Greater Giyani Municipality
Annual Financial Statements
for the year ended 30 June 2022

General Information

Legal form of entity	Greater Giyani Municipality
Nature of business and principal activities	Greater Giyani Municipality is a municipality performing functions set out in the Constitution (Act 108 of 1996). Providing services to the community as covered in the jurisdiction.
The following councillors were appointed in November 2021	
Mayor	Cllr T Zitha
Speaker	Cllr AE Mboweni
Chief Whip	Cllr T Makondo
Exco Member	Cllr N Mabunda (Corporate and Shared Services)
Exco Member	Cllr TJ Mabunda (Infrastructure Development)
Exco Member	Cllr NHP Ndaba (Finance)
Exco Member	Cllr MR Mashale (Public Roads and Transport)
Exco Member	Cllr C Baloyi (Planning and Economic Development)
Exco Member	Cllr GA Maluleke (Water, Sanitation and Energy)
Exco Member	Cllr TC Zitha (Sports, Recreation, Arts and Culture)
Exco Member	Cllr TC Manganyi
Chairperson of MPAC	Cllr RE Makondo
Exco - Office of the Mayor	Cllr RN Sekgobela
	Cllr BA Shibambu
	Cllr RC Mabunda
	Cllr SS Mavasa
	Cllr NN Maswangani
	Cllr SS Mathebula
	Cllr M Shiviti
	Cllr GE Kobane
	Cllr NP Mlambo
	Cllr XL Ngobeni
	Cllr NS Monyipote
	Cllr VS Makamu
	Cllr MC Machipi
	Cllr MC Chabalala
	Cllr RG Ngunyula
	Cllr PT Mokgobi
	Cllr MA Khosa
	Cllr TE Rikhotso
	Cllr MR Maluleke
	Cllr TE Nkuna
	Cllr S Sambo
	Cllr SC Mahlawule
	Cllr TN Shirinda
	Cllr PH Makhuvela
	Cllr TA Mathosi
	Cllr NR Shilowa
	Cllr RE Ngoveni
	Cllr KO Maswanganyi
	Cllr P Rikhotso
	Cllr JP Shibambu
	Cllr L Nkuna

General Information

	Cllr RT Mabunda
	Cllr E Mahasha
	Cllr A Rabothata
	Cllr JN Mashele
	Cllr CS Rikhotso
	Cllr KS Dlamini
	Cllr MD Hlungwani
	Cllr ML Chauke
	Cllr STI Rikhotso
	Cllr TN Baloyi
	Cllr S Mongwe
	Cllr TP Mashaba
	Cllr PP Mkhari
	Cllr MS Hlongwane
	Cllr SM Mhangwane
	Cllr MJ Nkuna
	Cllr MP Mathevula
	Cllr Hlungwani
	Cllr DJ Hlongwane
The contracts of the following councillors expired in November 2021	

Mayoral committee

Mayor	Cllr Shibambu Basani Agnes
Speaker	Cllr Hlungwani Mafemani Patrick
Chief Whip	Cllr Mashale Masenyani Richard
EXCO Member	Cllr Ndaba Khensani Harmony Pretty (Corporate and Shared Services)
EXCO Member	Cllr Manganyi Khazamula Abraham (Finance)
EXCO Member	Cllr Baloyi Tintswalo Elizabeth (Infrastructure)
EXCO Member	Cllr Mabulana Peter Sello (Office of the Mayor)
EXCO Member	Cllr Mboweni Agrey Ernest (Health and Social Development)
EXCO Member	Cllr Mthombeni Africa Mavhayisi (Water Sanitation and Energy)
EXCO Member	Cllr Mabunda Elisa Nkhensani (Planning and LED)
EXCO Member	Cllr Makhubele Hlupheka Winnie (Sports Arts and Recreation)
EXCO Member	Cllr Mathebula Sasavona (Public Roads and Transport)
MPAC Chairperson	Cllr Mabasa Rhulani Oral
	Cllr Baloyi Douglas Emmanuel
	Cllr Mthombeni Mchacha William
	Cllr Makhubele Sophie
	Cllr Malungana Elia
	Cllr Makhubele Thankyou Mbhizo
	Cllr Valoyi Xavelela Judith
	Cllr Hlungwana Trompies Steven
	Cllr Kubayi Sevha Solomon
	Cllr Kobane Gezani Eric
	Cllr Ndlovu Tiyani Lawrance
	Cllr Mokoseni Fumani Clarence
	Cllr Mokgobi Phillip Thomane
	Cllr Masenyani Adolph
	Cllr Chauke Mukhacani Juring
	Cllr Mhlongo Mashau Calvin

General Information

	Cllr Mthombeni Amukelani Florah Cllr Khosa Jabulani Samuel Cllr Mahlawule Soyaphi Calvin Cllr Manganyi Tintswalo Constance Cllr Rikhotso Hlayiseka Roger Cllr Mashele Basani Ivy Cllr Gaveni Bridget Cllr Ngobeni Risimati Edward Cllr Rikhotso Risimati Christopher Cllr Khosa Ringeta Sally Cllr Maluleke Noel Cllr Mkansi Xigiya Ben Cllr Mthombeni Sizeka George Cllr Mashimbye Dzuni Calvin Cllr Shivuri Daison Tinyiko Cllr Makhubele Masenyani Jackson Cllr Zitha Thandazo Christinah Cllr Shimange Fazi Mikateko Irene Cllr Khadlhela Nomsa Rachel Cllr Zitha Thandi Cllr Baloyi Nyiko Nyumisani Cllr Siweya Cynthia Masingita Cllr Maluleka Tinyiko Rose Cllr Sekgobela Reginah Ntsako Cllr Chaka Thomas Patrick Cllr Madzunye Nhlamulo Mavis Cllr Shivambu Hasani Richard Cllr Zitha Nyiko Johannah Cllr Mazivuko Patrick Cllr Nkuna Soyaphi Robert Cllr Mathevula Mthakathi Prince Cllr Makamu Mafakhale Alpheus
Grading of local authority	3
Chief Finance Officer (CFO)	F Nkuna - Acting
Accounting Officer	K V Sithole - Acting
Business address	BA 59 Civic Centre Giyani CBD 0826
Postal address	Private Bag X9559 Giyani 0826
Bankers	ABSA Giyani Branch
Auditors	Auditor General South Africa (AGSA)

General Information

Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were internally compiled by: F Nkuna-Acting Chief Financial Officer

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

Abbreviations used:

AC	Audit Committee
AGSA	Auditor General of South Africa
AO	Accounting Officer
ASB	Accounting Standards Board
CFO	Chief Financial Officer
COIDA	Compensation for Occupational Injuries and Diseases Act
COVID-19	Coronavirus 2019
CPI	Consumer Price Index
EPWP	Expanded Public Works Program
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice

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IAS	International Accounting Standards
IASB	International Accounting Standards Board
INEG	Integrated National Electrification Grant
IT	Information Technology
LGSETA	Local Government Sector Education and Training Authority
LSA	Long Service Awards
MDRG	Municipal Disaster Relief Grant
MFMA	Municipal Finance Management Act
MSCOA	Municipal Standards Charts Of Accounts
MIG	Municipal Infrastructure Grant
PAYE	Pay As You Earn
PEMA	Post Employment Medical Aid
SDL	Skills Development Levy
SME	Small Medium Enterprise
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and 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 2023 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 wholly dependent on the municipality 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 are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are 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 auditors and their report is presented on page 10.

The annual financial statements set out on page 12 to 95, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2022 and were signed on its behalf by:

K V Sithole - Acting
Acting Municipal Manager

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2022.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet x times per annum as per its approved terms of reference. During the current year x number of meetings were held.

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the accounting officer of the municipality during the year under review. It was however noted that…………………………… (e.g. suspense accounts were not cleared on a monthly basis).

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the accounting officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee

Audit Committee Report

Date: ______________________________

Report of the Auditor General

To the Provincial Legislature of Greater Giyani Municipality

Auditor General South Africa (AGSA)

Partner's name
Additional description
Additional description

30 November 2022

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2022.

1. Review of activities

Main business and operations

The municipality is engaged in greater giyani municipality is a municipality performing functions set out in the constitution (act 108 of 1996). providing services to the community as covered in the jurisdiction.

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

2. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus of 1 241 690 076 and that the municipality's total assets exceed its liabilities by 1 241 690 076.

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.

3. Subsequent events

On the 05 September 2022 the municipal manager Mr M M Chauke was suspended and Ms K V Sithole was since appointed the acting municipal manager on the same day.

Application for rollover on grants for R 10 591 733 has since been approved by treasury.

4. Accounting Officer

The accounting officer of the municipality during the year was Mr M M Chauke up 05 September 2022 and Ms K V Sithole was appointed acting municipal manager to the date of this report.

5. Auditors

Auditor General South Africa (AGSA) will continue in office for the next financial period.

The annual financial statements set out on page 12 to 95, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:

K V Sithole - Acting
Acting Municipal Manager

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	9	33 038 033	33 870 103
Other financial assets	7	-	-
Receivables from exchange transactions	10	13 257 921	29 595 586
Receivables from non-exchange transactions	11	103 353 601	76 613 355
VAT receivable	12	20 440 439	16 131 014
Other receivables from exchange transactions	13	38 086 198	21 381 748
Cash and cash equivalents	14	220 050 953	179 411 408
		428 227 145	**357 003 214**
Non-Current Assets			
Investment property	3	25 599 820	25 690 570
Property, plant and equipment	4	991 184 532	964 002 860
Intangible assets	5	901 273	946 658
Heritage assets	6	206 303	206 303
		1 017 891 928	**990 846 391**
Total Assets		**1 446 119 073**	**1 347 849 605**
Liabilities			
Current Liabilities			
Payables from exchange transactions	18	104 485 992	102 455 110
Employee benefit obligation	8	870 000	623 000
Unspent conditional grants and receipts	15	10 591 733	-
Rehabilitation of dumping-site	17	4 568 091	3 877 099
Deferred income	16	23 121 083	19 769 358
		143 636 899	**126 724 567**
Non-Current Liabilities			
Employee benefit obligation	8	24 020 000	22 023 000
Rehabilitation of dumping-site	17	36 772 098	35 127 919
		60 792 098	**57 150 919**
Total Liabilities		**204 428 997**	**183 875 486**
Net Assets		**1 241 690 076**	**1 163 974 119**
Accumulated surplus		1 241 690 076	1 163 974 119
Total Net Assets		**1 241 690 076**	**1 163 974 119**

* See Note 60

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	8 209 455	8 388 020
Rental of facilities and equipment	21	103 253	383 352
Interest received - overdue accounts (other services)	22	2 903 025	2 069 410
Agency services	23	1 154 816	1 797 113
Licences and permits	24	6 755 368	5 762 344
Recoveries	25	10 727 810	-
Actuarial gains	26	2 781 000	137 000
Other income	27	1 078 356	2 504 570
Interest received - investment	28	8 150 056	5 845 631
Total revenue from exchange transactions		**41 863 139**	**26 887 440**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	29	67 093 366	71 190 715
Traffic fines	30	1 262 056	1 625 605
Interest-overdue accounts (property rates)	31	27 429 499	22 333 782
Transfer revenue			
Government grants & subsidies	32	407 340 942	458 488 580
Donations received	33	-	6 038 305
Total revenue from non-exchange transactions		**503 125 863**	**559 676 987**
Total revenue	19	**544 989 002**	**586 564 427**
Expenditure			
Employee related costs	34	(159 435 179)	(153 333 870)
Remuneration of councillors	35	(24 066 373)	(23 738 556)
Depreciation and amortisation	36	(96 276 758)	(90 769 847)
Impairments loss	4	(1 786 619)	(6 298 942)
Finance costs	37	(6 670 136)	(3 941 143)
Lease rentals on operating lease	38	(1 906 274)	(1 412 436)
Debt Impairment	39	(14 419 155)	(41 731 106)
Contracted services	40	(73 972 158)	(44 889 693)
Transfers and Subsidies	41	(600 000)	(955 000)
Loss on assets written off	4	(10 142 256)	(7 393 461)
Actuarial losses	8	-	(208 000)
Obsolete inventory written off	43	(19 736)	(5 799)
Repairs and maintenance	44	(6 011 408)	(5 516 108)
General expenses	42	(71 966 994)	(56 384 096)
Total expenditure		**(467 273 046)**	**(436 578 057)**
Surplus for the year		**77 715 956**	**149 986 370**

* See Note 60

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 017 379 852	1 017 379 852
Adjustments		
Correction of errors 60	(3 392 103)	(3 392 103)
Balance at 01 July 2020 as restated*	**1 013 987 749**	**1 013 987 749**
Changes in net assets		
Surplus for the year	149 986 370	149 986 370
Total changes	149 986 370	149 986 370
Restated* Balance at 01 July 2021	**1 163 974 120**	**1 163 974 120**
Changes in net assets		
Surplus for the year	77 715 956	77 715 956
Total changes	77 715 956	77 715 956
Balance at 30 June 2022	**1 241 690 076**	**1 241 690 076**

Note(s)

