UMFOLOZI LOCAL MUNICIPALITY
(REGISTRATION NUMBER: KZN281)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)
Executive Committee	
Mayor	Cllr. S.W. Mgenge
Deputy Mayor	Cllr. S.R. Thabethe
Speaker	Cllr. Z.D. Mfusi
Committee Member	Cllr. N.T. Mthiyane
Committee Member	Cllr. S.T. Khumalo
Committee Member	Cllr. B.M. Mkhize
Member of Municipal Council	
Councillor	R.L.R Keyser
Councillor	S.Z. Mtetwa
Councillor	S.M. Shanbangu
Councillor	S. Mthethwa
Councillor	N.H. Mkhize
Councillor	Q.D.Mkhize
Councillor	M.C. Mkize
Councillor	N. Conco
Councillor	P.N. Khanyile
Councillor	S.M. Nzama
Councillor	E.B.Z Mbele
Councillor	M.N. Mlambo
Councillor	B.S. Bhengu
Councillor	X.M. Bhengu
Councillor	B.S. Ndlovu
Councillor	A.M. Mtshali
Councillor	C.M Mhwanazi
Councillor	K.C. Xaba
Councillor	N.S. Madonsela
Councillor	K.S. Zwane
Councillor	T.M. Biyela
Councillor	S.M. Mbuyazi
Councillor	S.P. Mpanza
Councillor	Z.G. Mcineka
Grading of Local Authority	Grade 1

General Information

Accounting Officer	Mr. K.E. Gamede
Chief Financial Officer (CFO)	Mr. Z.J Ndlovu
Registered office	25 Bredelia Street Kwa-Mbonambi 3915
Business Address	25 Bredelia Street Kwa-Mbonambi 3915
Postal Address	P.O Box 96 Kwa-Mbonambi 3915
Legal Representatives	Kloopers Incorporated
Banker	ABSA Bank
Auditor	Auditor General of South Africa
Telephone	(035) 580-1421
Email Address (Accounting Officer)	mm@umfolozi.org.za

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The reports and statements set out below comprise the Annual Financial Statements presented to the Council:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

Appropriation Statement	69 - 70

MSIG	Municipal System Improvement Grant
PAYE	Pay As You Earn
UIF	Unemployment Insurance Fund
COVID-19	Coronavirus Disease 2019
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Taxation

Accounting Officer's Responsibilities and Approval

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

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

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 2022 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 Municipality is partly dependent on the community and state for continued funding of operations. The Annual Financial Statements are prepared on the basis that the Municipality is a going concern and that the Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the Municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the Municipality, he is supported by the Municipality's external auditor.

The Accounting Officer certifies that the salaries, allowances and benefits of councillors as disclosed in note 26 to these Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the Municipality's Annual Financial Statements. The Annual Financial Statements have been examined by the Municipality's external auditor.

The Annual Financial Statements set out on pages 6 to 68, which have been prepared on the going concern basis assumption, were approved by the Accounting Officer on 31 August 2021 and were signed by:

K.E. Gamede
Accounting Officer

uMfolozi Local Municipality
(Registration number KZN281)
Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Notes	2021	2020 Restated*
ASSETS			
Current Assets			
Receivables from Exchange Transactions	3	1 150 681	935 536
Receivables from Non-Exchange Transactions	4	12 101 650	13 829 762
VAT receivable	5	8 515 480	5 452 373
Cash and cash equivalents	6	35 251 293	5 095 384
		57 019 104	**25 313 055**
Non-Current Assets			
Property, plant and equipment	7	361 729 897	326 289 424
Intangible assets	8	2 033 473	1 960 620
		363 763 370	**328 250 044**
TOTAL ASSETS		**420 782 474**	**353 563 099**
LIABILITIES			
Current Liabilities			
Other financial liabilities	9	1 223 707	1 223 707
Finance lease obligation	10	-	1 104 717
Payables from exchange transactions	11	9 349 570	15 893 361
Unspent conditional grants and receipts	12	5 612 669	5 557 632
Retentions	13	2 115 817	1 261 643
		18 301 763	**25 041 060**
Non-Current Liabilities			
Other financial liabilities	9	4 140 499	4 767 642
Finance lease obligation	10	-	460 271
Retentions	13	5 384 407	4 728 481
Employee benefit obligations	14	1 891 000	1 584 000
		11 415 906	**11 540 394**
TOTAL LIABILITIES		**29 717 669**	**36 581 454**
NET ASSETS		**391 064 805**	**316 981 645**
Accumulated surplus		391 064 805	316 981 645

*Refer to Note 48.

Statement of Financial Performance

Figures in Rand	Notes	2021	2020 Restated*
REVENUE			
Revenue From Exchange Transactions			
Service charges	15	597 603	580 036
Rental of facilities and equipment	16	905 390	173 709
Agency services	17	-	1 773 965
Licenses and permits	18	19 520	123 004
Expected returns on employee benefits	14	314 000	55 000
Operational revenue	19	456 140	494 890
Investment revenue	20	2 772 460	2 137 611
TOTAL REVENUE FROM EXCHANGE TRANSACTIONS		**5 065 113**	**5 338 215**
Revenue From Non-Exchange Transactions			
Taxation revenue			
Property rates	21	23 839 776	23 710 124
Transfer revenue			
Government grants and subsidies	22	225 657 962	167 763 942
Fines, penalties and forfeits	23	75 200	260 969
Donations received	24	-	4 463 647
TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS		**249 572 938**	**196 198 682**
TOTAL REVENUE		**254 638 051**	**201 536 897**
EXPENDITURE			
Employee related costs	25	(71 056 577)	(62 455 760)
Remuneration of councillors	26	(11 227 223)	(11 165 828)
Depreciation and amortisation	27	(20 754 005)	(18 404 370)
Finance costs	28	(866 264)	(1 074 470)
Lease rentals on operating lease	29	(642 523)	(873 770)
Debt impairment	30	(6 870)	(2 397 889)
Contracted services	31	(44 403 702)	(47 308 909)
Transfers and subsidies	32	(1 085 875)	(692 312)
Operational costs	33	(30 209 888)	(35 688 272)
TOTAL EXPENDITURE		**(180 252 927)**	**(180 061 580)**
Operating surplus		**74 385 124**	**21 475 317**
Loss on disposal of assets and liabilities		(42 818)	(292 351)
Actuarial gains/losses	14	(231 000)	214 000
		(273 818)	**(78 351)**
SURPLUS/(DEFICIT) FOR THE PERIOD		**74 111 306**	**21 396 966**

*Refer to Note .48

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Restated *Balance at July 1, 2019	**295 755 793**	**295 755 793**
Changes in net assets		
Prior period adjustments	(82 426)	(82 426)
Net income (losses) recognised directly in net assets	(82 426)	(82 426)
Surplus for the year	21 308 278	21 308 278
Total recognised income and expenses for the year	21 225 852	21 225 852
Total changes	21 225 852	21 225 852
Restated* Balance at 01 July 2020	**316 953 499**	**316 953 499**
Changes in net assets		
Surplus for the year	74 111 306	74 111 306
Total changes	74 111 306	74 111 306
Balance at 30 June 2021	**391 064 805**	**391 064 805**

Statement of Cash Flows

Figures in Rand	Notes	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		24 252 029	20 408 857
Grants		225 657 962	177 596 377
Interest income		2 772 460	2 137 611
Fines		75 200	260 969
		252 757 651	200 403 814
Payments			
Employee costs		(81 443 330)	(73 621 588)
Suppliers		(81 769 003)	(90 530 086)
Finance costs		(596 006)	(918 470)
		(163 808 339)	(165 070 144)
NET CASH FLOWS FROM OPERATING ACTIVITIES	35	**88 949 312**	**35 333 670**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(56 339 624)	(32 171 155)
Proceeds from sale of property, plant and equipment	7	644 145	270
Purchase of other intangible assets	8	(774 534)	-
NET CASH FLOWS FROM INVESTING ACIVITIES		**(56 470 013)**	**(32 170 885)**
Cash flows from financing activities			
Repayment of other financial liabilities		(758 402)	(573 516)
Finance lease payments		(1 564 988)	(1 597 879)
Net cash flows from financing activities		**(2 323 390)**	**(2 171 395)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**30 155 909**	**(125 812)**
Cash and cash equivalents at the beginning of the year		5 095 384	5 221 196
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**35 251 293**	**5 095 384**

Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2021

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2021											
Financial Performance											
Property rates	26 635 400	-	26 635 400	-		26 635 400	23 839 776		(2 795 624)	90 %	90 %
Service charges	702 500	(20 000)	682 500	-		682 500	597 603		(84 897)	88 %	85 %
Investment revenue	2 014 800	85 200	2 100 000	-		2 100 000	2 772 460		672 460	132 %	138 %
Transfers recognised - operational	162 716 550	22 766 000	185 482 550	-		185 482 550	182 065 962		(3 416 588)	98 %	112 %
Expected returns on employee benefits							314 00		314 00		
Rental of facilities and equipment	612 000	163 000	775 000	-		775 000	905 390		130 390	117 %	148 %
Licenses and permits	280 800	(120 800)	160 000	-		160 000	19 520		(140 480)	12 %	7 %
Fines, penalties and forfeits	132 600	-	132 600	-		132 600	75 200		(57 400)	57 %	57 %
Other own revenue	276 200	273 600	549 800	-		549 800	456 140		(93 660)	83 %	165 %
Total revenue (excluding capital transfers and contributions)	**193 370 850**	**23 147 000**	**216 517 850**	**-**		**216 517 850**	**211 046 051**		**(5 785 799)**	**97 %**	**109 %**
Employee related costs	(66 981 683)	(5 063 241)	(72 044 924)	-	-	(72 044 924)	(71 056 577)	-	988 347	99 %	106 %
Remuneration of councillors	(11 856 355)	-	(11 856 355)	-	-	(11 856 355)	(11 227 223)	-	629 132	95 %	95 %
Debt impairment	(1 073 520)	-	(1 073 520)			(1 073 520)	(6 870)	-	1 066 650	1 %	1 %
Depreciation and asset impairment	(11 066 106)	-	(11 066 106)			(11 066 106)	(20 754 005)	-	(9 687 899)	188 %	188 %
Lease rentals on (							(642 52				
Finance charges	(710 000)	(3 500)	(713 500)	-	-	(713 500)	(866 264)	-	(152 764)	100 %	100 %
Contracted services	(54 794 733)	2 607 005	(52 187 728)	-	-	(52 187 728)	(44 403 702)	-	7 784 026	85 %	81 %
Materials and bulk purchases	(1 577 510)	(2 213 077)	(3 790 587)	-	-	(3 790 587)	-	-	3 790 587	- %	- %

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers and grants	(2 460 000)	200 000	(2 260 000)	-	-	(2 260 000)	(1 085 875)	-	1 174 125	48 %	44 %
Other expenditure	(35 924 617)	3 419 607	(32 505 010)	-	-	(32 505 010)	(30 209 888)	-	2 295 122	93 %	84 %
Total Expenditure	**(186 444 524)**	**(1 053 206)**	**(187 497 730)**	**-**	**-**	**(187 497 730)**	**(180 252 927)**	**-**	**7 887 326**	**96 %**	**97 %**
Surplus/(Deficit)	**6 926 326**	**22 093 794**	**29 020 120**	**-**		**29 020 120**	**30 793 124**		**2 101 527**	**106 %**	**445 %**
Transfers recognised - capital	45 904 450	4 521 000	50 425 450	-		50 425 450	43 592 000		(6 833 450)	86 %	95 %
Loss on disposal of assets	-	-	-	-		-	(42 818)		(42 818)	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	**52 830 776**	**26 614 794**	**79 445 570**	**-**		**79 445 570**	**74 342 306**		**(5 103 264)**	**94 %**	**141 %**
Actuarial gain/losses	-	-	-	-		-	231 000		231 000	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	**52 830 776**	**26 614 794**	**79 445 570**	**-**		**79 445 570**	**74 111 306**		**(5 334 264)**	**93 %**	**140 %**
Capital expenditure and funds sources											
Total capital expenditure	(52 830 775)	(12 425 533)	(65 256 308)	-		(65 256 308)	28 227 073		93 483 381	(43)%	(53)%

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	57 947 226	27 817 343	85 764 569	-		85 764 569	88 949 312		3 184 743	104 %	154 %
Net cash from (used) investing	(52 830 774)	(12 425 527)	(65 256 301)	-		(65 256 301)	(56 470 013)		8 786 288	87 %	107 %
Net cash from (used) financing	(2 356 928)	713 500	(1 643 428)	-		(1 643 428)	(2 323 390)		(679 962)	141 %	99 %
Net increase/(decrease) in cash and cash equivalents	**2 759 524**	**16 105 316**	**18 864 840**	**-**		**18 864 840**	**30 155 909**		**11 291 069**	**160 %**	**1 093 %**
Cash and cash equivalents at the beginning of the year	8 315 796	(3 220 412)	5 095 384	-		5 095 384	5 095 384		-	100 %	61 %
Cash and cash equivalents at year end	**11 075 320**	**12 884 904**	**23 960 224**	**-**		**23 960 224**	**35 251 293**		**(11 291 069)**	**147 %**	**318 %**

Refer to note 49 for managments comments on budgetary variances of 10%.

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 the historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the Municipality.

The amounts presented in the Annual Financial Statements are rounded-off to the nearest rand.

1.2 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the Municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements.

Significant judgements include:

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

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

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

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Provisions

Provisions are raised and management determines an estimate based on the information available.

Allowance for doubtful debts

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

An impairment of the trade receivables is accounted for by reducing the carrying amount of the trade receivable through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When the trade receivable is uncollectable, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Provision for doubtful debts is calculated by categorising the outstanding debtors into three:
Category A are government properties and those who owe less than 60 days. The provision is provided for at 0%.
Category B are those who are irregular payers and the debt is from 60 - 120 days. The provision is provided for at 25%.
Category C are bad payers and debt that is more than 120 days. The provision is provided for at 50%.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

1.4 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 municipality 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.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment 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
Intangible	Straight line	2-5 Years
Infrastructure	Straight line	5-80 Years
Community Assets	Straight line	5-30 Years
Other PPE (machinery, transport and computer equipment)	Straight line	5-30 Years
Furniture and office equipment	Straight line	5-15 Years
Other PPE (buildings)	Straight line	10-30 Years
Other property, plant and equipment	Straight line	30 Years

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

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

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

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

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

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

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from a municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality 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.

1.5 Intangible assets (continued)

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.

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

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

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

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

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

Item	Amortisation method	Average useful life
Computer software	Straight line	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.

Accounting Policies

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one Municipality 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.

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.

De-recognition is the removal of a previously recognised financial asset or financial liability from an Municipality's statement of financial position.

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another Municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the Municipality.

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 municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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 counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an municipality 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 municipality'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 municipality.

Accounting Policies

1.6 Financial instruments (continued)

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 Municipality had not acquired, issued or disposed of the financial instrument.

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 Municipality 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.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

1.6 Financial instruments (continued)

Initial recognition

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

The Municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The Municipality 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 Municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Subsequent measurement of financial assets and financial liabilities

The Municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Derecognition

Financial assets

The Municipality derecognises financial assets using trade date accounting.

The Municipality derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the Municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Municipality, 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 Municipality :
  - 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 Municipality 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 recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the municipality 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 municipality obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the Municipality recognise the new financial asset, financial liability or servicing liability at fair value.

1.6 Financial instruments (continued)

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.

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 Municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the Municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the Municipality 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 Municipality 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 municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in 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 Municipality 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 Municipality 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 municipality assesses the classification of each element separately.

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.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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 Value-Added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act No.89 of 1991.

1.9 Impairment of cash-generating assets

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

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

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

A cash-generating unit is the smallest identifiable group of assets used 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.

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

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

Accounting Policies

1.9 Impairment of cash-generating assets (continued)

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.

1.10 Employee benefits

Employee benefits are all forms of consideration given by a municipality 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 municipality, 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 municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, 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 municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- a municipality'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.

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

Accounting Policies

1.10 Employee benefits (continued)

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 municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 Municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality 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 municipality 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 a municipality 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 municipality, on the basis that contribution and benefit levels are determined without regard to the identity of the Municipality that employs the employees concerned.

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.

1.11 Provisions and contingencies (continued)

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.

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

A constructive obligation to restructure arises only when an municipality:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or 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 municipality 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 46.

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.

1.11 Provisions and contingencies (continued)

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. 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.

1.12 Commitments

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

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

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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

Interest

Revenue arising from the use by others of municipality assets yielding interest, 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, in surplus or deficit, using the effective interest rate method.

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

1.14 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the municipality receives value from another municipality without directly giving approximately equal value in exchange.

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.

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.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Fines

Revenue from the issuing of fines is recognised when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the mucipality; and
- the amount of the revenue can be measured reliably.

The Municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the municipality the cash actually collected on summonses issued.

Levies

Levies are recognised as revenue 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.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:
- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

Government grants

Government grants are recognised as revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The Municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Other grants and donations

Other grants and donations are recognised as revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.15 Investment income

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

1.16 Borrowing costs

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

1.17 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.

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.

1.18 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.

1.19 Irregular expenditure

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

1.20 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.

1.21 Budget information

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

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

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

The approved budget covers the fiscal period from 01 Jul 2020 to 30 Jun 2021.

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.

The Statement of comparative and actual information has been included in the Annual Financial Statements as the recommended disclosure when the Annual Financial Statements and the budget are on the same basis of accounting as determined by National Treasury.

1.22 Related parties

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

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

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

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

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

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.

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 municipality or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the municipality's financial statements to understand the effect of related party transactions on its Annual Financial Statements.

1.23 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:

Accounting Policies

1.23 Events after reporting date (continued)

- 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.

1.24 Statutory receivables identificatification

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 purposes of this Standard) 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.

1.25 Statutory receivables

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

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

Other charges

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

Impairment losses

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

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

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

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

1.25 Statutory receivables (continued)

- the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- The municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition date fair values.
- 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.

