

Property, Plant and Equipment increased by R 1 500 000 and accumulated surplus also increased by the same amount.

The Municipality has reclassified VAT control and VAT input accrual as receivable from exchange transaction and has reclassified VAT output accrual as payable from exchange transactions. VAT receivable was previously disclosed as a stand alone item in the Statement of Financial Position, net of VAT refund from SARS, VAT input accrual and VAT output accrual. The reclassification seeks to improve reporting on VAT and also promote comparativeness.

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

Statement of financial position

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Operating lease receivable		63,365	22,937	-	86,302
Receivables from exchange transactions		2,173,765	-	10,904,826	13,078,591
VAT receivable		7,621,745	-	(7,621,745)	-
Consumer debtors		34,992,356	394,113	-	35,386,469
Property, plant and equipment		467,926,803	1,500,000	-	469,426,802
Operating lease payable		-	(120,197)	-	(120,197)
Payables from exchange transactions		(43,184,260)	(51,406)	(3,283,081)	(46,518,747)
Accumulated surplus		(483,805,534)	(1,745,447)	-	(485,550,981)
		(14,211,760)	**-**	**-**	**(14,211,761)**

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Rental of facilities and equipment		523,869	149,180	673,049
Lease rentals on operating lease		(2,943,948)	(120,197)	(3,064,145)
Surplus for the year		**(2,420,079)**	**28,983**	**(2,391,096)**

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40. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure	-	-
Opening balance	784,462	777,606
Interest and penalties	1,510	8,067
Landifill site rentals	1,944,444	-
Less: Amounts recovered - current	(8,067)	(1,211)
Less: Amount written off - current	(1,510)	-
Closing balance	**2,720,839**	**784,462**

An amount of R 776 395 is as a result of misconduct by a former employee during 2014/2015 financial year, a case was opened against the employee for payments made to ghost employees and the case is currently under investigation by the South African Police Services. The matter is currently in criminal court.

Incidents 2022/2023

An amount of R 1 211 for interest and penalties incurred on late payments in 2021/2022 was recovered in terms of section 32 of the MFMA.

An amount of R 8 067 for interest and penalties incurred on late payments, has been referred to MPAC for investigation in terms of section 32 of the MFMA.

Incidents 2023/2024

An amount of R 1 510 for interest and penalties incurred on late payments, has been referred to MPAC for investigation in terms of section 32 of the MFMA. The council approval to writeoff R 1 510 was obtained in August 2024. An amount of R 8 067 has been recovered, the affected employees have signed payments arrangements.

The Municipality has incurred an amount of R 1 944 444 on rental of land where the landfill site was constructed. The landfill is not operational since it has not been transferred to the Municipality. The resulting expenditure will be reported to Council and investigation as per section 32 of the MFMA will be instituted.

41. Irregular expenditure

Reconciliation of Irregular expenditure	-	-
Opening balance	39,444,106	845,482
Expenditure incurred during the year	39,735,721	39,444,106
Less: Amount written off - by Council	(40,344,262)	(845,482)
Closing balance	**38,835,565**	**39,444,106**

41. Irregular expenditure (continued)

Opening balance

Incident 2022/2023

An amount of R 845 482, was incurred in 2021/2022 on electrification project, the incorrect supplier was awarded the contract, due to including incorrect lower bidding price on the pricing schedule by the supplier, the expenditure has been written off by Council in accordance to section 32 of the MFMA.

An amount of R 39 444 106, was incurred in 2022/2023 and previous periods, on Hambrook access road, the Municipality used the engineers estimate report in order to try and mitigate the risk of awarding the contract to the under quoted bidder, however the evaluation criteria was not stated on the tender document, the expenditure was reported to Council and Section 32 and referred to MPAC for investigation.

Incidents 2023/2024.

An amount of R 790 766 was incurred on the purchase of a motor vehicle that exceeded the threshold in the the cost containment regulations, the expenditure has been reported to Council and Section 32 of the MFMA process was instituted. The Council approval to write-off the expenditure was obtained in July 2024.

An amount of R 109 390, was incurred on extension on a month to month contract, the expenditure has been reported to Council and Section 32 of the MFMA process was instituted.The Council approval to write-off the expenditure was obtained in August 2024.

An amount of R 39 444 106, was incurred in 2022/2023 and previous periods, on Hambrook access road, the Municipality used the engineers estimate report, the expenditure was been written off by Council after the MFMA Section 32 process was followed however the approval for the write-off took place in July 2024.

An amount of R 37 036 103, was incurred panel appointments, the selection criteria was not stipulated in the tender documents and the Supply Chain Management policy, the expenditure will be reported to Council, the MFMA Section 32 process will be followed.

An amount of R 1 502 540, was incurred on appointments of suppliers where the evidence for measuring functionality was not provided, the expenditure will be reported to Council, the MFMA Section 32 process will be followed.

An amount of R 266 965, was incurred on purchase orders where orders were awarded on evaluation criteria that was not included on the request for quotations, the expenditure will be reported to Council, the MFMA Section 32 process will be followed.