* See Note 60

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from customers		80 881 393	48 533 643
Grants		417 932 677	458 488 580
Interest income		8 150 056	5 845 631
		506 964 126	512 867 854
Payments			
Employee costs		(175 303 620)	(171 185 113)
Suppliers		(149 157 543)	(86 333 205)
Finance costs		(6 670 136)	(31 714)
		(331 131 299)	(257 550 032)
Net cash flows from operating activities	47	**175 832 827**	**255 317 822**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(132 194 584)	(164 686 530)
Proceeds from sale of property, plant and equipment	4	158 333	-
Purchase of other intangible assets	5	(3 157 031)	(2 260 786)
Net cash flows from investing activities		**(135 193 282)**	**(166 947 316)**
Cash flows from financing activities			
Finance lease payments		-	(480 166)
Net increase/(decrease) in cash and cash equivalents		**40 639 545**	**87 890 340**
Cash and cash equivalents at the beginning of the year		179 411 408	91 521 068
Cash and cash equivalents at the end of the year	14	**220 050 953**	**179 411 408**

* See Note 60

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	10 121 001	(2 076 773)	**8 044 228**	8 209 455	**165 227**	
Rental of facilities and equipment	789 836	(55 578)	**734 258**	103 253	**(631 005)**	A
Interest received (overdue accounts) other services	21 510 640	17 657	**21 528 297**	2 903 025	**(18 625 272)**	B
Agency services	20 248 144	9 100 000	**29 348 144**	1 154 816	**(28 193 328)**	C
Licences and permits	16 730 000	(8 300 000)	**8 430 000**	6 755 368	**(1 674 632)**	D
Recoveries	-	-	**-**	10 727 810	**10 727 810**	E
Actuarial gains	-	-	**-**	2 781 000	**2 781 000**	F
Other income	51 772 236	(41 743 225)	**10 029 011**	1 078 356	**(8 950 655)**	G
Interest received - investment	7 100 000	(794 887)	**6 305 113**	8 150 056	**1 844 943**	H
Gains	-	11 227 810	**11 227 810**	-	**(11 227 810)**	I
Total revenue from exchange transactions	**128 271 857**	**(32 624 996)**	**95 646 861**	**41 863 139**	**(53 783 722)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	76 383 096	426 347	**76 809 443**	67 093 366	**(9 716 077)**	J
Traffic fines	2 250 195	(1 873 042)	**377 153**	1 262 056	**884 903**	K
Interest received (overdue accounts) property rates	-	-	**-**	27 429 499	**27 429 499**	
Transfer revenue						
Government grants & subsidies	408 774 000	9 200 000	**417 974 000**	407 340 942	**(10 633 058)**	
Total revenue from non-exchange transactions	**487 407 291**	**7 753 305**	**495 160 596**	**503 125 863**	**7 965 267**	
Total revenue	**615 679 148**	**(24 871 691)**	**590 807 457**	**544 989 002**	**(45 818 455)**	
Expenditure						
Employee costs	(182 634 307)	19 622 666	**(163 011 641)**	(159 435 179)	**3 576 462**	
Remuneration of councillors	(29 978 732)	6 493 802	**(23 484 930)**	(24 066 373)	**(581 443)**	
Depreciation and amortisation	(74 800 000)	9 000 000	**(65 800 000)**	(96 276 758)	**(30 476 758)**	L
Impairment loss/ Reversal of impairments	-	-	**-**	(1 786 619)	**(1 786 619)**	
Finance costs	-	-	**-**	(6 670 136)	**(6 670 136)**	M
Lease rentals on operating lease	(3 000 000)	150 000	**(2 850 000)**	(1 906 274)	**943 726**	
Debt Impairment	(32 000 000)	3 000 000	**(29 000 000)**	(14 419 155)	**14 580 845**	N
Contracted Services	(76 016 284)	(5 865 504)	**(81 881 788)**	(73 972 158)	**7 909 630**	
Transfers and Subsidies	(1 000 000)	400 000	**(600 000)**	(600 000)	**-**	
Repairs and maintenance	(44 600 000)	(5 273 400)	**(49 873 400)**	(6 011 408)	**43 861 992**	O
General Expenses	(57 977 523)	(806 046)	**(58 783 569)**	(71 414 442)	**(12 630 873)**	
Total expenditure	**(502 006 846)**	**26 721 518**	**(475 285 328)**	**(456 558 502)**	**18 726 826**	
Operating surplus	**113 672 302**	**1 849 827**	**115 522 129**	**88 430 500**	**(27 091 629)**	
Loss on assets written off	-	-	**-**	(10 142 256)	**(10 142 256)**	
Obsolete inventory written off	-	-	**-**	(19 736)	**(19 736)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	-	**-**	**-**	**(10 161 992)**	**(10 161 992)**	
Surplus before taxation	**113 672 302**	**1 849 827**	**115 522 129**	**78 268 508**	**(37 253 621)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**113 672 302**	**1 849 827**	**115 522 129**	**78 268 508**	**(37 253 621)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	24 531 942	238 161	**24 770 103**	33 038 033	**8 267 930**	
Receivables from exchange transactions	-	-	**-**	13 257 921	**13 257 921**	
Receivables from non-exchange transactions	-	-	**-**	103 353 601	**103 353 601**	
VAT receivable	-	-	**-**	20 440 439	**20 440 439**	
Other receivables from exchange transactions	78 813 106	2 973 782	**81 786 888**	38 086 198	**(43 700 690)**	
Cash and cash equivalents	229 201 021	(88 787 777)	**140 413 244**	220 050 953	**79 637 709**	
	332 546 069	**(85 575 834)**	**246 970 235**	**428 227 145**	**181 256 910**	
Non-Current Assets						
Investment property	26 026 364	(90 794)	**25 935 570**	25 599 820	**(335 750)**	
Property, plant and equipment	1 021 489 422	73 093 272	**1 094 582 694**	991 184 532	**(103 398 162)**	
Intangible assets	2 163 894	(667 236)	**1 496 658**	901 273	**(595 385)**	
Heritage assets	206 303	-	**206 303**	206 303	**-**	
	1 049 885 983	**72 335 242**	**1 122 221 225**	**1 017 891 928**	**(104 329 297)**	
Total Assets	**1 382 432 052**	**(13 240 592)**	**1 369 191 460**	**1 446 119 073**	**76 927 613**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	394 206 922	(673 237 138)	**(279 030 216)**	104 485 990	**383 516 206**	
Employee benefit obligation	-	-	**-**	870 000	**870 000**	
Unspent conditional grants and receipts	-	-	**-**	10 591 733	**10 591 733**	
Rehabilitation of dumping-site	-	-	**-**	4 568 091	**4 568 091**	
Deferred income	-	-	**-**	23 121 083	**23 121 083**	
	394 206 922	**(673 237 138)**	**(279 030 216)**	**143 636 897**	**422 667 113**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	24 020 000	**24 020 000**	
Rehabilitation of dumping-site	57 323 408	2 141 878	**59 465 286**	36 772 098	**(22 693 188)**	
	57 323 408	**2 141 878**	**59 465 286**	**60 792 098**	**1 326 812**	
Total Liabilities	**451 530 330**	**(671 095 260)**	**(219 564 930)**	**204 428 995**	**423 993 925**	
Net Assets	**930 901 722**	**657 854 668**	**1 588 756 390**	**1 241 690 078**	**(347 066 312)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	930 901 722	657 854 668	**1 588 756 390**	1 241 690 078	**(347 066 312)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Cash receipts from customers	142 792 792	(82 819 620)	**59 973 172**	80 881 393	**20 908 221**	
Grants	408 774 000	-	**408 774 000**	417 932 677	**9 158 677**	
Interest income	20 006 384	(13 701 271)	**6 305 113**	8 150 056	**1 844 943**	
	571 573 176	**(96 520 891)**	**475 052 285**	**506 964 126**	**31 911 841**	
Payments						
Employee costs	(212 613 039)	(26 116 468)	**(238 729 507)**	(175 303 620)	**63 425 887**	
Suppliers	(213 575 420)	70 819 599	**(142 755 821)**	(149 157 541)	**(6 401 720)**	
Finance costs	-	-	**-**	(6 670 136)	**(6 670 136)**	
	(426 188 459)	**44 703 131**	**(381 485 328)**	**(331 131 297)**	**50 354 031**	
Net cash flows from operating activities	**145 384 717**	**(51 817 760)**	**93 566 957**	**175 832 829**	**82 265 872**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(113 672 306)	(27 992 815)	**(141 665 121)**	(132 194 584)	**9 470 537**	
Proceeds from sale of assets	-	-	**-**	158 333	**158 333**	
Purchase of intangible assets	-	-	**-**	(3 157 031)	**(3 157 031)**	
Net cash flows from investing activities	**(113 672 306)**	**(27 992 815)**	**(141 665 121)**	**(135 193 282)**	**6 471 839**	
Net increase/(decrease) in cash and cash equivalents	31 712 411	(79 810 575)	**(48 098 164)**	40 639 547	**88 737 711**	
Cash and cash equivalents at the beginning of the year	179 411 408	-	**179 411 408**	179 411 408	**-**	
Cash and cash equivalents at the end of the year	**211 123 819**	**(79 810 575)**	**131 313 244**	**220 050 955**	**88 737 711**	

Reconciliation

	Operating Activities	**Investing Activities**	**Financing Activities**	**Opening cash balance**	**Total**
Amounts as per adjusted budget	93 566 967	(141 665 121)	-	179 411 408	131 313 254
Actual amount as per cash flow statement	175 832 827	(135 193 282)	-	179 411 408	220 050 953
	82 265 860	(6 471 839)	-	-	88 737 699

Accounting Policies

Figures in Rand	Note(s)	2022	2021

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

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

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

1.4 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

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality 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 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

1.4 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management’s estimates.

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.

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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Post-retirement benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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.

1.5 Investment property

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

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

Investment property is initially recognised at cost.

The useful lives of items of investment property has been assessed as follows:

Straight line method	30 years

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

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

1.6 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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
Buildings	Straight-line	30years
Plant and machinery	Straight-line	
• Graders		5 - 15 years
• Tractors		5 - 15 years
• Lawn mowers		5 -15 years
• Compressors		5 -15 years
• Radio equipment		5 - 15 years
• Tippers		5 -15 years
Furniture and fixtures	Straight-line	
• Chairs		5 -10 years
• Tables and desks		5 -10 years
• Cabinets and cupboards		5 -10 years
Motor vehicles	Straight-line	
• Truck and light vehicles		5 - 7 years
• Ordinary motor vehicles		3 - 20 years
Office equipment	Straight-line	
• Office machines		3 - 5 years
• Air conditioners		5 - 8 years
IT equipment	Straight-line	
• Computer hardware		3 - 9 years
Community	Straight-line	
• Cemeteries		25 - 30 years
• Community halls		25 - 30 years
• Libraries		25 -30 years
• Parks		30 years
• Sports and related stadiums		25 - 30 years
• Tennis courts		10 -30 years
• Golf courses		10 - 30 years
• Outdoor sports facilities		10 - 30 years
• Flood lighting		10 -30 years
Infrastructure	Straight-line	
• Roads and road furniture		
• Other roads		10 years
• Traffic lights		20 years
• Traffic islands		15 years
• Streets lights		20 - 25 years
• Overhead bridges		30 years
• Storm water drains		20 years
• Bridges, subways and culverts		60 - 80 years
• Car parks		20 years
• Bus terminals		20 years
• Bulk refuse containers (skips)		10 years
• Household refuse bins		5 years
• Fire horses		5 years
• Other fire fighting equipments		15 years
• Emergency equipment		5 years

Accounting Policies

1.6 Property, plant and equipment (continued)

Mayoral chain	No asset life as no depreciation is charged
Mace	No asset life as no depreciation is charged
Mayoral gown	No asset life as no depreciation is charged

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

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

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

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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.7 Intangible assets

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

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

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

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.

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

Item	Depreciation method	Average useful life
Computer software - licenses	Straight-line	12 months

1.8 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. No assets lives are allocated.

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Derecognition

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

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

1.9 Financial instruments

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

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

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

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

1.9 Financial instruments (continued)

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

Financial instruments at amortised cost.

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassification

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

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

Accounting Policies

1.9 Financial instruments (continued)

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

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

1.10 Leases

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

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

Finance leases - lessee

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

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

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

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

Accounting Policies

1.10 Leases (continued)

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.

1.11 Inventories

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

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

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

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

The cost of inventories comprises of all costs of purchase.

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and deposits held at call with banks which are available on demand.

1.13 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 and income tax expense.

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

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

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

Useful life is either:

1.13 Impairment of cash-generating assets (continued)

- 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.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Identification

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

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

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

Value in use

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

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Cash-generating units

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

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

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Re-designation

The re-designation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a re-designation is appropriate.

1.14 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

Accounting Policies

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

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

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

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Value in use

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

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Accounting Policies

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

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Employee benefits

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

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.

Accounting Policies

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

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

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

Post-employment benefits

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

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

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

1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:
- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

Accounting Policies

1.15 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan’s benefit formula. However, if an employee’s service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Accounting Policies

1.15 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.16 Provisions and contingencies

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.16 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of 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 entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

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

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

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

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

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

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

1.16 Provisions and contingencies (continued)

Provision for rehabilitation for dumping site

Provision for rehabilitation of landfill site is determined by the expert and it is initially and subsequently recognised at cost.