Subsequent measurement

In general, an acquirer shall subsequently measure and account for assets acquired, liabilities assumed or incurred and the residual interest issued in a transfer of functions in accordance with other applicable Standards of GRAP for those items, depending on their nature.

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.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

Standard/ Interpretation:

• GRAP 104 Financial Instruments	01 April 2023	Unlikely there will be material impact
• GRAP 25 Employee Benefits (revised)	01 April 2023	Unlikely there will be material impact
• GRAP 18 Segment Reporting	01 April 2020	Unlikely there will be a material impact
• GRAP 34 Seperate Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 35 Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 36 Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
• GRAP 37 Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38 Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality Financial Statements	01 April 2023	Unlikely there will be material impact
• IGRAP 20 Adjustments to revnue	01 April 2020	Unlikely there will be material impact
• IGRAP 1 Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be material impact
• IGRAP 2 Changes in Existing Decommissionong, Restoration and Similar Liabilities	01 April 2020	Unlikely there will be material impact
• IGRAP 3 Determining whether an Arrangement Containes a Lease	01 April 2020	Unlikely there will be material impact
• IGRAP 4 Rights to Interests Arising from Decommissioning, Restoration and Rehabilitation Funds	01 April 2020	Unlikely there will be material impact

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

• IGRAP 5 Applying the Restatement Approach under the standard of GRAP on Financial Reporting in Hyperinflationary Economies	01 April 2020	Unlikely there will be material impact
• IGRAP 6 Loyalty Programmes	01 April 2020	Unlikely there will be material impact
• IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	01 April 2020	Unlikely there will be material impact
• IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions	01 April 2020	Unlikely there will be material impact
• IGRAP 9 Distributions of Non-Cash Assets to Owners	01 April 2020	Unlikely there will be material impact
• IGRAP 10 Assets Received from Customers	01 April 2020	Unlikely there will be material impact
• IGRAP 13 Operating Leases - Incentives	01 April 2020	Unlikely there will be material impact
• IGRAP 14 Evaluating the Substance of Transactios Involving the Legal Form if a Lease	01 April 2020	Unlikely there will be material impact
• IGRAP 15 Revenue Barter Transactions Involving Advertising Services	01 April 2020	Unlikely there will be material impact
• IGRAP 16 Intangible Assets - Website Costs	01 April 2020	Unlikely there will be material impact
• IGRAP 17 Service Concession Arragements Where a Grantor Controls a Significant Residual Interest in an Asset.	01 April 2020	Unlikely there will be material impact
• IGRAP 18 Recognition and Derecognition of Land	01 April 2020	Unlikely there will be material impact
• IGRAP 19 Liabilities to Pay Levies	01 April 2020	Unlikely there will be material impact
• IGRAP 20 Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be material impact

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods:

- GRAP 25 Employee Benefits
- GRAP 104 Financial Instruments

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

3. Receivables from Exchange transactions

Other receivables	689 029	557 264
Refuse	838 517	631 674
Provision for Impairment	(376 865)	(253 402)
	1 150 681	**935 536**

Refuse

Current (0-30 days)	51 364	50 234
31 - 60 days	28 422	28 219
61 - 90 days	28 936	23 120
91 - 120 days	19 181	22 434
121 - 365 days	710 614	507 667
	838 517	**631 674**

Reconciliation of Provision of Doubtful debts

Opening balance	253 402	253 402
Provision for doubtfull debt	123 463	-
	376 865	**253 402**

4. Receivables from Non exchange transactions

Gross balances		
Consumer debtors	17 317 311	19 167 955
Less: Allowance for impairment		
Consumer debtors	(5 215 661)	(5 338 193)
Net balance		
Consumer debtors	12 101 650	13 829 762

Included in below is receivables from Non-exchange transactions

Fines	11 657 825	11 549 517
Allowance for impairment	(11 657 825)	(11 549 517)

Reconciliation of provision for impairment of receivables from Non-exchange

Opening balance	11 549 517	11 358 746
Add: Fines identified in the prior year	102 368	
Provision for impairment	5 940	190 771
	11 657 825	**11 549 517**

Rates

Current (0 -30 days)	1 024 112	4 836 574
31 - 60 days	4 241 132	1 458 398
61 - 90 days	717 411	690 236
91 - 120 days	712 466	648 092
121 - 365 days	9 834 623	10 694 548
	16 529 744	**18 327 848**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

4. Receivables from Non exchange transactions (continued)

Interest		
Current (0 -30 days)	14 357	79 074
31 - 60 days	14 836	80 792
61 - 90 days	23 241	68 940
91 - 120 days	-	72 413
121 - 365 days	735 133	538 888
	787 567	**840 107**

Summary of Consumer Debtors by Customer Classification

Residential		
Current (0 -30 days)	195 535	262 131
31 - 60 days	(9 548)	(7 642)
61 - 90 days	78 962	83 810
91 - 120 days	33 778	68 474
121 - 365 days	4 405 777	2 975 357
	4 704 504	**3 382 130**
Commercial and Industrial		
Current (0 -30 days)	1 042 957	906 128
31 - 60 days	(883)	-
61 - 90 days	479 515	374 376
91 - 120 days	102 350	364 376
121 - 365 days	4 490 343	2 727 515
	6 114 282	**4 372 395**
National and provincial government		
Current (0 -30 days)	4 025 669	4 166 370
31 - 60 days	(3 082)	(482)
61 - 90 days	97 921	129 496
91 - 120 days	25 567	126 615
121 - 365 days	2 352 450	6 991 431
	6 498 525	**11 413 430**
Totals		
Current (0 -30 days)	1 075 476	4 886 809
31 - 60 days	4 269 554	1 486 617
61 - 90 days	746 347	713 356
91 - 120 days	731 648	670 526
121 - 365 days	10 494 286	11 410 647
	17 317 311	**19 167 955**

Statutory receivables included in receivables from non-exchange transactions are as follows, on a gross basis:

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

4. Receivables from Non exchange transactions (continued)

Property rates	16 529 744	18 327 848
Traffic fines	11 657 825	11 549 517
	28 187 569	**29 877 365**

Statutory receivable that are past due and impaired included in receivables from non-exchange transactions are as follows:

Property rates	(5 215 661)	(5 338 193)
Traffic fines	(11 657 825)	(11 549 517)
	(16 873 486)	**(16 887 710)**

Statutory receivables included in receivables from non-exchange transactions above are as follows, net of impairment:

Property rates	12 101 650	13 824 762
Traffic fines	-	-

Figures in Rand	2021	2020

4. Receivables from Non exchange transactions (continued)

Receivable from Non-exchange Transactions Statutory receivables general information

Property rates is levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 as amended by Local Government: Municipal Property Rates Amendment Act, No. 29 Of 2014, hence this therefore is recognised as a statutory receivable. The receivable is calculated by applying the Council Approved rates randage against the valuation of individual properties within the municipality jurisdiction. Council approved rebates and exemptions are further applied to reduce the receivable.

Traffic fines are issued to offenders in terms of Criminal Procedures Act, hence this is therefore recognised as a statutory receivable. The receivable is calculated by determining the value of the fine to be paid on initial recognition, and accounting for subsequent measurement by taking into account reductions and discounts made to the value of the fine payable in terms of the court of law

Interest or other charges levied/charged

The Municipality charges interest on all outstanding rates debtors' balances older than 30 days in respect of rate accounts at a simple interest rate of prime plus 1% determined as at 28 February of each year for the financial year starting 1 July

No interest is charged on outstanding fines, and any additional penalties applied by the court is paid by the offender to the court directly, and is therefore not considered to be revenue for the Municipality

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

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

If there is an indication that a statutory receivable, or 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 receivable is reduced. The amount of the loss is recognised in the surplus or deficit.

Statutory receivables past due but not impaired

Certain statutory receivables which are less than 3 months past due are not considered to be impaired. Other statutory receivable that are older than 3 months are not considered for impairment if there is indication they would be collected. At 30 June 2021, R 2 475 938 (2020: R 7 247 542) were past due but not impaired.