An amount of R 29 958, was incurred on a purchase order that was awarded to the supplier that submitted a quotation after the closing time, the expenditure will be reported to Council, the MFMA Section 32 process will be followed.

42. Unauthorised expenditure

Opening balance as restated	-	-
Opening balance	8,658,942	1,878,566
Expenditure incurred during the year	26,531,013	8,658,942
Less: Amount approved by Council	(18,271,233)	(1,878,566)
Closing balance	**16,918,722**	**8,658,942**

2022/2023 Incidents

The Municipality has included the INEP expenditure and housing grant (Contract cost) in the Statement of Financial Performance in accordance to GRAP 11: Construction Contracts, during the budget process the Municipality had not included the budget since the Management was convinced that the GRAP 109 : Accounting by principals and Agents is the correct accounting standard to apply, therefor no budget was allocated. This has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA.

42. Unauthorised expenditure (continued)

2023/2024 Incidents

The INEP expenditure amounting to R 6 173 913 (Contract cost) incurred in 2022/2023 has been written off by Council in accordance to MFMA section 32. The approval for the write-off for R 2 485 029 in relation to the Housing expenditure (contract cost) took place in July 2024.

An amount of R 5 372 532 incurred on employee related cost, the implementation of upper limits gazette, the increase in leave days balances and the appointment of additional personnel. This has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA.

The contributing cost drivers were, wet fuel, electricity, telephones, maintenance of assets, security services, social events, EPWP etc, the resulted amount is R 20 066 826 has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA.

The Municipality fully spent the Disaster Recovery grant, some of the expenditure incurred was operational R 8 520 636 (i.e. repairs and maintenance), however the entire budget was treated as capital during the budget process. This has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA. The Council approval to write-off the expenditure was obtained in August 2024.

The Municipality has revised the debt impairment provision for Government debt from 20% to 35 %, the Municipality has been struggling to collect Government debt. The budget has been exceeded by R 49 655. This has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA.The Council approval to writeoff the expenditure was obtained in August 2024.

The expenditure as per the GRAP 25 valuation report, the Municipality could not budget for these since the report is prepared at year end, this amounts to R 1 042 000.This has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA. The Council approval to writeoff the expenditure was obtained in August 2024.

43. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year subscription / fee	3,058,591	2,758,607
Amount paid - current year	(3,058,591)	(2,758,607)
	-	-

PAYE, SDL and UIF

Opening balance	-	-
Current year subscription / fee	21,027,896	19,010,994
Amount paid - current year	(21,027,896)	(19,010,994)
	-	-

Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	26,924,376	24,253,473
Amount paid - current year	(26,924,376)	(24,253,473)
	-	-

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

VAT

VAT control	1,727,742	943,939
VAT input accrual	6,436,527	9,960,887
VAT output accrual	(1,554,737)	(3,334,487)
	6,609,532	**7,570,339**

VAT control, VAT input accrual and VAT output accrual payables are shown in the note.

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

Councillors' arrear consumer accounts

For the financial period ended 30 June 2024 (2023: Nil), there were no rates or services arrears owed by any councillor. Further, during the financial year there are no councillors which were outstanding for more than 90 days.

Supply chain management regulations

Quotations: In terms of regulation 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. These deviations refer to the instances as stipulated in the regulations and relates mainly to sole supplier, emergencies and instances where it was impractical to follow SCM processes.

2022/23 Incidents.

The Municipality paid an amount of R 205 846 for annual licences from the system developers.

The Municipality paid an amount of R 17 787 for postage stamps supplied by the Post Office.

The Municipality incurred an amount of R 5 263 in relation to calibration of speed machines from the manufacture of the machine.

The Municipality incurred expenditure on online traffic legislation act amounting to R 3 601 from the sole provider.

2023/2024 Incidents.

The Municipality incurred an amount of R 1 131 371 in relation to IT service, whilst there was an objection lodged on the award, the service provider awarded was the recommended bidder in accordance to Supply Chain Management Policy.

The Municipality paid an amount of R 18 669 for postage stamps supplied by the Post Office.

The Municipality incurred an amount of R 12 310 in relation to calibration of speed machines from the manufacture of the machine.

The Municipality paid an amount of R 226 430 for annual licences from the system developers..

The Municipality incurred expenditure on online training of Internal Audit amounting to R 8 528.

The Municipality incurred expenditure on training of Traffic Officers amounting to R 26 565.

The Municipality incurred expenditure on WSP software licence amounting to R 165 480..

Incident		
Other	1,589,353	232,497

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44. Awards to close family members of persons in service of the State.

Awards to close family members	10,903,255	-

Regulation 45 of the Supply Chain Management Regulation disclosure:

The Municipality appointed a supplier for the construction of Nkoxo road and bridge, the supplier has a spouse/wife by the name Bongiwe Ntuli employed by the KZN Department of Health as a professional nurse, the award is for an amount of R 5 505 959.

The Municipality appointed a supplier for the construction of Vulamehlo gravel road, the supplier has a spouse/wife by the name Petronela Sithebe employed by the KZN Department of Transport as a director, the award is for an amount of R 5 397 296.