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.17 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

1.18 Revenue from exchange transactions

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

An exchange transaction is one in which the 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.

1.18 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.

Agency Services

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

The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

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

Deferred Income

Deferred income (also known as deferred revenue, unearned revenue, or unearned income) is, in accrual accounting, money received for goods or services which has not yet been earned.

Deferred income is recorded as a liability until delivery of goods and services is made, at which time it is converted into revenue.

1.19 Revenue from non-exchange transactions

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

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

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

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

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

Recognition

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

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

Measurement

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

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

Taxes

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

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

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

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

Fines are recognised when traffic fines are issued or when the date to appear in court per traffic fine arrive or on cash received by municipality

1.19 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

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

Grants

Unconditional Grants

Equitable share and LGSETA allocations are recognised as revenue as and when they are received.

Conditional Grants

Conditional grants are recognized as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits, or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor.

1.20 Investment income

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

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed.

Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.22 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.

1.23 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.

1.24 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Accounting Policies

1.24 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which writing off is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount written off.

Irregular expenditure that was incurred and identified during the current financial year and which was not wrote off by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements.

The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been written off and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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

1.25 Budget information

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

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

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

Explanation of Variances

Differences between budget and actuals which are less than 10% are considered immaterial and will be accepted without further explanation.

Differences between Original Budget and Adjustment budget which are less than 10% are considered immaterial and will be accepted without further explanation.

Explanations will be provided for all variances which exceeds 10% of budget versus actuals and Original Budget versus Adjustment Budget.

Comparative information is not required.

1.26 Related parties

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

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

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

Accounting Policies

1.26 Related parties (continued)

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

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

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

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

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

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 entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

1.27 Events after reporting date

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

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

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

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

1.28 Value Added Tax

Revenue, expenses and assets are recognised net of amounts of Value Added Tax. The net amount of Value Added Tax recoverable from or payable to SARS is included as part of receivables or payables in the Statement of Financial Position.

The municipality is a registered VAT vendor and account for VAT on a payment basis.

The following rates are applicable:

Standard rated supplies (15%)

Zero rated supplies (0%)

Exempted supplies (-)

Figures in Rand	2022	2021

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods but are not relevant to its operations:

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is for years beginning on or after 01 April 2099.

The municipality does not envisage the adoption of the guideline until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 25 (as revised): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set. 01 April 2099.

The municipality does not envisage the adoption of the revisions until such time as it becomes applicable to the municipality's operations.

It is unlikely that the revisions will have a material impact on the municipality's annual financial statements.

iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

The effective date of these revisions have not yet been set. 01 April 2099.

The municipality does not envisage the adoption of the expects to adopt until such time as it becomes applicable to the revisions's operations.

It is unlikely that the revisions will have a material impact on the municipality's annual financial statements.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the revisions until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

3. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	26 199 580	(599 760)	25 599 820	26 199 580	(509 010)	25 690 570

Reconciliation of investment property - 2022

	Opening balance	Depreciation	Total
Investment property	25 690 570	(90 750)	25 599 820

Reconciliation of investment property - 2021

	Opening balance	Reclassification	Depreciation	Total
Investment property	26 026 364	(245 000)	(90 794)	25 690 570

Figures in Rand	2022	2021

3. Investment property (continued)

The following properties are not in the name of the Municipality:
These properties are not in the investment property register:
Rental of these properties is not billed to the

GIYANI A ERF 121	600 000	600 000
GIYANI A ERF 123	200 000	200 000
GIYANI E ERF 401	400 000	400 000
GIYANI A ERF 149	200 000	200 000
GIYANI E ERF 655	240 000	240 000
GIYANI E ERF 656	240 000	240 000
GIYANI E ERF 662	400 000	400 000
GIYANI E ERF 666	400 000	400 000
GIYANI A ERF 187	440 000	440 000
GIYANI A ERF 188	520 000	520 000
GIYANI A ERF 189	600 000	600 000
GIYANI A ERF 190	460 000	460 000
GIYANI A ERF 195	200 000	200 000
GIYANI A ERF 1989	500 000	500 000
GIYANI A ERF 236	200 000	200 000
GIYANI A ERF 518	200 000	200 000
GIYANI A ERF 561	200 000	200 000
GIYANI A ERF 562	500 000	500 000
GIYANI A ERF 736	200 000	200 000
GIYANI A ERF 741	320 000	320 000
GIYANI A ERF 742	360 000	360 000
GIYANI A ERF 744	200 000	200 000
GIYANI A ERF 86	200 000	200 000
	7 780 000	**7 780 000**

Recognition of investment properties

The municipality has registered the investment properties (land and houses) in the Deeds Office and were recognised in the investment property register.

In the financial year 2019/2020 the council passed a resolution to demarcate (for residential purposes) and sell land belonging to the municipality. As a result of this land to the value R 31 085 000 was transferred from investment property to inventory.

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.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	30 270 035	-	30 270 035	30 270 035	-	30 270 035
Buildings	141 561 751	(29 811 500)	111 750 251	135 005 979	(25 431 605)	109 574 374
Plant and machinery	36 044 366	(12 785 597)	23 258 769	29 226 253	(10 636 180)	18 590 073
Furniture and fixtures	6 678 045	(2 141 914)	4 536 131	6 735 404	(1 566 361)	5 169 043
Motor vehicles	17 620 929	(9 192 212)	8 428 717	17 146 761	(7 978 513)	9 168 248
Office equipment	1 011 608	(732 161)	279 447	1 039 154	(622 783)	416 371
IT equipment	9 666 688	(4 453 577)	5 213 111	8 769 754	(3 926 546)	4 843 208
Infrastructure	1 108 960 615	(499 826 031)	609 134 584	1 038 773 101	(434 431 526)	604 341 575
Community	223 905 642	(28 115 190)	195 790 452	203 604 077	(24 985 506)	178 618 571
Air conditioners	3 740 536	(1 217 501)	2 523 035	3 845 639	(834 277)	3 011 362
Total	**1 579 460 215**	**(588 275 683)**	**991 184 532**	**1 474 416 157**	**(510 413 297)**	**964 002 860**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	WIP	Assets written off	Derecognition	Depreciation	Impairment loss	Total
Land	30 270 035	-	-	-	-	-	-	-	30 270 035
Buildings	109 574 374	-	-	6 608 108	(26 164)	-	(4 376 831)	(29 236)	111 750 251
Plant and machinery	18 590 073	7 005 302	-	-	(40 234)	-	(2 296 372)	-	23 258 769
Furniture and fixtures	5 169 043	-	-	-	(13 887)	-	(618 516)	(509)	4 536 131
Motor vehicles	9 168 248	706 624	-	-	(15 494)	-	(1 430 661)	-	8 428 717
Office equipment	416 371	-	-	-	(11)	-	(136 913)	-	279 447
IT equipment	4 843 208	1 710 068	(158 333)	-	(56 481)	-	(1 116 335)	(9 016)	5 213 111
Infrastructure	604 341 575	-	-	94 509 594	(3 743 290)	(5 087 384)	(79 149 196)	(1 736 715)	609 134 584
Community	178 618 571	-	-	21 654 888	(1 073 158)	-	(3 402 372)	(7 477)	195 790 452
Air conditioners	3 011 362	-	-	-	(28 264)	-	(456 397)	(3 666)	2 523 035
	964 002 860	**9 421 994**	**(158 333)**	**122 772 590**	**(4 996 983)**	**(5 087 384)**	**(92 983 593)**	**(1 786 619)**	**991 184 532**

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Donations received	Prior Period error	Transfers	WIP	Depreciation	Impairment loss	Loss on written off	Total
Land	7 219 718	-	-	23 050 317	-	-	-	-	-	30 270 035
Buildings	117 957 797	-	-	-	(6 871 967)	2 088 383	(3 599 839)	-	-	109 574 374
Plant and machinery	8 233 051	4 108 539	5 377 400	2 768 806	-	-	(1 700 925)	(18 239)	(178 559)	18 590 073
Furniture and fixtures	623 838	4 992 198	46 000	14 837	-	-	(466 610)	-	(41 220)	5 169 043
Motor vehicles	6 124 317	3 471 558	-	968 327	-	-	(1 379 802)	-	(16 152)	9 168 248
Office equipment	306 503	117 600	172 960	1 379	-	-	(157 927)	-	(24 144)	416 371
IT equipment	2 888 054	2 850 989	417 910	132 649	-	-	(1 044 102)	-	(402 292)	4 843 208
Infrastructure	615 110 257	190 000	-	(17 996 400)	-	95 984 657	(77 000 007)	(5 223 352)	(6 723 580)	604 341 575
Community	151 076 277	-	-	-	-	31 686 846	(3 087 200)	(1 057 352)	-	178 618 571
Electricity projects	-	-	-	(8 547 902)	(14 735 282)	23 283 184	-	-	-	-
Air conditioners	550 876	2 784 543	18 401	-	-	-	(334 618)	-	(7 840)	3 011 362
	910 090 688	**18 515 427**	**6 032 671**	**392 013**	**(21 607 249)**	**153 043 070**	**(88 771 030)**	**(6 298 943)**	**(7 393 787)**	**964 002 860**

Capitalisation of Electrified Villages

From the 2018/2019 financial year all electrification of villages’ projects which are not complete at year-end are capitalised

Electrification of villages’ projects which are not complete at year-end are capitalised under Work-in-Progress in Property, Plant and Equipment.

Electrification of villages are only expensed upon completion in the Statement of Financial Performance when they are transferred to Eskom.

4. Property, plant and equipment (continued)

During the year all assets were assessed for impairment and the following assets were impaired:

	2022	2021
Buildings	29 236	-
Plant and machinery	509	18 239
IT equipment	9 016	-
Infrastructure	1 736 715	5 223 352
Community	7 477	1 057 352
Air conditioners	3 666	-
	1 786 619	**6 298 943**

During the financial year the following assets were written off as follows at carrying value

	2022	2021
Buildings	26 164	-
Plant and machinery	40 234	178 559
Furniture and fixtures	13 887	41 220
Motor vehicles	15 494	16 152
Office equipment	11	24 144
IT equipment	56 481	402 292
Infrastructure	3 743 290	6 723 580
Community	1 073 158	-
Air conditioners	28 264	7 840
	4 996 983	**7 393 787**

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Other PPE	Included within Electricity Projects	Total
Opening balance	72 125 904	98 008 912	5 823 540	-	175 958 356
Additions/capital expenditure	94 509 594	21 654 887	6 608 108	19 417 905	142 190 494
Transferred to completed items	(111 981 265)	-	-	(19 417 905)	(131 399 170)
	54 654 233	**119 663 799**	**12 431 648**	**-**	**186 749 680**

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community Assets	Included within Other PPE	Included within Electricity Projects	Restated Opening Balance
Opening balance	81 118 980	102 269 574	80 075 623	-	263 464 177
Additions/capital expenditure	95 984 657	31 686 845	2 088 383	23 283 184	153 043 069
Transferred to completed items	(105 710 148)	(35 947 507)	(76 340 466)	(14 735 282)	(232 733 403)
Correction of prior period error	732 393	-	-	(8 547 902)	(7 815 509)
	72 125 882	**98 008 912**	**5 823 540**	**-**	**175 958 334**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

4. Property, plant and equipment (continued)

Halted projects

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s), including reasons and any impairment loses recognised in relation to these assets:		
A. Development of Giyani section E sports centre	25 463 079	25 463 079
B. Access road to tribal offices	2 982 099	2 982 099
C. Refurbishment of Giyani Stadium	1 800 822	1 800 822
D. Refurbishment of Sporting Facilities (Gawula)	4 238 167	4 238 167
E. Ndhambi Taxi rank	-	591 840
	34 484 167	**35 076 007**

A. Development of Section E sports Centre: The project is under litigation, until such matters have been concluded.

B. Access Road to Tribal Offices: Consultant was appointed for designs, the project was earmarked for MIG, COGTA no longer funding and the project to be withdrawn.

C. Refurbishment of Giyani Stadium: Sporting: Project encountered community interferences which resulted in Project stoppages, however the Municipality has a plan to complete the project through the 2022/23 FY.

D. Refurbishment of Sporting Facilities (Gawula): There are defects on the project where the previous contractor must come and rectify before the Municipality can start with the process of appointing the new service provider to do the remaining scope of works.

5. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	9 674 315	(8 773 042)	901 273	6 517 284	(5 570 626)	946 658

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	946 658	3 157 031	(3 202 416)	901 273

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	593 894	2 260 786	(1 908 022)	946 658

6. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Council Related Assets	206 303	-	206 303	206 303	-	206 303

Reconciliation of heritage assets 2022

6. Heritage assets (continued)

	Opening balance	Total
Council Related Assets	206 303	206 303

Reconciliation of heritage assets 2021

	Opening balance	Total
Council Related Assets	206 303	206 303

Age and/or condition of heritage assets

All heritage assets have a condition grading of 3, which translate to fair per the municipality's generic condition assessment methodology.