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

1 month past due	97 921	129 496
2 months past due	25 567	126 615
3 months past due	2 352 450	6 991 431

5. VAT receivable

VAT	8 515 480	5 452 374

VAT summary		
Opening balance	5 452 373	5 778 843
Movement	3 063 107	(326 470)
	8 515 480	**5 452 373**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

6. Cash and cash equivalents (continued)

Cash on hand	17 490	9 929
Bank balances	185 344	5 076 149
Other cash and cash equivalents	35 048 459	9 306
	35 251 293	**5 095 384**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	**30 June 2020**	**30 June 2019**	**30 June 2021**	**30 June 2020**	**30 June 2019**
ABSA Bank- Account Type- Cheque- 40 5385 7155	185 344	5 076 962	5 161 109	185 344	5 076 962	5 161 109
ABSA Bank- Account Type- Traffic- 40 7854 4599	36 897	-	1 010	36 897	-	1 010
ABSA Bank- Account Type- INEG- 92 8652 5057	1 017	1 000	2 024	1 017	1 000	2 024
ABSA Bank- Account Type- MIG- 92 8651 3913	1 250	1 229	2 164	1 250	1 229	2 164
ABSA Bank- Account Type- EPWP - 92 861 3769	997	984	993	997	984	993
ABSA Bank- Account Type- FMG- 92 8652 5340	1 110	1 091	1 096	1 110	1 091	1 096
ABSA Bank- Account Type- MSIG- 92 8651 3028	1 370	1 347	1 338	1 370	1 347	1 338
ABSA Bank- Account Type- Call- 91 0739 9765	2 093	2 055	2 050	2 093	2 055	2 050
ABSA Bank- Account Type- Traffic- 40 6506 2322	3 036	-	1 089	3 033	-	1 089
ABSA Bank- 93 3848 2339	35 000 692	1 605	22 809	35 000 692	1 605	22 809
Total	**35 233 806**	**5 086 273**	**5 195 682**	**35 233 803**	**5 086 273**	**5 195 685**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

7. Property, plant and equipment

	2021			2020		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	16 742 853	-	16 742 853	16 742 853	-	16 742 853
Machinery and Equipment	5 060 513	(1 179 440)	3 881 073	3 921 553	(749 027)	3 172 526
Furniture and Office Equipment	5 871 114	(2 652 301)	3 218 813	5 751 574	(1 988 703)	3 762 871
Computer Equipment	3 647 907	(1 236 714)	2 411 193	3 007 881	(780 728)	2 227 153
Road Infrastructure	129 471 056	(30 976 794)	98 494 262	115 995 411	(23 829 774)	92 165 637
Community Assets	163 920 349	(39 312 407)	124 607 942	163 674 189	(32 733 082)	130 941 107
Storm Water Infrastructure	2 561 416	(277 603)	2 283 813	2 114 865	(230 091)	1 884 774
Water Supply Infrastructure	28 646	(9 106)	19 540	28 646	(7 152)	21 494
Other Assets	65 445 209	(13 415 665)	52 029 544	65 073 736	(11 037 536)	54 036 200
Work in Progress	43 039 175	-	43 039 175	11 986 232	-	11 986 232
Transport Assets	19 689 322	(7 109 935)	12 579 387	14 145 230	(6 654 624)	7 490 606
ICT Infrastructure	3 083 353	(661 051)	2 422 302	2 131 353	(273 382)	1 857 971
Total	**458 560 913**	**(96 831 016)**	**361 729 897**	**404 573 523**	**(78 284 099)**	**326 289 424**

Notes to the Annual Financial Statements

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers In/(Out)	Depreciation	Total
Land	16 742 853	-	-	-	-	16 742 853
Machinery and Equipment	3 172 526	1 152 739	(10 456)	-	(433 736)	3 881 073
Furniture and Office Equipment	3 762 871	252 223	(47 130)	-	(749 151)	3 218 813
Computer Equipment	2 227 153	641 221	(385)	-	(456 796)	2 411 193
Road Infrastructure	92 165 637	41 604	-	13 434 041	(7 147 020)	98 494 262
Community Assets	130 941 107	246 161	-	-	(6 579 326)	124 607 942
Storm Water Infrastructure	1 884 774	-	-	446 552	(47 513)	2 283 813
Water Supply Infrastructure	21 494	-	-	-	(1 954)	19 540
Other Assets	54 036 200	371 473	-	-	(2 378 129)	52 029 544
Work-in-Progress	11 986 232	44 933 536	-	(13 880 593)	-	43 039 175
Transport Assets	7 490 606	7 748 668	(586 174)	-	(2 073 713)	12 579 387
ICT Infrastructure	1 857 971	951 999	-	-	(387 668)	2 422 302
	326 289 424	**56 339 624**	**(644 145)**	**-**	**(20 255 006)**	**361 729 897**

Notes to the Annual Financial Statements

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers In/(Out)	Donations	Prior Year Adjustment	Depreciation	Impairment loss	Total
Land	14 902 853	-	-	-	1 840 000	-	-	-	16 742 853
Machinery and Equipment	882 965	2 613 221	(206)	-	-	-	(323 454)	-	3 172 526
Furniture and Office Equipment	3 324 375	1 318 573	(145 004)	-	-	-	(735 073)	-	3 762 871
Computer Equipment	2 705 052	92 771	(147 411)	-	-	-	(423 259)	-	2 227 153
Road infrastructure	75 908 078	344 772	-	12 762 295	-	8 728 991	(5 571 115)	(7 384)	92 165 637
Community Assets	130 017 415	43 694	-	7 424 621	-	-	(6 544 623)	-	130 941 107
Storm Water Infrastructure	86 464	-	-	1 151 519	-	676 044	(29 253)	-	1 884 774
Water Supply Infrastructure	23 448	-	-	-	-	-	(1 954)	-	21 494
Other Assets	54 675 597	1 796 322	-	-	-	-	(2 354 416)	(81 303)	54 036 200
Work in progress	17 000 864	25 803 145	-	(21 338 435)	-	(9 479 342)	-	-	11 986 232
Transport assets	9 193 757	-	-	-	-	-	(1 703 151)	-	7 490 606
ICT Infrastructure	1 905 840	158 657	-	-	-	-	(206 526)	-	1 857 971
	310 626 708	**32 171 155**	**(292 621)**	**-**	**1 840 000**	**(74 307)**	**(17 892 824)**	**(88 687)**	**326 289 424**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

7. Property, plant and equipment (continued)

Pledged as security

There is no Property, plant and equipment pledged as security.

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

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

	2021	2020
Cinci MPCC The project was discontinued as it was not prioritiesed in the 2017-2018 IDP (projects to be executed). Financial services department is yet to submit the resolution to be taken on the expenditure that has already been incurred.	439 131	439 131
Clover Access Road The project was awarded on the 19th of December 2019 during the course of the projects being completed.A dispute arose between the Municipality and the Contractor on the 5th of May 2020. The contractor was given a letter to vacate the site after failure for execute duties as per the contract agreement.	1 794 523	-
Dondotha Sports Complex The Contractor has applied for an extension for the project. The delay was due to heavy rains, the COVID-19 pandemic, lockdown regulations and the July 2021 civil unrest.	29 652 610	1 798 510
	31 886 264	**2 237 641**

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Total
Opening balance	9 373 523	2 612 709	11 986 232
Additions/capital expenditure	14 344 309	30 589 227	44 933 536
Capitalised	(13 880 593)	-	(13 880 593)
	9 837 239	**33 201 936**	**43 039 175**

Reconciliation of Work-in-Progress 2020

	Included within Infrastructure	Included within Community	Total
Opening balance	1 758 284	5 763 237	7 521 521
Additions/capital expenditure	21 529 054	4 274 090	25 803 144
Transferred to completed items	(13 913 812)	(7 424 621)	(21 338 433)
	9 373 526	**2 612 706**	**11 986 232**

Figures in Rand	2021	2020

7. Property, plant and equipment (continued)

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

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Furniture and office equipment	14 899	795
Leased transportation assets	-	368 984
Community assets	4 984 565	4 877 333
Other assets	971 624	988 042
Transport assets	1 007 359	435 287
Machinery and equipment	901 075	124 162
Storm water	888 512	504 379
	8 768 034	**7 298 982**

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

8. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3 741 368	(1 707 895)	2 033 473	3 141 368	(1 180 748)	1 960 620

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	1 960 620	774 534	(701 681)	2 033 473

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software	2 471 935	(511 315)	1 960 620

Pledged as security

There are no intangible assets pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

9. Other financial liabilities

At amortised cost		
ABSA Loan	5 364 206	5 991 349

The following loan bears interest at 10.93% per annum, with bi-annual instalments of R611 853.57 in January and July of each year. The loan is fully repayable by 1 July 2026.

Non-current liabilities		
At amortised cost	4 140 499	4 767 642
Current liabilities		
At amortised cost	1 223 707	1 223 707

10. Finance lease obligation

Minimum lease payments due		
- within one year	-	1 674 356
- in second to fifth year inclusive	-	472 470
	-	2 146 826
less: future finance charges	-	(121 567)
Present value of minimum lease payments	**-**	**2 025 259**
Present value of minimum lease payments due		
- within one year	-	1 104 717
- in second to fifth year inclusive	-	460 271
	-	**1 564 988**
Non-current liabilities	-	460 271
Current liabilities	-	1 104 717
	-	**1 564 988**

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

The average lease term was 5 years and the average effective borrowing rate was 10% (2020: 10%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

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

The municipality has fully paid all finance lease obligations in the current year.

11. Payables from exchange transactions

Trade payables	3 107 973	11 022 859
Unallocated Deposits	459 133	76 446
Accrued leave pay	4 796 897	3 912 248
Accruals	173 738	18 810
Other creditors	24 263	23 834
Debtors in credit	787 566	839 164
	9 349 570	**15 893 361**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Development Planning and Shared Services Grant	172 498	172 498
Expanded Public Works Program Grant	346 722	-
Maintenance of Sport Facilities Grant	37 605	565 212
Schemes Support Programme Grant	60 800	60 800
Small Town Rehabilitation Grant	336 034	336 034
Spatial Development Framework Grant	260 964	260 964
Sports and Recreation Grant	4 198 046	4 162 124
Title Deeds Restoration Grant	200 000	-
	5 612 669	**5 557 632**

See note 22 for reconciliation of grants from National/Provincial Government.

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

13. Retentions

Retentions - Current portion	2 115 817	1 261 643
Retentions - Non-current portion	5 384 407	4 728 481
	7 500 224	**5 990 124**

14. Employee benefit obligations

Defined benefit plan : Long term service

The municipality provides certain long term service bonus awards. The Municipality offers bonuses for every 5 years of completed service from 5 years to 20 years. Long term service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed out. Municipal employees, in most cases choose to excercise the option to convert their accumulated leave bonus to cash.

Completed service (Years)	Long Service Bonus Awards (% of Annual Salary)
5	5
10	10
15	15
20	30

A day of accumulated leave is worth 1/250 of annual salary.

Valuation Method:

In accordance with the requirements of GRAP 25, the Projected Unit Credit method was applied. Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in the future based on service accrued to the valuation date and awards projected to the retirement date. In determining these liabilities, due allowance has been made for future award increases.

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP 25.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

14. Employee benefit obligations (continued)

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

Opening balance	1 584 000	1 479 000
Net expenses recognised in the statement of financial performance	307 000	105 000
	1 891 000	**1 584 000**

Net expense recognised in the statement of financial performance

Current service cost	251 000	218 000
Interest cost	139 000	156 000
Actuarial (gains) losses	231 000	(214 000)
Expected return on reimbursement rights	(314 000)	(55 000)
	307 000	**105 000**

Key assumptions used

Net Discount rate

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison are summarised below:

Assumption		
Discount rate	7.40%	9.73%
Consumer price index	4.62%	5.04%
Salary increase rate	5.62%	6.04%
Net Discount Rate	**1.69%**	**3.48%**

Grap 25 defines the determination of the investment return assumption to be used as the rate that can be determined by refernece to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology for setting the financial assumptions has been updated to be more duration specific. At the previoud report, 30 June 2020 the duration of liabilities was 4.83 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2021 is 7.40% per annum, and the yield on inflation-linked bonds of a similiar term was about 2.66% per annum. This implies an underlying expectation of inflation of 4.62% per annum ([1+7.40%]/[1+2.66%]-1).

It is assumend that salary inflation would exceed general inflation by 1.00% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that is important, rather than the nominal values. It was assumed thus a net discount factor of 1.69% per annum ([+7.40%]/[1+5.62%]-1).

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

15. Service charges

Refuse removal	597 603	580 036

16. Rental of facilities and equipment

Premises	905 390	173 709

17. Principal - Agent Relationship

Revenue received for Agency Activities		
Agency activities- VAT receivable	-	1 773 965

The Municipality entered into a Principal - Agent Relationship agreement with Eskom, where the Municipality is required to facilitate the process of building Electrification Infrastructure on behalf of Eskom for an amount of R12 000 000, and the Municipality will then enjoy the benefits of claiming Input VAT from SARS. The Principal - Agent Relationship has then been disclosed in accordance with GRAP 109.

18. Licenses and permits

Learner driver application	19 520	123 004

19. Operational Revenue

Sundry income	456 140	494 890

20. Investment revenue

Interest on Investments	1 617 898	1 324 290
Interest charged on trade and other receivables	1 154 562	813 321
	2 772 460	**2 137 611**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

21. Property rates

Rates received

	2021	2020
Property rates	32 290 100	31 706 764
Less: Income forgone	(8 450 324)	(7 996 640)
	23 839 776	**23 710 124**

Property rates by category		
Residential Properties	2 673 497	2 357 121
Agricultural Property	3 379 229	3 336 047
Business and Commercial Properties	10 744 698	10 308 900
Public Service Infrastructure Properties	43 573	47 824
State-owned Properties	15 449 103	15 656 872
	32 290 100	**31 706 764**

Revenue forgone		
Residential Properties	(1 194 116)	(986 293)
Agricultural Property	(1 370 802)	(1 333 235)
Business and Commercial Properties	(1 061 588)	(959 480)
Industrial Properties	(1 626 465)	(1 618 936)
Public Service Infrastructure Properties	(40 258)	(39 454)
State-owned Properties	(3 157 095)	(3 059 242)
	(8 450 324)	**(7 996 640)**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

21. Property rates (continued)

Valuations

Residential	1 115 218 000	1 107 393 000
Commercial	84 691 000	49 576 000
Communal land	175 075 000	175 075 000
Industrial	133 153 000	132 493 000
Municipal	31 354 000	23 038 000
Place of worship	1 948 000	1 948 000
Public benefit organisation	6 845 000	990 000
Public service infrastructure	19 926 000	19 926 000
Public service purposes	293 455 000	330 553 000
Residential	200 782 000	201 907 000
Residential hospitality	2 200 000	2 200 000
Sectional title- Commercial	2 115 000	2 115 000
Sectional title- Residential	20 690 000	20 690 000
	2 087 452 000	**2 067 904 000**

The Municipality of uMfolozi has determined the rates payable on all rate-able property within the area of uMfolozi Municipality financial year effective from 01 July 2020 to 30 June 2021. The Budget related tarrifs were approved by Council at its meeting held on the 27th May 2020. The revised Property Rates Tarrifs are as follows:

Property Rates **Category - Tarrifs**		
Agricultural	0.00300	0.00300
Business	0.04886	0.04790
Industrial	0.04886	0.04790
Residential	0.01200	0.01200
Business/Hotel	0.04886	0.04790
Public Service Purposes	0.05498	0.05390
Public Service Infrastructure	0.00300	0.00300
Church/PBO	Exempt	Exempt
Municipal Properties	Exempt	Exempt

Refuse Tarrifs - Vat inclusive	
Residential	10% of Monthly assessment rates
Commmercial and Industrial	15% of Monthly assessment rates
Government and Other	15% of Monthly assessment rates

22. Government grants and subsidies

Operating grants		
Equitable Share	166 548 000	129 742 000
Sports and Recreation Grant	8 751 077	2 068 287
Library Grant	2 898 000	3 358 877
Financial Management Grant	1 900 000	1 900 000
Expanded Public Works Program Grant	1 441 278	2 171 000
Thusong Centre Grant	-	673 045
Schemes Support Programme Grant	-	266 200
Maintenance of Sport Facilities Grant	527 607	371 886
Beach Access Upgrade	-	243 647
Municipal Disaster Management Grant	-	745 000
	182 065 962	**141 539 942**

Capital grants		
Municipal Infrastructure Grant	43 592 000	26 224 000

Figures in Rand	2021	2020

22. Government grants and subsidies (continued)

Total	**225 657 962**	**167 763 942**

Equitable Share

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

The difference of R 745 000 between the balance as per accounts and DORA allocation is brought about unspent grant of Municipal Distater grant which was reverted to the National Revenue Fund.

Equitable share reconciliaiton	
Equitable share allocation	167 293 000
Eqitable share disclosed	(166 548 000)
	745 000

Municipal Infrastructure Grant (MIG)

Current-year receipts	43 592 000	26 224 000
Conditions met - transferred to revenue	(43 592 000)	(26 224 000)
	-	-

Spatial Development Framework Grant

Balance unspent at beginning of year	260 964	260 964

Library Grant

Balance unspent at beginning of year	-	581 877
Current-year receipts	2 898 000	2 777 000
Conditions met - transferred to revenue	(2 898 000)	(3 358 877)
	-	-

Beach Access Upgrade Grant

Balance unspent at beginning of year	-	243 647
Conditions met - transferred to revenue	-	(243 647)
	-	-

Development Planning and Shared Services Grant

Balance unspent at beginning of year	172 498	172 498

Conditions still to be met - remain liabilities (see note 12).

Small Town Rehabilitation Grant

Balance unspent at beginning of year	336 034	336 034

Conditions still to be met - remain liabilities (see note 12).

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

22. Government grants and subsidies (continued)

Sport and Recreation Grant

Balance unspent at beginning of year	4 162 124	17 410
Current-year receipts	8 787 000	6 213 000
Conditions met - transferred to revenue	(8 751 078)	(2 068 286)
	4 198 046	**4 162 124**

Conditions still to be met - remain liabilities (see note 12).

Thusong Centre Grant

Balance unspent at beginning of year	-	673 045
Conditions met - transferred to revenue	-	(673 045)
	-	**-**

Schemes Support Program Grant

Balance unspent at beginning of year	60 800	327 000
Conditions met - transferred to revenue	-	(266 200)
	60 800	**60 800**

Conditions still to be met - remain liabilities (see note 12).

Maintenance of Sport Facilities Grant

Balance unspent at beginning of year	565 212	487 098
Current-year receipts	-	78 114
Conditions met - transferred to revenue	(527 607)	-
	37 605	**565 212**

Conditions still to be met - remain liabilities (see note 12).

Financial Municipal Grant

Current-year receipts	1 900 000	1 900 000
Conditions met - transferred to revenue	(1 900 000)	(1 900 000)
	-	**-**

Expanded Public Works Programme Grant

Current-year receipts	1 788 000	2 171 000
Conditions met - transferred to revenue	(1 441 278)	(2 171 000)
	346 722	**-**

Conditions still to be met - remain liabilities (see note 12).