Council related assets are not held for sale.

Council related assets are not held for security at year end.

There are no contractual commitment to procure, maintain and restore any Council related assets.

No Council related assets were impaired the year end.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

7. Other financial assets

VBS Investments	148 534 882	159 262 692
Impairment on VBS investment	(148 534 882)	(159 262 692)
	-	-

Impairment is provided for investment in VBS as per National Treasury communication in 2018 financial year due to the bank being put under curatorship and the possibility that the capital invested might be irrecoverable.

Subsequent to the payment of R10 727 810 during the month of February 2022 through the bank liquidator, the status has since changed. The municipality has since reveiwed impairment as a result of the payment received.

National Treasury has commissioned investigation into the transactions and the council has implemented consequence management.

Figures in Rand	2022	2021

8. Employee benefit obligations

Defined benefit plan

The effective date of the valuation is 30 June 2022 (the “Valuation Date 30 June 2022).

The valuation considers all employees, retirees and their dependents whose participation in the health care arrangements entitles them to a post-employment medical aid subsidy. The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement. All subsidies are subject to a maximum of R 4 773.12 for the year ending 30 June 2022. The maximum subsidy amount has been assumed to increase in the future at 6.25% of salary inflation.

Table below shows the development of the accrued liability over the current period, and projects the Municipality’s Unfunded Accrued Liability and periodic costs over the two-year period following the Valuation Date.

Past year and future projected liability

	Year ending 30/06/2019	Year ending 30/06/2020	Year ending 30/06/2021	Year ending 30/06/2022
Opening accrued liability	16 504 209	18 884 884	14 421 000	16 755 000
Current service cost	928 478	1 233 262	832 000	1 164 000
Interest cost	1 633 917	2 020 683	1 639 000	1 798 000
Actuarial loss/(gain)	(181 720)	(7 717 829)	(137 000)	(2 749 000)
Closing accrued liability	**18 884 884**	**14 421 000**	**16 755 000**	**16 968 000**

Notes

- These projections assume that the Municipality’s health care arrangements and subsidy policy will remain as outlined above, and that all the actuarial assumptions made are borne out in practice. In addition, it is assumed that no contributions are made by the Municipality towards prefunding its liability via an off-balance sheet vehicle.
- Contributions or benefits paid refer to medical scheme contributions made by the Municipality with respect to its subsidy of current continuation members.
- There are no Past Service Costs, Curtailments or Settlements to reflect.

Key Assumptions

	2022	2021
Discount rate	11,84%	10,73%
Health care cost inflation rate	8,45%	7.2%
Maximum subsidy inflation rate	5,96%	5,03%
Average retirement age	62	62

Long service awards

The Municipality offers employees Long service award for every five years of service completed, from ten years of service to 45 years of service.

The salaries used in the valuation include an assumed increase on 1 July 2022 of 4.9% as per the SALGBC Circular No.: 01/2022. The next salary increase was assumed to take place on 1 July 2023.

The accrued liabilities and the plan assets for the current period and the previous four periods.

Past year and future projected liability	**30 June 2019**	**30 June 2020**	**30 June 2021**	**30 June 2022**	**30 June 2023**
Opening accrued balance	6 384 849	4 891 500	5 434 000	5 891 000	6 377 000
Current service cost	517 458	466 133	546 000	623 000	653 000
Interest cost	437 514	365 230	372 000	518 000	659 000
Payment made during the year	(2 311 411)	(321 080)	(669 000)	(623 000)	(870 000)
Actuarial loss/(gain)	(136 910)	32 217	208 000	(32 000)	-
Closing accrued liability	**4 891 500**	**5 434 000**	**5 891 000**	**6 377 000**	**6 819 000**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

8. Employee benefit obligations (continued)

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

Non-current liabilities	(24 020 000)	(22 023 000)
Current liabilities	(870 000)	(623 000)
	(24 890 000)	**(22 646 000)**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,08 %	9,27 %
General earnings inflation rate	7,32 %	5,79 %
Expected increase in salaries	4,90 %	6,25 %

9. Inventories

Consumable stores	1 953 033	2 785 103
Sale of stands	31 085 000	31 085 000
	33 038 033	**33 870 103**

Inventory Reconciliation

Opening balance	33 870 103	33 831 942
Add: purchases for the year	7 723 825	9 447 184
Less: consumables for the year	(7 364 170)	(7 695 108)
Less: inventory on hand (Mopani District Municipality)	(1 172 289)	(1 708 116)
Less: obsolete inventory written off	(19 436)	(5 799)
Closing balance	**33 038 033**	**33 870 103**

There was no inventory held as collateral at year end.

In 2019/2020 financial year the municipality took a resolution to sell stands available for sale as per council resolution.

10. Receivables from exchange transactions

Inter Municipal Account (Mopani District Municipality)	4 991 802	22 403 937
Agency fee (Mopani District Municipality)	7 205 104	6 050 288
Sundry receivables	4 173 221	3 596 581
Prepaid expenses	-	96 000
Accrued interest receivables	392 600	858 474
Other receivables	-	166 139
Sundry receivables-Provision for doubtful debts	(3 602 953)	(3 602 953)
Staff receivables	91 461	6 372
Payroll debtors	6 686	20 748
	13 257 921	**29 595 586**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

10. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of trade and other receivables

Inter municipal Account Reconciliation - Mopani District Municipality	-	-
Accumulated Surplus - MDM	47 874 916	43 206 998
Revenue - Water	14 244 118	13 740 655
Revenue - Sewerage	3 647 376	3 495 391
Revenue - Interest	11 390 342	9 731 033
Water and Sewerage connections	26 207	41 781
Overheads -Employee related costs	(5 960 082)	(5 172 671)
Overheads - Operational expenditure	(1 257 576)	(2 932 901)
Debt Impairment	-	(13 873 556)
Gains and losses on provisions	147 670	(361 813)
Accounts Receivable - Water	(114 700 280)	(117 953 455)
Accounts Receivables - Sewerage	(25 779 341)	(21 332 122)
Account Receivable - Interest	(62 093 296)	(60 157 366)
Inventory	(1 172 289)	(1 708 126)
Accrued leave	-	711 020
Accrued bonus	-	124 219
Accrued overtime	-	3 544
Long service awards	-	268 000
Post - retirement medical contribution	-	1 125 000
Provision for doubtful debts	128 640 432	128 640 432
Inter municipal balance as at year end	**(4 991 803)**	**(22 403 937)**

Please refer to Note 51 Accounting for principal and agency - for details of transactions and nature of the agreement.

Staff receivables of R 91 461 in the current year and prior year of R 6 372 relate to the overpayment of salaries to the councillors and employees. The amount is supposed to be paid back to the Municipality by the councillors. This is as per the council resolution taken by the Greater Giyani Municipal Council.

11. Receivables from non-exchange transactions

Consumer debtors-Traffic Fines	25 306 457	24 349 484
Consumer debtors- Rates	257 819 368	221 851 413
Provision for impairment- Traffic fines	(24 971 034)	(24 175 384)
Sundry receivables	19 881 203	19 881 203
Provision for impairment- Consumer debtors	(174 682 393)	(165 293 361)
	103 353 601	**76 613 355**

Sundry receivables

Sundry receivables relates to property rates that was not billed to customers in the prior years. The municipality could not billed property rates to custumers as this was discovered at a later stage and retrospective correction was done in the control account.

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(189 445 945)	(146 373 361)
Provision for impairment - consumer debtors	(9 389 032)	(35 015 265)
Provision for impairment - traffic fines	(808 450)	(8 057 319)
	(199 643 427)	**(189 445 945)**

Figures in Rand	2022	2021

11. Receivables from non-exchange transactions (continued)

Age Analysis for Rates

Current (0-30 days)	7 925 166	5 760 283
31-60 days	6 731 658	(5 723 695)
61-90 days	6 560 853	7 018 230
91-120 days	5 500 133	6 420 488
121-365 days	4 987 346	5 320 132
>365 days	226 114 212	203 055 975
	257 819 368	**221 851 413**

12. VAT receivable

VAT	20 440 439	16 131 014

13. Other receivables from exchange transactions

Gross balances		
Debtors with credit balances	5 538 970	5 990 428
Refuse	48 717 121	29 794 278
Housing rental	2 609 108	907 584
Cemeteries	15 815 505	15 062 292
	72 680 704	**51 754 582**
Less: Allowance for impairment		
Refuse	(32 659 767)	(20 116 618)
Housing rental	(381 063)	(642 327)
Cemeteries	(1 553 676)	(9 613 889)
	(34 594 506)	**(30 372 834)**
Net balance		
Debtors with credit balances	5 538 970	5 990 428
Refuse	16 057 354	9 677 660
Housing rental	2 228 045	265 257
Cemeteries	14 261 829	5 448 403
	38 086 198	**21 381 748**
Cemeteries		
Current (0 -30 days)	29 004	13 565
31 - 60 days	30 995	102 775
61 - 90 days	30 244	16 347
91 - 120 days	32 764	23 990
121 - 365 days	33 178	24 567
> 365 days	2 131 526	913 247
	2 287 711	**1 094 491**
Refuse		
Current (0 -30 days)	1 077 238	909 898
31 - 60 days	1 027 623	1 845 287
61 - 90 days	934 659	562 727
91 - 120 days	799 636	(851 178)
121 - 365 days	1 022 823	637 073
> 365 days	43 855 142	22 495 352
	48 717 121	**25 599 159**

Figures in Rand	2022	2021

13. Other receivables from exchange transactions (continued)

Housing rental

Current (0 -30 days)	42 050	567 946
31 - 60 days	41 814	201 697
61 - 90 days	41 391	50 443
91 - 120 days	40 930	50 975
121 - 365 days	41 598	48 083
> 365 days	363 077	6 482 588
	570 860	**7 401 732**

Debtors with credit balances

Current (0 -30 days)	(192 084)	(1 287 192)
31 - 60 days	(635 772)	(208 753)
61 - 90 days	(122 346)	(89 602)
91 - 120 days	(690 143)	(78 959)
121 - 365 days	(781 125)	(62 675)
> 365 days	(3 117 499)	(5 512 957)
	(5 538 969)	**(7 240 138)**

Reconciliation of allowance for impairment of consumer debtors

Opening balance	(30 372 834)	(27 847 950)
Refuse removal	(12 543 149)	(1 974 487)
House rental	261 264	(392 562)
Cemetery	8 060 213	(157 835)
	(34 594 506)	**(30 372 834)**

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	219 962 630	179 322 985
Other cash and cash equivalents	88 323	88 423
	220 050 953	**179 411 408**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
ABSA - Current Account - 4077078193 (Main Account)	71 175 907	65 719 594	879 675	71 457 309	65 791 133	1 077 421
ABSA - Current Account - 4077078486 (Salaries Account)	2 296 095	1 676 111	5 332 768	2 347 724	1 676 111	5 532 769
ABSA - Call Deposit - 4078155655	42 964 190	41 641 612	40 458 293	43 108 973	41 641 612	40 458 293
ABSA - Current Account - 4093302071 (Traffic Account)	4 315 531	4 114 323	3 241 625	4 319 248	4 114 323	3 241 625
ABSA - Call Deposit - 4078155744	98 398 398	66 099 806	41 114 479	98 729 376	66 099 806	41 114 479
Total	**219 150 121**	**179 251 446**	**91 026 840**	**219 962 630**	**179 322 985**	**91 424 587**

Included in the balance for cash and cash equivalent, there is a balance of R 17 378 790: 2022 and R 12 759 525: 2021 relating to Mopani District Municipality for water and sewer transactions.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

15. Unspent conditional grants and receipts

	2022	2021
Additions during the year	97 356 000	88 700 000
Income recognition during the year	(86 764 268)	(88 700 000)
	10 591 732	**-**

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

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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

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

16. Deferred income

During the period under review the Municipality has sold stands/sites but the transfer of ownership of the stands to the customers has not been done with Deeds Registration office.

	2022	2021
Deferred income - sale of stands	23 121 083	19 769 358

17. Rehabilitation of dumping-site

Reconciliation of rehabilitation of dumping-site - 2022

	Opening Balance	Interest costs	Change in discount factor	Total
Rehabilitation of dumping-site	39 005 018	3 877 099	(1 541 928)	41 340 189

Reconciliation of rehabilitation of dumping-site - 2021

	Opening Balance	Interest costs	Change in discount factor	Total
Rehabilitation of dumping-site	40 933 517	3 909 429	(5 837 928)	39 005 018

	2022	2021
Non-current liabilities	36 772 098	35 127 919
Current liabilities	4 568 091	3 877 099
	41 340 189	**39 005 018**

The dumping site rehabilitation is created for the rehabilitation of the current operational site which is evaluated at each year end to reflect the best estimate at reporting date. The site under consideration is at Giyani Section C landfill site.

The 2022 discounted value of the dumping site closure provision of R 41 340 189 , compared to the provision of R 39 005 018 in the previous financial year. Composition of this change relate to changes in the CPI, discount rate and unit costs. The interest charge relating to the assessment amounts to R 3 877 099 and decrease in discount rate of R 1 541 928.