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

22. Government grants and subsidies (continued)

Integrated National Electrification Grant

Current-year receipts	9 000 000	12 000 000
Conditions met	(9 000 000)	(12 000 000)
	-	-

Title Deeds Restoration Grant

Current-year receipts	200 000	-

Conditions still to be met - remain liabilities (see note 12).

Municipal Disaster Management Grant

Current-year receipts	-	745 000
Conditions met - transferred to revenue	-	(745 000)
	-	-

23. Fines, Penalties and Forfeits

Motor licenses and traffic fines	75 200	256 606
Illegal dumping	-	4 363
	75 200	**260 969**

24. Donations Received

Land Donated - Mondi Ltd	-	1 840 000
Ntambanana funds distributions	-	2 623 647
	-	**4 463 647**

Land Donated - Mondi Ltd
Mondi Ltd donated Farm 12237 to the Municipality from Mondi Ltd in the 2019/2020 financial year.

Farm 12237 was also donated to the Municipality by Mondi Ltd in exchange for the writing off of the accumulated debt which was owed by Amangwe to the Municipality. The land was previously transferred from Mondi Ltd to Amangwe, however that agreement was never registered. This is why the accumulated debt has been accumulating in the account of Amangwe. The debt written off for Amangwe amounted to R 78,000. The fair value of the property as per the Valuation Roll is R 4,498,000 as at 30 June 2019.

Ntambanana funds distributions
Umfolozi inherited some customers that were part of Ntambanana Municiplaity that was disestablished into 3 and its municipal area merged into City of uMhlathuze Local Municipality, Mthonjaneni Local Municipality and uMfolozi Local Municipality on 3 August 2016.

Customers from Ntambanana and Public Works continued to pay into the bank accounts of Ntambanana. A committee was established and resolved on a way to allocate the monies from this account on a yearly basis.Umfolozi Municipality received funds from Umhlathuze Municipality in relation to payments on some of these debtors accounts. The monies were allocated to the respective accounts and what remains they disclose as donations.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

25. Employee related costs

Basic	43 324 572	39 274 698
Bonus	2 596 124	2 439 420
Medical aid - company contributions	3 311 201	2 976 016
UIF	295 964	274 279
SDL	579 717	570 986
Pension	5 485 425	4 591 389
Leave pay	2 087 082	1 028 490
Overtime and Standby payments	3 624 268	2 481 022
Acting allowances	405 565	-
Car allowance	7 110 179	6 783 634
Housing benefits and allowances	213 212	192 433
Cellphone allowances	558 289	575 584
Group Life Insurance	1 443 882	1 246 644
Bargaining Council	21 097	21 165
	71 056 577	**62 455 760**

Remuneration of Municipal Manager

Annual remuneration	694 893	704 894
Car allowance	297 812	297 812
Cellphone allowance	-	10 000
Contributions to UIF, medical aid, pension funds and SALGA	1 932	1 896
	994 637	**1 014 602**

Remuneration of Former Chief Financial Officer- KN Mthethwa

Annual remuneration	264 610	653 063
Acting allowance	6 857	-
Car allowance	76 934	180 000
Cellphone allowance	7 500	18 000
Contributions to UIF, medical aid, pension funds and SALGA	793	1 896
Leave pay	150 574	-
	507 268	**852 959**

Remuneration of Chief Financial Officer - ZJ Ndlovu

Annual Remuneration	142 636	-
Car Allowance	61 130	-
Cellphone Allowance	4 500	-
Contributions to UIF, Medical and Pension Funds	504	-
	208 770	**-**

Remuneration of Technical Services Director - SG Hlatshwayo

Annual remuneration	611 297	611 297
Car allowance	203 766	203 766
Cellphone allowance	18 000	18 000
Contributions to UIF, medical aid, pension funds and SALGA	1 932	1 887
	834 995	**834 950**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

25. Employee related costs (continued)

Remuneration of Corporate Services Director - AS Shandu

Annual remuneration	332 817	-
Car allowance	142 636	-
Cellphone allowance	10 500	-
Contributions to UIF, medical and pension funds	1 139	-
	487 092	**-**

Remuneration of Community Services Director- VNN Nsele

Annual remuneration	509 414	611 297
Car allowance	169 805	203 766
Cellphone allowance	15 000	18 000
Contributions to UIF, medical and pension funds	1 735	1 896
Leave pay	144 027	-
	839 981	**834 959**

26. Remuneration of councillors

Hon. Mayor	360 186	360 186
Deputy Mayor	288 149	288 149
Hon. Speaker	384 198	384 198
Executive committe members	900 482	900 483
Councillors allowances	6 265 891	6 182 807
Cellphone and data allowances	1 465 200	1 323 396
Travel allowances	1 300 903	1 464 395
MPAC	262 214	262 214
	11 227 223	**11 165 828**

In-kind benefits

The Hon. Mayor and Deputy Mayor are part time. Hon. Mayor, Hon Speaker and Deputy Mayor, each are provided with an office and secretarial support at the cost of the Council.

The Hon. Mayor. Hon. Speaker and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

27. Depreciation and amortisation

Property, plant and equipment	20 226 857	17 892 823
Intangible assets	527 148	511 314
	20 754 005	**18 404 137**

28. Finance costs

Finance leases	131 700	268 279
Other financial liabilities	595 564	650 191
Interest and penalties paid	139 000	156 000
	866 264	**1 074 470**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

29. Lease rentals on operating lease

Equipment		
Contractual amounts	642 523	873 770

30. Debt impairment

Contributions to debt impairment provision	930	2 207 118
Impairment- Traffic Fines	5 940	190 771
	6 870	**2 397 889**

31. Contracted services

Outsourced Services		
Catering services	903 923	2 075 450
Information technology services	10 959	-
Cleaning services	1 653 667	1 891 055
Other contractors	10 300	433 560
Researcher	466 380	289 343
Electrical	157	78 702
Consultants and Professional Services		
Business and advisory	22 288 600	24 827 929
Legal cost	239 271	374 103
Contractors		
Artists and performers	-	61 500
Event promoters	500 250	448 800
Intergrated national electrical program	2 057 146	-
Maintenance of unspecified assets	8 872 727	8 058 286
Medical services	541 915	337 638
Safeguard and security	4 433 879	7 079 776
Sewerage services	1 997 273	1 028 517
Stage and sound crew	427 255	324 250
Total	**44 403 702**	**47 308 909**

32. Transfers and Subsidies

Other subsidies		
Councillors donations	1 085 875	692 312

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

33. Operational Cost

Advertising and publicity	2 161 044	2 381 277
Auditors remuneration	1 726 690	2 028 944
Bank charges	106 012	214 531
Community development and training	490 659	587 954
Computer expenses	2 265 065	301 092
Conferences and seminars	330 304	1 341 596
Consulting and professional fees	1 067 126	673 593
Consumables	3 334 350	3 023 890
Electricity	1 358 188	2 048 521
Entertainment	19 271	23 763
Fuel and oil	3 544 221	2 729 116
Gifts	825 048	2 506 769
Hire	1 780 024	1 599 166
Indigent	1 141 175	2 122 450
Insurance	650 306	582 312
Levies	165 000	-
Municipal disaster relief	195 589	304 421
Postage and courier	10 137	13 310
Printing and stationery	534 942	220 775
Protective clothing	1 830	-
Repairs and maintenance	21 679	-
Sitting allowance	9 767	6 000
Other expenses	321 854	451 639
Telephone and fax	2 950 826	3 546 809
Training	284 793	153 980
Travel and subsistence	1 259 959	5 448 340
Uniforms	1 164 467	1 064 524
Ward committees remuneration	2 058 620	2 095 500
Workmen's compensation	430 942	374 411
	30 209 888	**35 844 683**

34. Auditors' remuneration

Fees	1 726 690	2 028 944

35. Cash generated from operations

Surplus	74 111 306	22 547 173
Adjustments for:		
Depreciation and amortisation	20 754 005	18 404 370
Loss on disposal of property, plant and equipment	42 818	292 351
Donation received	-	(4 463 647)
Impairment deficit	-	88 688
Debt impairment	6 870	2 620 351
Movements in retirement benefit assets and liabilities	307 000	-
Movements in provisions	-	(40 000)
Changes in working capital:		
Receivables from exchange transactions	1 641 600	(3 639 780)
Payables from exchange transactions	(5 112 133)	3 442 588
VAT	(3 063 107)	(326 470)
Unspent conditional grants and receipts	-	(2 458 059)
	88 688 359	**36 467 565**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

36. Related parties

Relationships

Employee	Mr S.V. Mthethwa- Super Intendent Mr D.S. Mthembu - Chief Traffic Officer Ms A.S Shandu - Senior Manager Corporate Mr V.G. Mdletshe - Financial Manager

Related party transactions

	2021	2020
Amounts included in Service Charges regarding Related Party		
Mr S.V. Mthethwa	-	754
Amounts included in Property Rates regarding Related Party		
Mr S.V. Mthethwa	6 843	5 928
Mr V.G. Mdletshe	743	-
Ms A.S Shandu	1 972	-
Amounts included in interest income regarding Related Party		
Mr S.V. Mthethwa	-	11
Mr V.G. Mdletshe	4	-
Amounts included in Rental of Premises regarding Related Party		
Mr D.S. Mthembu	36 674	34 382

No councillors nor key management own properties that rates are levied on in the municipality's jurisdiction for the year besides those mentioned above.