The dumping site closure provision is calculated as the net present value of future cash flows based on the expected remaining life of the dumping site and based on the size of the area that had been used for waste disposal as at 30 June 2022.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

18. Payables from exchange transactions

Trade payables	9 890 147	2
Retentions	37 319 461	36 945 351
Accrued leave pay	23 442 253	20 460 268
Accrued 13th cheque	3 544 240	3 289 873
Payroll Creditors	-	42 329
Accruals	21 322 733	32 479 051
Unspecified direct deposits	2 457 110	2 104 616
Debtors with credit balances	5 538 970	5 990 428
Accrued overtime	971 078	992 169
Income received in advance	-	151 023
	104 485 992	**102 455 110**

19. Revenue

Service charges	8 209 455	8 388 020
Rental of facilities and equipment	103 253	383 352
Interest received (overdue accounts)	2 903 025	2 069 410
Agency services	1 154 816	1 797 113
Licences and permits	6 755 368	5 762 344
Recoveries	10 727 810	-
Actuarial gains	2 781 000	137 000
Other income	1 078 356	2 504 570
Interest received - investment	8 150 056	5 845 631
Property rates	67 093 366	71 190 715
Traffic fines	1 262 056	1 625 605
Interest on overdue accounts - property rates	27 429 499	22 333 782
Government grants & subsidies	407 340 942	458 488 580
Public contributions and donations	-	6 038 305
	544 989 002	**586 564 427**

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

Service charges	8 209 455	8 388 020
Rental of facilities and equipment	103 253	383 352
Interest received (overdue accounts)	2 903 025	2 069 410
Agency services	1 154 816	1 797 113
Licences and permits	6 755 368	5 762 344
Recoveries	10 727 810	-
Actuarial gains	2 781 000	137 000
Other income	1 078 356	2 504 570
Interest received - investment	8 150 056	5 845 631
	41 863 139	**26 887 440**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	67 093 366	71 190 715
Traffic fines	1 262 056	1 625 605
Interest on overdue accounts - property rates	27 429 499	22 333 782
Transfer revenue		
Government grants & subsidies	407 340 942	458 488 580
Public contributions and donations	-	6 038 305
	503 125 863	**559 676 987**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

20. Service charges

Refuse removal	7 972 320	8 158 976
Cemeteries	237 135	229 044
	8 209 455	**8 388 020**

21. Rental of facilities and equipment

Premises		
Community services	38 119	5 887
Housing rental	34 032	360 453
	72 151	**366 340**
Facilities and equipment		
Rental of facilities	31 102	17 012
	103 253	**383 352**

22. Interest received-overdue accounts (other services)

Interest received-overdue accounts (other services)	2 903 025	2 069 410
	-	-
	2 903 025	**2 069 410**

23. Agency services

Water and Sanitation	1 154 816	1 797 113

24. Licences and permits

Licences and permits	6 755 368	5 762 344

25. Recoveries

Recoveries - VBS Investment	10 727 810	-

Since the lodge of the claim with the bank (VBS) curator, the municipality has subsequently received an amount of R 10 727 810 during the month of February 2022.

26. Actuarial gains

Actuarial gains on PEMA and LSA	2 781 000	137 000

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

27. Other income

Advertisements	149 844	93 619
Application fees	-	4 590
Building plans	57 622	68 799
Clearance certificates	14 477	9 963
Confirmation letters	219 631	228 915
Device refund	34 882	-
Escort fees	3 946	2 025
Insurance recoveries	-	956
Library fees	2 029	888
Reconnections	-	10 975
Sale of grave plots	118 778	172 984
Sale of refuse bins	125 733	104 249
Skip bins	-	2 423
Sundry income	134 816	273 460
Tender documents	134 974	1 450 537
Transfer and registration	81 624	80 187
	1 078 356	**2 504 570**

28. Interest received-Investment

Interest revenue		
Call accounts	4 053 431	2 988 125
Bank	4 096 625	2 857 506
	8 150 056	**5 845 631**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

29. Property rates

Rates received

Residential	16 278 073	17 435 338
Commercial	22 419 669	24 469 416
State	27 670 973	27 415 724
Small holdings and farms	10 094	633 274
Public benefit organisations	-	10 441
Industrial	714 557	1 226 522
	67 093 366	**71 190 715**

Valuations

Residential	2 612 057 800	2 564 449 800
Commercial	705 623 000	722 925 000
State	484 333 000	484 068 000
Institute	31 682 000	31 682 000
Agricultural	5 230 000	5 230 000
Municipal and Public open space	121 472 000	120 672 000
Public service infrastructure	27 467 000	27 467 000
Industrial	129 042 000	128 351 000
Churches	43 787 000	43 787 000
Inconsistent with or in contravention of the permitted use of the property	2 612 000	2 612 000
Inconsistent with or in contravention of the permitted use of the property-Illegal	-	1 000 000
	4 163 305 800	**4 132 243 800**

The valuation of land and buildings are performed every 5 years in terms of the Municipal Property Rates Act.

The municipality appointed a Municipal Valuer to compile the General Valuation Roll for implementation in the 2020-2025 financial years and to cause the Suplementary.

Valuation Roll in terms of section 78 of the Municipal Property Rates Act.

30. Traffic fines

Traffic fines issued	1 262 056	1 625 605

31. Interest-overdue accounts (property rates)

Interest - Overdue accounts (Property rates)	27 429 499	22 333 782

Figures in Rand	2022	2021

32. Government grants & subsidies

Operating grants		
Equitable share	320 318 000	369 568 000
Expanded Public Works Program (EPWP)	3 851 000	3 409 000
Finance Management Grant (FMG)	2 200 000	2 000 000
Local Govt Sector Education & Training Authority (LGSETA)	258 675	220 580
	326 627 675	**375 197 580**
Capital grants		
Municipal Infrastructure Grant (MIG)	55 157 907	71 567 000
Integrated National Electrification Grant (INEG)	25 555 360	11 724 000
	80 713 267	**83 291 000**
	407 340 942	**458 488 580**

Equitable Share

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

Equitable share - Reconciliation

Current-year receipts original	320 318 000	307 293 000
Current-year receipts additional funding	-	62 275 000
Conditions met - transferred to revenue	(320 318 000)	(307 293 000)
Conditions met - transferred to revenue Covid relief	-	(62 275 000)
	-	-

Municipal Infrastructure Grant (MIG)

Current-year receipts	64 105 000	71 567 000
Conditions met - transferred to revenue	(55 157 909)	(71 567 000)
	8 947 091	-

Conditions still to be met - remain liabilities (see note 15).

Integrated National Electrification Grant (INEG)

Current-year receipts	27 200 000	11 724 000
Conditions met - transferred to revenue	(25 555 360)	(11 724 000)
	1 644 640	-

Conditions still to be met - remain liabilities (see note 15).

Expanded Public Works Program (EPWP)

Current-year receipts	3 851 000	3 409 000
Conditions met - transferred to revenue	(3 851 000)	(3 409 000)
	-	-

Finance Management Grant (FMG)

Current-year receipts	2 200 000	2 000 000
Conditions met - transferred to revenue	(2 200 000)	(2 000 000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

33. Donations received

Department of Transport-National	-	6 038 305

The Municipality received a mobile Vehicle Testing Station (VST) from the National Department of Transport to assist the municipality with Traffic Law Enforcement as a donation. This was due to compliance in terms of implementing the 80/20 principle between Transport Department and the Municipality.

34. Employee related costs

Acting allowances	115 055	43 007
Bargain council	39 923	38 322
Basic	100 250 967	96 833 136
Car allowance	11 714 437	11 644 985
Cellphone Allowance	924 713	909 427
Clothing Allowance	15 000	15 000
Danger allowance	282 000	-
Defined contribution plans	17 416 231	17 133 345
Housing benefits and allowances	387 624	325 709
Leave and bonus provision	2 423 358	3 198 105
Leave pay	1 182 939	793 675
Long-service awards	556 786	770 528
LSA and PEMA provision	3 480 000	2 720 000
Medical aid - company contributions	6 597 601	5 754 692
Night Shift	315 254	312 789
Overtime payments	4 520 207	4 258 420
UIF	703 605	613 809
Standby allowance	157 212	153 192
SDL	1 174 364	942 286
Rural Allowance	189 959	213 042
13th Cheques	6 987 944	6 660 401
	159 435 179	**153 333 870**

Remuneration of municipal manager

Annual Remuneration	1 089 712	1 089 712
Rural Allowance	50 683	50 683
Car Allowance	121 080	121 080
Contributions to UIF, Medical and Pension Funds	69 836	65 813
Subsistence and Travelling	24 663	10 537
Cellphone Allowance	16 800	16 800
Performance Bonus	177 389	-
	1 550 163	**1 354 625**

Remuneration of chief finance officer

Annual Remuneration	601 688	802 250
Rural Allowance	28 527	38 036
Car Allowance	117 081	156 108
Contributions to UIF, Medical and Pension Funds	39 202	49 412
Subsistence and Travelling	15 206	14 811
Cellphone Allowance	12 600	16 800
Acting allowance	4 767	-
Leave pay	76 073	-
	895 144	**1 077 417**

Mr D Mhangwana resigned as the CFO at the end of March 2022. Mr N Muhlari was appointed Acting CFO from the 13th of April 2022.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

34. Employee related costs (continued)

Remuneration of Directors-Corporate & Shared Services

Annual Remuneration	596 222	679 371
Car Allowance	243 900	325 200
Cellphone Allowance	14 000	16 800
Contributions to UIF, Medical and Pension Funds	41 238	43 503
Subsistence & Travelling	33 938	14 603
Rural Allowance	34 678	41 613
Leave pay	91 549	-
Performance bonus	93 629	-
Acting Allowance	4 767	-
	1 153 921	**1 121 090**

Mr MT Shiviti's contract expired at the end of April 2022. Mr NR Mdaka was appointed as the acting director on the 12th of May 2022.

Remuneration of director Technical Services

Annual Remuneration	693 090	675 362
Rural Allowance	38 036	38 036
Car Allowance	240 000	240 000
Contributions to UIF, Medical and Pension Funds	45 370	42 675
Cellphone Allowance	16 800	16 800
Subsistence & Travelling	33 489	13 836
	1 066 785	**1 026 709**

Remuneration of Strategic Planning and LED

Annual Remuneration	678 656	678 656
Car Allowance	153 502	155 364
Rural Allowance	38 036	38 036
Contributions to UIF, Medical and Pension Funds	132 337	130 667
Cellphone Allowance	16 800	16 800
Subsistence & Travelling	45 595	17 726
	1 064 926	**1 037 249**

Remuneration of Director Community Services

Annual Remuneration	-	45 683
Rural Allowance	-	3 467
Contributions to UIF, Medical and Pension Funds	-	4 314
Cellphone Allowance	-	1 400
Acting Allowance	47 063	36 556
Leave pay	-	47 984
	47 063	**139 404**

The position of the director is vacant. Mr KR Baloyi has been the acting director for the year 2021/2022.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

35. Remuneration of councillors

Mayor	970 282	905 259
Speaker	744 480	733 088
Councillors	21 446 415	21 252 705
Chief Whip	709 693	690 046
SDL	195 503	157 458
	24 066 373	**23 738 556**

In-kind benefits

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

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

36. Depreciation and amortisation

Property, plant and equipment	92 983 592	88 771 030
Investment property	90 750	90 795
Intangible assets	3 202 416	1 908 022
	96 276 758	**90 769 847**

37. Finance costs

Interest expense - litigation loss	2 793 037	-
Finance leases	-	31 714
Interest expense- rehabilitation of dumping site	3 877 099	3 909 429
	6 670 136	**3 941 143**

38. Lease rentals on operating lease

Premises		
Contractual amounts	1 906 274	1 412 436

39. Debt impairment

Debt impairment	14 419 155	41 731 106

40. Contracted services

Presented previously		
Infrastructure Services	26 374 456	19 038 077
Electrical Services	19 384 015	1 862 938
Business and advisory services	24 357 501	22 798 360
Other Contractors	3 856 186	1 190 318
	73 972 158	**44 889 693**

41. Transfer and subsidies

SMME support	600 000	955 000

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

42. General expenses

Accommodation	2 876 546	1 667 459
Advertising	269 910	459 207
Auditors remuneration	4 070 713	4 872 051
Bank charges	276 885	333 570
Cleaning	331 041	40 118
Community development and training	4 845 339	5 554 850
Consumables	7 363 871	7 703 218
Electricity	2 111 506	1 845 800
Free basic electricity	15 969 990	16 253 018
Fuel and oil	3 756 497	2 591 773
Gifts	84 976	-
Hire	545 475	-
Insurance	1 461 547	1 019 323
IT expenses	1 747 569	2 336 182
Legal services	8 497 562	5 852 173
Litigation loss	8 140 229	-
Motor vehicle expenses	137 242	152 337
Postage and courier	355 097	4 141
Printing and stationery	649 453	417 128
Protective clothing	1 475 512	832 921
Seating allowance	120 000	120 000
Subscriptions and membership fees	2 096 674	1 986 965
Telephone and fax	919 766	843 933
Travel - local	3 863 594	1 497 929
	71 966 994	**56 384 096**

43. Obsolete inventory written

Obselete inventory written off	19 736	5 799

44. Repairs and maintenance

Repairs and maintenance -Fleet and machinery	2 976 358	4 574 801
Repairs and maintenance - Equipment	203 096	34 419
Repairs and maintenance - other assets	2 831 954	906 888
	6 011 408	**5 516 108**

45. Auditors' remuneration

Fees	4 070 713	4 872 051

46. Free basic electricity

Public lights	4 768 956	4 801 972
Free basic	11 201 034	11 451 046
	15 969 990	**16 253 018**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

47. Cash generated from operations

Surplus	77 715 956	149 986 370
Adjustments for:		
Depreciation and amortisation	96 276 758	90 769 847
Obsolete inventory written off	19 736	5 799
Loss on assets written off	10 084 369	7 393 461
Contracted services (Transfers of completed projects)	-	11 196 494
Impairment deficit	1 786 619	6 298 942
Debt impairment	14 419 155	41 731 106
Movements in retirement benefit assets and liabilities	2 244 000	2 791 000
Movements in provisions	2 335 171	(1 928 499)
Donation received	-	(6 038 305)
Donation expense	-	5 635
Changes in working capital:		
Inventories	812 338	(43 960)
Receivables from exchange transactions	16 337 665	(4 104 056)
Consumer debtors	(31 123 605)	(43 933 290)
Other receivables from non-exchange transactions	(26 740 246)	(12 645 611)
Payables from exchange transactions	2 030 878	453 024
VAT	(4 309 425)	(6 389 493)
Unspent conditional grants and receipts	10 591 733	-
Deferred income	3 351 725	19 769 358
	175 832 827	**255 317 822**

Figures in Rand	2022	2021

48. Commitments

Authorised capital expenditure

Contract approved and some services have been rendered		
• Formalisation of settlement	138 368	138 368
• Refurbishment of Gawula sports centre	-	661 716
• Alternative access road to Giyani	2 350 403	2 350 403
• Upgrading of Xikukwani from gravel to tar	8 955 284	8 955 284
• Development of waste disposal site	-	3 142 506
• Nkomo Upgrading From Gravel To Tar	-	2 301 190
• Construction Of Culvert Bridge At Makosha Village	-	640 717
• Shimange upgrading from gravel to tar	87 276	15 236 851
• Blinkwater upgrading of internal street	-	5 437 509
• Thomo upgrading of internal street	-	22 807 740
• Nkuri internal streets upgrading from gravel to paving	-	4 752 435
• Section E (Voningani) internal street upgrading from gravel to paving	19 269 100	40 453 874
• Preventative maintenance of roads and storm water: 1.2km pavement milling – Parliament (Limdev) road leading to Giyani CBD and Giyani Section D1	-	3 129 954
• Preventative maintenance of roads and storm water: 750m2 tar patch within Giyani township Section F	-	86 595
• Preventative maintenance of roads and storm water: 1.770km pavement milling within Giyani CBD	-	1 601 959
• Construction of Civic Centre Parking lot	1 245 253	-
• Ndambi Taxi rank	6 381 234	-
• Construction of Civic Centre phase IV	43 422 580	-
• Construction of culvert bridge at Dzumeri village	498 903	-
• Construction of culvert bridge at Makhuva village	199 951	-
• Construction of Nwadzekudzeku community hall	12 734 743	-
• Construction of Homu sports centre	12 017 534	-
• Construction of Shivulani sports centre	2 729 281	-
• Installation of energy saving streetlights in Giyani CBD	5 517 063	-
	115 546 973	**111 697 101**

Contract approved but where services have not been rendered		
• Preventative maintenance of roads and storm water: 500m2 tar patch within giyani township Section E	-	479 715
• Preventative maintenance of roads and storm water: 750m2 tar patch within giyani township Section F	-	663 894
• Construction of culvert bridge at ECO Park	958 982	-
• Construction of culvert bridge at Ndengeza village	1 477 599	-
• Construction of culvert bridge at Mavalani village	953 639	-
• Installation of streets lights at OLD Khensani Hospital	1 198 887	-
	4 589 107	**1 143 609**

Total capital commitments		
Already contracted for but not provided for	115 546 973	111 697 101
Not yet contracted for and authorised by accounting officer	4 589 107	1 143 609
	120 136 080	**112 840 710**

Authorised operational expenditure

Contract approved and some services have been rendered		
• Rezoning and subdivision of parks	110 000	110 000
• Proclamation program, land audit and land acquisition	111 238	263 665
• Township establishment of various villages	213 038	213 038

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
48. Commitments (continued)		
• Ngove township expansion	651 858	651 858
• Site demarcation at Sikhunyani Village and site demarcation at Dzumeri Traditional Authority	685 000	685 000
• Street naming (including registration)	47 500	47 500
• General Valuation Roll	1 200 000	3 600 000
• Provision for Procurement of Services: Municipal Standard Chart Of Accounts Financial System Support (Sage Evolution)	142 039	1 531 668
• Insurance	368 263	1 051 412
• Physical security guarding services	4 789 368	7 989 961
• Rental of photocopy machine	1 475 774	2 469 450
• Design ,compiling,developing,editing and producing GGM news letters for 12 months	-	582 576
• Procurement of 75 3GS for the Municipal Officials	50 500	346 700
• Procuremet of 100 MBPS internet line for the municipal officials	158 123	306 405
• Subdivision, rezoning, consolidation and road closure on ERF 1946,1947,1952,1547, Giyani Section F	271 720	475 510
• Rezoning and subdivision of municipal properties including registration with surveyor general	506 000	782 000
• Street naming in Giyani Section C and Giyani BA	474 375	733 125
• Subdivision and rezoning of ERF561 Giyani D into mixed land used development	428 993	1 143 982
• Civil Engineering Professional Service Provider to perform post construction Technical Investigation	190 272	190 272
• Formalisation of Church View	130 025	130 025
• ICT security, service support, ICT auditing and ICT network services	5 848 077	-
• Street naming in Giyani section a and section f	673 100	-
• Supply chain management support for the financial year	1 004 900	-
• Supply and delivery of 31 cellphones contract	324 923	-
• Supply and delivery of firearms and training	346 530	-
• Supply installation of electrical cables at Giyani stadium	1 581 847	-
• Preparation of GRAP compliant asset register for the financial year 2021/22	2 721 365	-
• Appointment of service provider for training of MFMP	440 416	-
	24 945 244	**23 304 147**

	2022	2021
Contract approved but where services have not been rendered		
• Development of website and internet	-	98 324
• ICT security,service support, ICT auditing and ICT network services	-	7 039 976
• Preparation of GRAP compliant asset register for the financial year 2020/21	-	5 165 506
• Preparation of Annual Financial Statement for the financial year 2020/21	-	3 105 000
• Township Establishment at Savulani Village	1 400 000	1 400 000
• Street Naming in Giyani Section A and Section F	-	791 800
• Preparation of annual financial statement for the financial year 2021/22	2 796 760	-
• Management and operations of the landfill site	11 137 600	-
• Replacement of air conditioner at library and Civic Centre	188 600	-
• Purchase of Cartridge 80a	29 820	-
• Purchase of C4 brown envelope	29 700	-
• Purchase of Cartridge 305a	25 900	-
	15 608 380	**17 600 606**

	2022	2021
Total operational commitments		
Already contracted for but not provided for	24 945 244	23 304 147
Not yet contracted for and authorised by accounting officer	15 608 380	17 600 606
	40 553 624	**40 904 753**

Total commitments

	2022	2021
Total commitments		
Authorised capital expenditure	120 136 080	112 840 710

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
48. Commitments (continued)		
Authorised operational expenditure	40 553 624	40 904 753
	160 689 704	**153 745 463**

The following contracts are longer than 12 months	**Contract start date**	**Contract end date**	**Contract Amounts**
General Valuation Roll	01/02/2019	31/01/2024	5 620 000
ICT security, service support, ICT auditing and ICT network service. G/G/M/6105/001/2021	01/08/2021	31/07/2024	7 039 976
Rental of photocopier machine	01/10/2020	31/09/2023	3 420 226
Physical security guarding services	01/09/2020	23/08/2023	10 736 087
Appointment of civil engineering services provider (contractor) for the construction of civic centre building phase iv (cidb 7gb/7ce or higher)	24/01/2022	30/06/2024	43 608 465
Appointment of a service provider for supply and delivery of 31 cell phones through rt15-2021 contract for the period of 24 months	24/01/2022	24/01/2024	445 656
Management and operation of the landfill site	01/07/2022	30/06/2025	11 137 600
			82 008 010

Operating leases - as lessee (expense)

The municipality has entered into a 3 years contract, which commenced from 01 October 2020 to 31 September 2023 for photocopiers.

There is no option for renewal or escalation at the end of the contract.
The municipality does not have option to purchase the equipment’s at the end of the contract.

Operating lease payments represent rentals payable by the municipality with a minimum lease payments of R 864 065.63 (2022) (R 621 610.43 : 2021) for photocopiers and radiophones (R 67 280 (2022) :R 67 280 (2021). Contingent rent is payable on the number of copies made for the month.

Rental expenses relating to operating leases		
Contingent rents	67 280	67 280
Contractual Payments	1 838 994	1 345 156
	1 906 274	**1 412 436**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

49. Contingent Liabilities

The municipality has various claims of legal disputes with suppliers that are subject to mediation or legal process. The table below indicates the details of the claims:

Case Description		
Eternity vs GGM. Suing the Municipality for services rendered	-	10 931 266
Mpongwa Hesekani Emmanuel vs GGM. The plaintiff is suing the Municipality for damages he suffered as result of rain	1 000 000	1 000 000
Dane Projects vs GGM. The municipality is being sued for outstanding invoices for work done.	7 140 948	7 140 948
Lunnick Base Khoza vs GGM. The municipality is sued for damage to a car accident owing to its failure to fix potholes	66 531	66 531
GGM vs TR construction & plant hire. The municipality is being sued for the claim of payment for the work allegedly done whilst claimant was a subcontractor.	863 598	863 598
Botshabelo Consulting Engineers vs GGM. The municipality is being sued for outstanding invoices for work done	6 501 144	6 501 144
PGN Civils (Pty) Ltd vs GGM. The municipality is being sued for outstanding invoices for work done	1 186 328	1 186 328
Rev Dr Mafrecha F Chabalala vs GGM Land dispute	1 600 000	1 600 000
SIDA Consulting & Projects (Pty) Ltd//GGM - Contractual dispute	267 536	-
Mashimbye Witness//GGM	400 000	-
	19 026 085	**29 289 815**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

50. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Councillors	Refer to general information on page 1 to 3
Members of key personnel	M T Shiviti Director Corporate and Shared Services - contract expired at the end of April 2022 and N R Mdaka acted from 12 May 2022 to 30 June 2022) D Mhangwana Chief Financial Officer resigned at the end of march 16 April 2022 and N R Muhlari acted from 12 May 2022 to 30 June 2022) R H Mashamba Director Technical Services K V Sithole Director Strategic Planning and LED Community Services (M I Khosa resigned on the 15 July 2020 and K R Baloyi acted from 01 August 2020 to date.)