No councillors nor key management owed the municipality in respect of traffic fines as at 30 June 2021.

37. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	1 150 681	1 150 681
Trade and other receivables from non-exchange transactions	-	12 101 650	12 101 650
Cash and cash equivalents	35 251 293	-	35 251 293
	35 251 293	**13 252 331**	**48 503 624**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	5 364 206	5 364 206
Trade and other payables from exchange transactions	9 319 551	9 319 551
Retentions	7 500 224	7 500 224
Employee benefit obligations	1 891 000	1 891 000
	24 074 981	**24 074 981**

2020

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	935 536	935 536
Other receivables from non-exchange transactions	-	13 829 762	13 829 762
Cash and cash equivalents	5 095 384	-	5 095 384
	5 095 384	**14 765 298**	**19 860 682**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	15 893 361	15 893 361
Other financial liabilities	5 991 349	5 991 349
Finance Lease	1 564 988	1 564 988
Retentions	4 728 481	4 728 481
Employee benefit obligations	1 584 000	1 584 000
	29 762 179	**29 762 179**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

38. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
Community	19 309 030	31 220 473
Infrastructure	23 737 912	6 131 229
	43 046 942	**37 351 702**

Total capital commitments		
Already contracted for but not provided for	43 046 942	37 351 702

39. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	948 605	613 050
Amount paid - current year	(948 605)	(613 050)
	-	-

Audit fees

Current year subscription / fee	2 219 331	2 028 654
Amount paid - current year	(2 219 331)	(2 028 654)
	-	-

PAYE and UIF

Current year subscription / fee	11 046 008	11 999 407
Amount paid - current year	(11 046 008)	(11 999 407)
	-	-

VAT

VAT receivable	8 515 485	5 452 374

VAT output payables and VAT input receivables are shown in note 5.

Figures in Rand	2021	2020

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

Supply chain management regulations

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

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

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

	2021	2020
Current year Deviations for under Regulation 36		
Emergency procurement	1 958 764	2 604 752
Single provider	95 197	695 889
Exceptional case for strip and quote	-	301 351
Special work of art	-	3 795
	2 053 961	**3 605 787**

40. Unauthorised expenditure

	2021	2020
Opening balance as previously reported	115 288 800	115 288 800
Add: Unauthorised Expenditure - current year	9 687 889	-
Subtotal	**124 976 689**	**115 288 800**
Closing balance	**124 976 689**	**115 288 800**

41. Fruitless and wasteful expenditure

	2021	2020
Opening balance as previously reported	1 342 129	1 311 370
Subtotal	**1 342 129**	**1 311 370**
Add: Fruitless and wasteful expenditure	15 290	30 759
Closing balance	**1 357 419**	**1 342 129**

Interest was incurred on over due accounts held with Eskom, Telkom, Auditor General, uThungulu District Municipality and Penalties were incurred on late SARS VAT submissions.

42. Irregular expenditure

	2021	2020
Opening balance as previously reported	144 890 789	120 198 187
Add: Irregular Expenditure - current year	45 001 629	24 692 602
Subtotal	**189 892 418**	**144 890 789**
Less: Amount written off - current	(66 996 162)	-
Closing balance	**122 896 256**	**144 890 789**

The amount is a result of contracts which were renewed but could not meet the requirements of Section 116. Such contracts had a term or a period attached to them and could not be cancelled because there is no clause on contracts which allows for termination based on poor performance or poor services delivered. Such amounts will be submitted to council for write-off.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

43. Going concern

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

There was an outbreak of Covid-19 which was declared an epidemic by the World Health Organisation and following that, the South African Government declared a nationwide lockdown. Inspite of the Covid-19 outbreak, the municipality will continue as a going concern as it is part of the institutions that supply essential services to the communities it serves.
The President of South Africa also pledged support for all institutions that supply critical services and a fund has also been set up to support these institutions. The municipality has also received their Grants and will continue to receive grants in the foreseeable future.

44. Events after the reporting date

The 2021 local government elections were held on held on 1 November 2021, the Municipal Council inauguration meeting took place on 19 November 2021 and a new Executive Committee was elected along with a new Mayor, Deputy Mayor and Speaker.

45. Risk management

Financial risk management

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

The Municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by a central treasury department (municipality treasury) under policies approved by the Accounting Officer. The Accounting Officer provides written principles for overall risk management.

Liquidity risk

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

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

Financial liabilities exposed to credit risk at year end are as follows:

Other Financial Liabilities	4 960 343	5 991 349
Finance Leases	-	1 564 988
Trade Payables from Exchange Transactions	13 113 876	21 883 485
	18 074 219	**29 439 822**

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Cash and cash equivalents	35 222 440	5 095 384
Trade and other receivables	13 119 614	14 208 034
	48 342 054	**19 303 418**

46. Contingencies

There were no pending litigation cases as at 30 June 2021.

47. Prior period reclassifications

Statement of financial position

2020

	Note	Re-classification
Payables from exchange transactions	11	5 990 124
Retentions	13	(5 990 124)
Operational cost		(1 599)
Contracted services		1 599
Trade and other recievables from exchange*		935 536
Trade and other recievables from Non-exchange*		(935 536)
		-

48. Prior period errors

Statement of financial position

2020	Correction of error
Increase (Decrease) in Property, Plant and Equipment*	(737 321)
(Increase)/Decrease in Post employment benefits	(1 584 000)
	(2 321 321)

Statement of financial performance

2020	Correction error
Increase (Decrease) in Depreciation*	1 133 895
Increase/(Decrease) in Expected returns on employee benefits	55 000
Increase (Decrease) in Finance costs	156 000
Increase/(Decrease) in Operational costs	216 401
Increase (Decrease) in Actuarial gains/losses	214 000
	1 775 296

Statement of Changes in Net Asset	Correction error
(Increase)/Decrease in Accumulated Surplus	(2 321 321)

*During the financial period ended 30 June 2021, it was noted that there were 3 projects which were completed during the 2018/19 financial year which was not capitalised appropriately. There were also additional projects which were completed in the 2019/20 financial year which has not been capitalised.

During the financial period ended 30 June 2021, capital projects which were completed in prior years were identified. The projects were then capitalised in the correct fiancial period.

The reassessment of the useful lives of these assets resulted in a prior period error.

49. Budget differences

Material differences between budget and actual amounts

Property rates:

The municipality implemented a new supplimentary of General Valuation Roll during 2021/21 financial year which lead the changes on original budget and tariffs categories of different properties.

Service Charges:

The refuse removal is a percentage based of property rates on all ratable properties.

Investment revenue:

The municipality has an amount that had been available at year due to savings as certain projects was not implemented due to covid-19 hence the municipality at year end has cash available which generated extra interest.

Rental of facilities and equipment:

Thusong centre had available space which was occupied by the tenants during the year hence the amount of rent increase. As the lockdown restriction was eased by the government, a town hall was booked more often hence the increase in rental income. .

Licenses and permits:

Reduction in classes for learners licence this was due to covid 19 one meter distance compliance. The municipality has no space available to ensure that more learners wrote. However the space available had to be reduced at over 50%

Fines, penalties and forfeits:

The municipality overbudgeted for the tickets

Other own revenue:

The sale of tender documents was affected due to covid 19 pandemic hence a lot of businesses closed down.

Debt impairment:

The credit and debt collection policy approved has immaterial movements during the year under review.

Depreciation and asset impairment:

There was a lot of projects that are completed in this financial year that were due to be completed in the 2019-2020 financial year, this attracted a lot of depreciation from those completed projects, the municipality also purchased high costing vehicles which has a significant depreciation expenditure.

Finance charges:

Municipality paid up the finance lease as a result the interest becomes to low at year end compared to what was budgeted originally.