Remuneration of management

Notes to the Annual Financial Statements

Figures in Rand

50. Related parties (continued)

Management class: Councillors

2022

Name	Basic salary	Data Card	Cellphone	Car Allowance	SDL	Backpay	Total
Cllr. T Zitha	400 145	2 400	27 200	143 476	5 415	7 604	586 240
Cllr. AE Mboweni	321 592	2 400	27 200	114 781	3 806	9 647	479 426
Cllr. T Makondo	301 954	2 400	27 200	107 607	3 501	-	442 662
Cllr. RB Ngunyule Mabunda	282 470	2 100	23 800	94 157	3 161	-	405 688
Cllr. TJ Mabunda	301 954	2 400	27 200	107 608	3 501	-	442 663
Cllr. NHP Ndaba	301 954	2 400	27 200	107 608	3 979	16 561	459 702
Cllr. MR Mashale	171 716	2 400	27 200	60 032	2 282	16 561	280 191
Cllr. C Baloyi	171 716	2 400	27 200	60 032	2 116	-	263 464
Cllr. GA Maluleke	171 716	2 400	27 200	60 032	2 116	-	263 464
Cllr. TC Zitha	171 716	2 400	27 200	60 032	2 367	7 604	271 319
Cllr. TC Manganyi	171 716	2 400	27 200	60 032	2 192	-	263 540
Cllr. RE Makondo	296 036	2 400	27 200	107 608	3 455	-	436 699
Cllr. RN Sekgobela	180 721	2 400	27 200	60 032	2 282	7 604	280 239
Cllr. BA Shibambu	131 107	2 400	27 200	45 405	1 902	21 726	229 740
Cllr. RC Mabunda	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. SS Mavasa	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. NN Maswanganyi	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. SS Mathebula	131 107	2 400	27 200	45 405	1 914	9 710	217 736
Cllr. M Shiviti	155 228	2 400	27 200	53 445	1 988	6 432	246 693
Cllr. GE Kobane	131 107	2 400	27 200	45 405	1 780	9 456	217 348
Cllr. NP Mlambo	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. XL Ngobeni	160 052	2 400	27 200	55 053	1 971	-	246 676
Cllr. NS Monyipote	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. VS Makamu	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. MC Machipi	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. NC Chabalala	160 052	2 400	27 200	55 053	1 971	-	246 676
Cllr.RG Ngunyula	160 052	2 400	27 200	55 053	2 092	-	246 797
Cllr. PT Mokgobi	160 052	2 400	27 200	55 053	2 047	7 604	254 356
Cllr. MA Khosa	131 107	2 400	27 200	45 405	1 780	7 604	215 496
Cllr. TE Rikhotso	131 107	2 400	27 200	45 405	1 685	-	207 797

Notes to the Annual Financial Statements

Figures in Rand

50. Related parties (continued)

Cllr. MR Maluleke	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. TE Nkuna	160 052	2 400	27 200	55 053	1 973	-	246 678
Cllr. S Sambo	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. SC Mahlawule	131 107	2 400	27 200	45 405	1 782	9 710	217 604
Cllr. TN Shirinda	160 052	2 400	27 200	55 053	1 971	-	246 676
Cllr. PH Makhuvela	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. TA Mathosi	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. NR Shilowa	160 052	2 400	27 200	55 053	1 971	-	246 676
Cllr. RE Ngoveni	131 107	2 400	27 200	45 405	1 761	7 604	215 477
Cllr. KO Maswanganyi	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. P Rikhotso	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. JP Shibambu	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. L Nkuna	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. RT Mabunda	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. E Mahasha	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. A Rabothata	131 107	2 400	27 200	45 405	1 780	-	207 892
Cllr. JN Mashele	160 052	2 400	27 200	55 053	1 971	-	246 676
Cllr. CS Rikhotso	160 052	2 400	27 200	55 053	1 971	-	246 676
Cllr. KS Dlamini	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. MD Hlungwani	131 107	2 400	27 200	45 405	1 685	17 781	225 578
Cllr. ML Chauke	131 107	2 400	27 200	45 405	1 780	-	207 892
Cllr. TI Tikhotso	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. TN Baloyi	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. S Mongwe	131 107	2 400	27 200	45 405	1 780	-	207 892
Cllr. TP Mashaba	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. PP Mkhari	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. MS Hlongwane	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. SM Mahangwane	131 107	2 400	27 200	45 405	1 780	-	207 892
Cllr. MJ Nkuna	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. MP Mathevula	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. MP Hlungwani	131 107	2 400	27 200	45 405	1 685	-	207 797
Cllr. DJ Hlongwane	131 107	2 400	27 200	45 405	1 780	-	207 892
Cllr. SS Mathebula	92 299	1 243	14 090	31 097	1 190	-	139 919
Cllr. MP Hlungwani	176 476	1 243	14 090	59 457	1 517	7 604	260 387
Cllr. MR Mashale	165 447	1 243	14 090	55 741	1 790	-	238 311
Cllr. NHP Ndaba	165 447	1 243	14 090	55 741	2 012	-	238 533
Cllr. TE Baloyi	165 447	1 243	14 090	55 741	2 177	16 561	255 259

Notes to the Annual Financial Statements

Figures in Rand

50. Related parties (continued)

Cllr. DE Baloyi	89 590	1 243	14 090	30 184	1 254	9 456	145 817
Cllr. B Gaveni	79 941	1 243	14 090	26 967	1 404	35 186	158 831
Cllr. E Malungana	89 590	1 243	14 090	30 184	1 134	9 456	145 697
Cllr. MI Shimange Fazi	69 810	1 243	14 090	23 520	1 013	7 604	117 280
Cllr. RO Mabasa	162 123	1 243	14 090	54 621	2 137	16 063	250 277
Cllr. S Makhubele	89 590	1 243	14 090	30 184	1 254	9 456	145 817
Cllr. MW Mthombeni	89 590	1 243	14 090	30 184	1 254	9 456	145 817
Cllr. PT Mokgobi	69 810	1 243	14 090	23 520	844	-	109 507
Cllr. FC Makoseni	89 590	1 243	14 090	30 184	1 134	9 456	145 697
Cllr. XJ Valoyi	89 590	1 243	14 090	30 184	1 254	9 456	145 817
Cllr. BA Shibambu	220 595	1 243	14 090	74 321	2 335	-	312 584
Cllr. CM Siweya	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. NR Khandhela	69 810	1 243	14 090	23 520	1 013	7 604	117 280
Cllr. GR Kobane	89 590	1 243	14 090	30 184	1 160	-	136 267
Cllr. EN Mabunda	92 299	1 243	14 090	31 097	1 287	9 710	149 726
Cllr. SG Mthombeni	89 590	1 243	14 090	30 184	1 134	9 456	145 697
Cllr. NN Baloyi	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. MC Mhlongo	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. RE Ngoveni	69 810	1 243	14 090	23 520	844	-	109 507
Cllr. TR Maluleke	69 810	1 243	14 090	23 520	920	-	109 583
Cllr. MA Khosa	69 810	1 243	14 090	23 520	920	-	109 583
Cllr. T Makhubele	69 810	1 243	14 090	23 520	844	-	109 507
Cllr. HW Mhlari	92 299	1 243	14 090	31 097	1 163	9 710	149 602
Cllr. RN Sekgobela	69 810	1 243	14 090	23 520	844	9 456	118 963
Cllr. TM Makhuvele	89 590	1 243	14 090	30 184	1 134	-	136 241
Cllr. MP Mathevula	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. XB Mkansi	69 810	1 243	14 090	23 520	844	-	109 507
Cllr. DC Mashibye	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. RS Khosa	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. HR Rikhotso	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. MJ Chauke	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. RC Rikhotso	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. KA Manganyi	165 447	1 243	14 090	55 741	2 177	16 561	255 259
Cllr. JS Khosa	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. AF Mthombeni	18 125	300	3 400	5 676	215	7 604	35 320
Cllr. DT Shivuri	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. N Maluleke	69 810	1 243	14 090	23 520	920	7 604	117 187

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50. Related parties (continued)

Cllr. MA Makamu	51 081	900	10 200	17 027	681	-	79 889
Cllr. BI Mashele	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. AM Mthombeni	92 299	1 243	14 090	31 097	1 287	9 710	149 726
Cllr. PS Mabulana	92 299	1 243	14 090	31 097	1 163	9 710	149 602
Cllr. TC Manganyi	69 810	1 243	14 090	23 520	937	7 604	117 204
Cllr. SS Kubayi	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. AE Mboweni	92 299	1 243	14 090	30 184	1 059	-	138 875
Cllr. NM Madzunye	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. SC Mahlawule	92 299	1 243	14 090	31 097	1 066	-	139 795
Cllr. TC Zitha	69 810	1 243	14 090	23 520	937	-	109 600
Cllr. HR Shivambu	69 810	1 243	14 090	23 520	1 013	7 604	117 280
Cllr. MJ Makhubela	69 810	1 243	14 090	23 520	1 013	7 604	117 280
Cllr. SR Nkuna	34 054	600	6 800	11 351	407	-	53 212
Cllr. P Mazivuko	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. TS Hlungwana	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. NJ Zitha	69 810	1 243	14 090	23 520	844	7 604	117 111
Cllr. TP Chaka	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. FJ Manganyi	51 081	900	10 200	17 027	611	-	79 819
Cllr. TJ Moshwana	69 810	1 243	14 090	23 520	920	7 604	117 187
Cllr. MD Hlungwani	35 756	643	7 290	12 169	778	10 177	66 813
Cllr. DR Maswanganyi	69 810	1 243	14 090	23 520	920	7 604	117 187
	15 271 238	**223 937**	**2 538 110**	**5 252 436**	**195 496**	**585 156**	**24 066 373**

2021

Name	Basic salary	Data card	Cellphone Allowance	Car Allowance	SDL	Backpay	Total
Cllr. SS Mathebula	270 145	3 600	40 800	90 048	2 884	-	407 477
Cllr. MP Hlungwani	516 516	3 600	40 800	172 172	5 177	-	738 265
Cllr. MR Mashale	484 235	3 600	40 800	161 411	4 321	-	694 367
Cllr. NHP Ndaba	484 235	3 600	40 800	161 411	4 876	-	694 922
Cllr. TE Baloyi	484 235	3 600	40 800	161 411	4 877	-	694 923
Cllr. DE Baloyi	262 214	3 600	40 800	87 404	2 810	-	396 828
Cllr. B Gaveni	204 323	3 600	40 800	68 107	2 272	-	319 102
Cllr. E Malungwani	262 214	3 600	40 800	87 404	2 510	-	396 528

Notes to the Annual Financial Statements

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50. Related parties (continued)

Cllr. MI Shimange-Faze	204 323	3 600	40 800	68 107	2 272	-	319 102
Cllr. RO Mabasa	474 506	3 600	40 800	158 168	4 786	-	681 860
Cllr. TL Ndlovu	17 027	300	3 400	5 676	-	-	26 403
Cllr. S Makhubele	262 214	3 600	40 800	87 404	2 810	-	396 828
Cllr. MW Mthombeni	262 214	3 600	40 800	87 404	2 810	-	396 828
Cllr. PT Mokgobi	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. FC Makoseni	262 214	3 600	40 800	87 404	2 510	-	396 528
Cllr. XJ Valoyi	262 214	3 600	40 800	87 404	4 310	-	398 328
Cllr. BA Shibambu	645 644	3 600	40 800	215 215	5 639	-	910 898
Cllr. CM Siweya	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. NR Khandlela	204 323	3 600	40 800	68 107	2 272	-	319 102
Cllr. GR Kobane	262 214	3 600	40 800	87 404	2 810	-	396 828
Cllr. EN Mabunda	270 145	3 600	40 800	90 048	2 884	-	407 477
Cllr. SG Mthombeni	262 214	3 600	40 800	87 404	2 510	-	396 528
Cllr. NN Baloyi	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. MC Mhlongo	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. RE Ngoveni	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. TR Maluleke	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. MA Khosa	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. T Makhubele	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. TN Mthombeni	152 958	2 100	23 800	50 986	1 255	-	231 099
Cllr. HW Mhlari	270 145	3 600	40 800	90 048	2 575	-	407 168
Cllr. RN Sekgobela	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. TM Makhuvele	262 214	3 600	40 800	87 404	2 510	-	396 528
Cllr. MP Mathevula	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. XB Mkansi	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. DC Mashimbye	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. RS Khosa	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. HR Rikhotso	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. MJ Chauke	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. RC Rikhotso	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. KA Manganyi	484 235	3 600	40 800	161 411	4 876	-	694 922
Cllr. JS Khosa	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. AF Mthombeni	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. DT Shivuri	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. MP Hlungwani	34 054	600	6 800	11 351	530	-	53 335
Cllr. N Maluleke	204 323	3 600	40 800	68 107	2 037	-	318 867

Notes to the Annual Financial Statements

Figures in Rand

50. Related parties (continued)

Cllr. MA Makamu	204 323	3 600	40 800	68 107	2 272	-	319 102
Cllr. BI Mashele	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. AM Mthombeni	270 145	3 600	40 800	90 048	2 884	-	407 477
Cllr. PS Mabulana	270 145	3 600	40 800	90 048	2 575	-	407 168
Cllr. TC Manganyi	204 323	3 600	40 800	68 107	2 272	-	319 102
Cllr. SS Kubayi	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. AE Mboweni	270 145	3 600	40 800	87 404	2 557	-	404 506
Cllr. MM Madzunye	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. SC Mahlaule	270 145	3 600	40 800	90 048	2 575	-	407 168
Cllr. TC Zitha	222 047	3 600	40 800	68 107	2 422	-	336 976
Cllr. HR Shivambu	204 323	3 600	40 800	68 107	2 272	-	319 102
Cllr. MJ Makhubele	204 323	3 600	40 800	68 107	2 272	-	319 102
Cllr. SR Nkuna	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. P Mazivuko	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. TS Hlungwana	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. NJ Zitha	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr.TP Chaka	204 323	3 600	40 800	68 107	2 037	-	318 867
Cllr. MP Hlungwani	12 084	300	3 400	5 676	203	-	21 663
Cllr. MJ Manganyi	130 539	2 400	27 200	45 405	1 573	-	207 117
Cllr. TJ Moshwana	72 932	1 200	13 600	24 310	958	3 349	116 349
Cllr. DR Maswanganyi	17 027	300	3 400	5 676	468	26 403	53 274
	15 634 520	**219 600**	**2 488 800**	**5 206 459**	**159 425**	**29 752**	**23 738 556**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

51. Accounting by principals and agents

The municipality is a party to a principal-agent arrangement(s).

Mopani District Municipality

Greater Giyani Municipality and Mopani District Municipality entered into legislated arrangement under which the municipality serves as an agent and Mopani District as a Principal.

Under this arrangement, Greater Giyani Municipality performs water and sewer functions on behalf of the Mopani District, all monies earned by the Greater Giyani Municipality.

Municipality from water and sewer services are disclosed as a liability and any monies paid by Greater Giyani Municipality to ensure smooth running of the water and sewer functions are disclosed as a receivable by Greater Giyani Municipality.