50. Segment information

General information

Identification of segments

The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

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

The municipality is organised and reports to management on the basis of five major functional areas:

- Community and Social Services
- Energy Sources
- Environmental Protection
- Executive and Council
- Finance and Administration
- Housing
- Other
- Planning and Development
- Public Safety
- Road Transport
- Sport and Recreation
- Waste Management
- Water Management

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

Notes to the Annual Financial Statements

50. Segment information (continued)

Segment surplus or deficit, assets and liabilities

				Finance and Administration	Road Transport	Waste Management	Total
Revenue from exchange transactions							
Service charges				-	-	597 603	597 603
Rental of facilities and equipmen				905 389	-	-	905 389
Licences and permits				5 051	14 468	-	19 519
Operational revenue				456 140	-	-	456 140
Investment revenue				2 772 460	-	-	2 772 460
Total segment revenue				**4 139 040**	**14 468**	**597 603**	**4 751 111**
	Community and Social Services	**Finance and Administration**	**Public Safety**	**Water Management**	**Water Management**	**Water Management**	**Total**
Revenue from non-exchange transactions	-	-	-	-	-	-	-
Property rates	-	23 839 776	-	-	-	-	23 839 776
Government grants and subsidies	2 898 000	168 448 000	-	43 592 000	9 278 684	1 441 278	225 657 962
Fines penalties and forfiets	-	2 000	73 200	-	-	-	75 200
Total Entity's revenue	**2 898 000**	**192 289 776**	**73 200**	**43 592 000**	**9 278 684**	**1 441 278**	**249 572 938**

Notes to the Annual Financial Statements

50. Segment information (continued)

	Community and Social Services	Energy Sources	Environmental Protection	Executive and Council	Finance and Administration	Housing	Planning and Development	Public Safety	Finance and Administration	Sport and Recreation	Water Management	Water Management	Total
Expenditure													
Employee related costs	5 678 820	-	-	5 888 485	6 564 470	1 273 232	5 090 431	7 981 418	3 641 654	501 885	4 406 157	-	71 026 552
Remuneration of councillors	-	-	-	1 227 223	-	-	-	-	-	-	-	-	11 227 223
Depreciation and amortisation	6 579 325	-	-	-	2 591 264	-	-	-	1 139 273	-	49 465	-	20 359 327
Finance costs	-	-	-	-	323 401	-	-	-	-	-	-	-	323 401
Lease rentals on operating lease	-	-	-	57 525	584 997	-	-	-	-	-	-	-	642 522
Debt impairment	-	-	-	-	6 870	-	-	-	-	-	-	-	6 870
Contracted services	5 921 869	396 157	-	8 126 492	4 049 238	-	2 725 294	137 927	370 270	-	1 036 679	1 626 240	44 390 166
Transfers and subsidies	-	-	-	376 076	-	-	-	709 798	-	-	-	-	1 085 874
Operational costs	1 008 340	1 141 175	11 016	5 252 820	0 620 217	7 958	684 317	385 749	547 292	4 133	260 020	5 204	29 928 241
Loss on disposal	-	-	-	-	42 817	-	-	-	-	-	-	-	42 817
Total segment expenditure	**9 188 354**	**1 537 332**	**11 016**	**0 928 621**	**4 783 274**	**1 281 190**	**8 500 042**	**9 214 892**	**5 698 489**	**506 018**	**5 752 321**	**1 631 444**	**179 033 012**
Total segmental surplus/(deficit)													**75 291 037**
Total revenue reconciling items													249 572 938

Assets										
Receivables from non-exchange transactions	-	-	13 122 768	-	-	-	-	-	-	-
VAT receivable	-	-	8 515 484	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	35 251 292	-	-	-	-	-	-	-
Property, plant and equipment	68 095 134	97 810	84 587 246	1 586 850	209 667	129 186 086	58 096 184	3 522 893	2 303 353	13 219 144
Intangible assets	-	-	2 810 939	-	-	-	-	-	-	-
Total segment assets	**68 095 134**	**97 810**	**144 287 729**	**1 586 850**	**209 667**	**129 186 086**	**58 096 184**	**3 522 893**	**2 303 353**	**13 219 144**
Total assets as per Statement of financial Position										**420 604 850**

Notes to the Annual Financial Statements

50. Segment Information (continued)

Liabilities										
Other financial liabilities	-	-	(4 960 343)	-	-	-	-	-	-	(4 960 343)
Payables from exchange transactions	-	-	(9 545 348)	-	-	(38 243)	(7 062 450)	-	-	(16 646 041)
Unspent conditional grants and receipts	-	-	(372 496)	-	-	(1 420 764)	(3 819 407)	-	-	(5 612 667)
Total segment liabilities	**-**	**-**	**(14 878 187)**	**-**	**-**	**(1 459 007)**	**(10 881 857)**	**-**	**-**	**(27 219 051)**
Total liabilities as per Statement of financial Position										**(27 219 051)**

Appropriation Statement

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Service charges	702 500	(20 000)	**682 500**	597 603	**(84 897)**
Rental of facilities and equipment	612 000	163 000	**775 000**	905 390	**130 390**
Licences and permits	280 800	(120 800)	**160 000**	19 520	**(140 480)**
Expected returns on employee benefits	-	-	-	314 000	**314 000**
Operational Revenue	276 200	273 600	**549 800**	456 140	**(93 660)**
Interest received	2 014 800	85 200	**2 100 000**	2 772 460	**672 460**
Total revenue from exchange transactions	**3 886 300**	**381 000**	**4 267 300**	**5 065 113**	**797 813**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	26 635 400	-	**26 635 400**	23 839 776	**(2 795 624)**
Transfer revenue					
Government grants & subsidies	208 621 000	27 287 000	**235 908 000**	225 657 962	**(10 250 038)**
Fines, Penalties and Forfeits	132 600	-	**132 600**	75 200	**(57 400)**
Total revenue from non-exchange transactions	**235 389 000**	**27 287 000**	**262 676 000**	**249 572 938**	**(13 103 062)**
Total revenue	**239 275 300**	**27 668 000**	**266 943 300**	**254 638 051**	**(12 305 249)**
Expenditure					
Employee related costs	(66 981 683)	(5 063 241)	**(72 044 924)**	(71 056 577)	**988 347**
Remuneration of councillors	(11 856 355)	-	**(11 856 355)**	(11 227 223)	**629 132**
Depreciation and amortisation	(11 066 106)	-	**(11 066 106)**	(20 754 005)	**(9 687 899)**
Finance costs	(710 000)	(3 500)	**(713 500)**	(866 264)	**(152 764)**
Lease rentals on operating lease	(743 600)	(19 000)	**(762 600)**	(642 523)	**120 077**
Debt Impairment	(1 073 520)	-	**(1 073 520)**	(6 870)	**1 066 650**
Contracted Services	(54 794 733)	2 607 005	**(52 187 728)**	(44 403 702)	**7 784 026**
Transfers and Subsidies	(2 460 000)	200 000	**(2 260 000)**	(1 085 875)	**1 174 125**
General Expenses	(36 758 527)	1 225 530	**(35 532 997)**	(30 209 888)	**5 323 109**
Total expenditure	**(186 444 524)**	**(1 053 206)**	**(187 497 730)**	**(180 252 927)**	**7 244 803**
Operating surplus	**52 830 776**	**26 614 794**	**79 445 570**	**74 385 124**	**(5 060 446)**
Loss on disposal of assets and liabilities	-	-	-	(42 818)	**(42 818)**
Actuarial gains/losses	-	-	-	(231 000)	**(231 000)**
	-	**-**	**-**	**(273 818)**	**(273 818)**
Surplus before taxation	**52 830 776**	**26 614 794**	**79 445 570**	**74 111 306**	**(5 334 264)**
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**52 830 776**	**26 614 794**	**79 445 570**	**74 111 306**	**(5 334 264)**

Statement of Financial Position

Assets					
Current Assets					
Receivables from non-exchange transactions	-	-	-	1 150 681	**1 150 681**
VAT receivable	-	5 427 362	**5 427 362**	8 515 480	**3 088 118**
Consumer debtors	12 729 975	6 782 423	**19 512 398**	12 101 650	**(7 410 748)**
Other debtors	-	-	-	-	-
Cash and cash equivalents	11 075 319	12 884 905	**23 960 224**	35 251 293	**11 291 069**
	23 805 294	**25 094 690**	**48 899 984**	**57 019 104**	**8 119 120**
Non-Current Assets					
Property, plant and equipment	372 113 033	10 985 072	**383 098 105**	361 729 897	**(21 368 208)**
Intangible assets	2 493 661	(811 315)	**1 682 346**	2 033 473	**351 127**
	374 606 694	**10 173 757**	**384 780 451**	**363 763 370**	**(21 017 081)**
Total Assets	**398 411 988**	**35 268 447**	**433 680 435**	**420 782 474**	**(12 897 961)**
Liabilities					
Current Liabilities					
Other financial liabilities	-	-	-	1 223 707	**1 223 707**
Payables from exchange transactions	18 733 606	3 315 421	**22 049 027**	9 349 573	**(12 699 454)**
Unspent conditional grants and receipts	-	5 557 632	**5 557 632**	5 612 669	**55 037**
Retentions	-	-	-	2 115 817	**2 115 817**
	18 733 606	**8 873 053**	**27 606 659**	**18 301 766**	**(9 304 893)**
Non-Current Liabilities					
Other financial liabilities	5 077 616	835 221	**5 912 837**	4 140 499	**(1 772 338)**
Retentions	-	-	-	5 384 407	**5 384 407**
Employee benefit obligations	-	-	-	1 891 000	**1 891 000**
	5 077 616	**835 221**	**5 912 837**	**11 415 906**	**5 503 069**
Total Liabilities	**23 811 222**	**9 708 274**	**33 519 496**	**29 717 672**	**(3 801 824)**
Net Assets	**374 600 766**	**25 560 173**	**400 160 939**	**391 064 802**	**(9 096 137)**
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves					
Accumulated surplus	374 600 766	25 560 100	**400 160 866**	393 711 935	**(6 448 931)**
Total Net Assets	**374 600 766**	**25 560 100**	**400 160 866**	**393 711 935**	**(6 448 931)**