	2022	2021
Agency fee @ 25%	1 154 816	1 797 113

	2022	2021
Inter municipal Account		
Mopani District Municipality	(4 991 802)	(22 403 947)

Department of Transport - Limpopo

The Municipality has entered into an agreement with the Department of Transport under which the Department serves as a Principal and the Municipality as an agent.

Under this arrangement, the Municipality performs licencing functions on behalf of the department of transport and earns a commission of the total revenue collected from this services. The balance is transferred to the department of transport and other stakeholders. The following is a summary of revenue as a result of the arrangements at year end.

	2022	2021
Agency fee		
Total collection on behalf of the principal	23 286 718	21 326 378
Total amount paid or transferred to the principal	(16 531 351)	(16 416 398)
	6 755 367	**4 909 980**

Details of the arrangement(s) are as follows:

The municipality has been appointed to distribute water to local residences as distribution agent by the district municipality for which it is then entitled to a commission/agency fee for service rendered. The municipality accounts for revenue, expenditures and receivables relating to water transactions into loan account and it is disclosed under the same section of the annual financial statements. Refer to disclosure note for other receivables for full details note 10 for further reconciliation.

The municipality is entitled to 25%.

The municipality is also a party to an agreement between the municipality and the department of roads and transport to collect revenue licensing and permits. The municipality is entitled to 20% of the revenue collected.

52. 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.

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

Figures in Rand	2022	2021

52. Risk management (continued)

At 30 June 2022		
Payables from exchange transactions	-	104 485 992
At 30 June 2021		
Payables from exchange transactions	-	102 455 112

Credit risk

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

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

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

Financial instrument		
Cash and cash equivalents	220 050 953	179 411 408
Receivables from exchange transactions	13 257 921	29 595 586
Receivables from non-exchange transactions	103 353 601	76 613 355
Other receivables from exchange transactions	38 086 198	21 381 748
VAT	20 440 439	16 131 014
	395 189 112	**323 133 111**

Market risk

Interest rate risk

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

53. Deviations

Magezi Brandon Muhluri (PTY) LTD	-	113 090
Makhawukani investment trading	-	148 801
Hasler Business systems (PTY) LTD	-	4 692
M and R projects and investment	-	40 050
Smith Sam Trading	-	113 591
Baseccho at RMC INC	-	66 000
BBBB Trading Enterprise (Pty) Ltd - in an emergency (SCM) Regulations 36(1)(i)	65 024	-
Walala Bisson Enterprise (Pty) Ltd - in an emergency (SCM) Regulations 36(1)(i)	68 640	-
M and R Projects and Investment - in an emergency (SCM) Regulations 36(1)(i)	79 950	-
	213 614	**486 224**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

54. Fruitless and wasteful expenditure

Opening balance as previously reported	2 208 553	11 335
Add: Fruitless and wasteful expenditure identified - current	5 027 908	86 005
Add: Fruitless and wasteful expenditure identified - prior period	-	2 183 514
Less: Amount written off	-	(72 301)
Closing balance	**7 236 461**	**2 208 553**

Fruitless and wasteful expenditure is presented inclusive of VAT

An amount of R 9 870.28 for 2019/2020 financial year is yet to be recovered, as per recomendation by MPAC.

An amount R 13 704 for 2021 financial year is to be recovered from the officials responsible, as per MPAC recommendation.

An amount of R 2 202 970 was paid for free basic electricity for unqualified beneficiaries in the current year and R 2 183 514 in the prior period.

Amount of R 13 151 was paid to Eskom for late payments of Free basic electricity.

Amount of R 11 250 was paid attentiong a Microsoft Teams on the 28th August and the technical team did not attend.

Amount of R 7 500 was paid attentiong a Microsoft Teams on the 28th August and the technical team did not attend

Details of fruitless and wasteful expenditure		
Penalty for late submission of annual return of earnings	-	72 301
Overcharged for PPE	-	13 704
Interest charged on litigation loss	2 793 037	-
Free basic electricity paid for deceased beneficiaries	2 202 970	2 183 514
Interest for late payment on the disputed FBE bill	13 151	-
Failure to attend a Microsoft Teams meeting on the 28th of August 2021 by Technical Team	11 250	-
Absence of Technical Team in a Microsoft Teams meeting on the 29th of August 2021	7 500	-
	5 027 908	**2 269 519**

55. Irregular expenditure

Opening Balance	11 224 426	11 292 032
Add: Irregular expenditure - current	6 281 720	8 945 632
Less: Amount written off by council	(1 583 433)	(9 013 238)
Closing balance	**15 922 713**	**11 224 426**

MPAC could not reach a conclusion on the investigation of R 9 640 992.69 for periods 2015/16 and 2016/17 respectively due to inadequate information.

Incidents/cases identified/reported in the current year include those listed below:		
Inadequate reasons provided for approved deviation memorandum for purchase of personal protective equipment	-	524 640
Awards made to suppliers in which persons in service of other state institutions have an interest	1 228 237	473 572
Tender which did not meet the pre-qualification criteria was evaluated further	-	585 221
Regulation 32 contract was entered to beyond the scope of original contract	-	232 066
The tender requirements did not include a condition for mandatory subcontracting to advance designated groups as required by PPR even though the amount was above R30 million	-	7 130 133
Non compliance with SCM policy	5 053 483	-
	6 281 720	**8 945 632**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

56. Unauthorised expenditure

Opening balance as previously reported	103 258 108	51 976 064
Add: Unauthorised expenditure - incurred in the current year	49 095 505	51 282 044
Less: Amount written off by council	(103 258 108)	-
Closing balance	**49 095 505**	**103 258 108**

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

Non-cash	49 095 505	51 252 194
Cash	-	29 850
	49 095 505	**51 282 044**

Analysed as follows: non-cash

Acturial valuations	-	208 000
Depreciation and amortisation	30 476 758	22 353 857
Finance costs	6 670 136	3 909 429
Impairment loss	1 786 619	6 298 942
Debt impairment	-	11 082 706
Loss on assets written off	10 142 256	7 393 461
Obsolete inventory written off	19 736	5 799
	49 095 505	**51 252 194**

Analysed as follows: cash

Finance and administration	49 095 505	47 342 765
Waste management	-	3 909 429
Public safety	-	1 975
Housing	-	27 875
	49 095 505	**51 282 044**

57. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year subscription / fee	4 067 384	4 870 451
Amount paid - current year	(4 067 384)	(4 870 451)
	-	**-**

PAYE and UIF

Current year subscription / fee	25 488 532	22 753 076
Amount paid - current year	(25 488 532)	(22 753 076)
	-	**-**

Pension and Medical Aid Deductions

Current year subscription / fee	27 380 992	26 192 817
Amount paid - current year	(27 380 992)	(26 192 817)
	-	**-**

Figures in Rand	2022	2021

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

VAT

VAT receivable	20 440 439	16 131 014

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

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr. Mboweni Agrey Ernest	1 880	9 397	11 277
Cllr. Makondo Thomas	3 038	24 516	27 554
Cllr. Dlamini Khanyisa Sylvia	2 361	18 038	20 399
Cllr. Rikhotso Tsakane Idah	4 096	67 642	71 738
	11 375	**119 593**	**130 968**

30 June 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr Mboweni Agrey Ernest	1 846	54 695	56 541
Cllr Chauke Mukhachani Juring	4 170	63 303	67 473
Cllr Shivambu Hasani Richard	2 498	31 376	33 874
Cllr Baloyi Tintswalo Elizabeth	2 963	1 116	4 079
Cllr Makamu Mafakhale Alpjeus	2 429	7 128	9 557
Cllr Shibambu Basani Agnes	1 938	340	2 278
	15 844	**157 958**	**173 802**

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

58. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus (deficit) of 1 241 690 076 and that the municipality's total assets exceed its liabilities by 1 241 690 076.

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.

59. Events after the reporting date

Mr N Mdaka was appointed director for corporate services on the 01 August 2022.

Ms RT Chabalala was appointed as director for community services on the 01 September 2022.

Mr F Nkuna was appointed as the acting CFO on the 15 August 2022.

On the 05 September 2022 the municipal manager Mr M M Chauke was suspended and Ms K V Sithole was since appointed the acting municipal manager on the same day.

Figures in Rand	2022	2021

60. Prior period errors

1. Other financial assets relating to VBS refund of R 10 727 810 was incorrectly reported at the end of 30 June 2021. The refund was supposed to have been reported under events after reporting date note.

2. Water and Sewer payments amounting to R 965 273.35 relating to on hold accounts were incorrectly billed in the prior year.

3. Properties amounting to R 4 808 108 relating to oh hold accounts were incorrectly billed in the prior year.

4. Rental housing, Refuse removal and cemetery with a net movement of R 3 619 980.84 relating to on hold accounts and rental houses which are not in the municipality name were incorrectly billed in the prior years.

5. Investment property amounting to R 245 000 was misclassified as building in the prior year.

6. Buildings of R 245 000 was incorrectly classified as investment property in the prior year. Accumulated depreciations R 268 977 was incorrectly accounted for in the prior years

7. Rent houses that does not belong to the municipality were incorrectly charged property rates with an amount of R 38 595 in the prior years.

8. Deprecation on property, plant and equipment were understated with an amount of R 415 990 in the prior year.

9. Impairment of receivables on rental housing with an amount of R 3 651 600 was reversed due to the houses not belonging to the municipality.

10. Completed project for electrical services amounting to R 8 489 284 were not transferred to Eskom.

11. Commitments on rental of photocopiers, National Treasury transversal contract for procurement of 75 3gs for the municipal officials and National Treasury transversal contract for procurement of 100mbps internet line for the municipal officials were incorrectly disclosed in the prior year.

14. Fruitless and wasteful expenditure, the amount of R 2 183 514 relates to the Free basic electricity that was paid for unqualified beneficiaries in the prior year.

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

60. Prior period errors (continued)

Statement of financial position	As previously reported	Correction of error	Reclassification	Restated
Other financial assets	10 727 810	(10 727 810)	-	-
Receivable from exchange transaction	30 560 859	(965 273)	-	29 595 586
Receivable from non exchange transaction	81 421 463	(4 808 108)	-	76 613 355
Other receivables from exchange transactions	25 001 738	(3 619 990)	-	21 381 748
Investment property	25 935 570	(245 000)	-	25 690 570
Property, plant and equipment	964 026 837	(23 977)	-	964 002 860
	1 137 674 277	**(20 390 158)**	**-**	**1 117 284 119**

Statement of financial performance	As previously reported	Correction of error	Restated
Recoveries	10 727 810	(10 727 810)	-
Rental of facilities and equipment	965 172	(581 820)	383 352
Interest received (overdue accounts)	2 465 564	(396 154)	2 069 410
Property rates	71 229 310	(38 595)	71 190 715
Depreciation and amortisation	(90 353 857)	(415 990)	(90 769 847)
Debt impairment	(45 382 706)	3 651 600	(41 731 106)
Contracted services	(36 400 409)	(8 489 284)	(44 889 693)
General expenses	(56 384 096)	-	(56 384 096)
	(143 133 212)	**(16 998 053)**	**(160 131 265)**

Commitments	As previously reported	Correction of error	Restated
Rental of photocopier machine	2 072 016	397 434	2 469 450
National Treasury transversal contract for procurement of 75 3gs for the municipal officials.	134 000	212 700	346 700
National Treasury transversal contract for procurement of 100mbps interner line for the municipal officials	165 836	140 569	306 405
	2 371 852	**750 703**	**3 122 555**

Fruitless and Wasteful expenditure	2022	2021
Fruitless and wasteful expenditure identified - prior period	-	2 183 514

61. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS

Material differences between budget and actual amounts

A. Rental of facilities

Decline in revenue for rental of facilities is due to removal of certain houses that do not belong to the municipality.

B. Agency Services

This is due to water shortages in Mopani District and it resulted in lower billing for water consumption.

C. Actuarial gains

The actuarial gain is attributable to membership changes due to more exists than expected since the last valuation most notable including nine in service members with an average of 59 years. Subsidy increases lower than assumed.

D. Licence and permits

The use of the service was slow than expected which may be signs of the effect of covid 19.

61. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS (continued)

E. Other income

Services in this category is depended on the demand of services by consumers.

F. Interest on investment

Increase on interest on investment is due to the municipality investing VAT recoveries in the call accounts.

G. Interest on overdue accounts

This was due to the increase on debt owed by the municipality. The payment of the services by consumers was slow.

H. Traffic fines

This was due to more roadblocks and enforcement measures employed by the municipality.

I. Property rates

This was due to the exemptions of churches on billing of property rates.

J. Depreciations

Due to the completion of more projects and acquisition of other assets. Other assets were also discovered on the floor.

K. Impairment loss

It was due to the declassification of assets which were discovered during verification and when performing assessment for impairment.

L. Obsolete inventory written off

Obsolete inventory written off was not budgeted for.

M. Finance costs

Due to the interest portion of the provision of dumping site and interest portion of the execution order relating to a litigation.

N. Debt impairment

Decrease in debt impairment is due to the system allocating payments from old debts to current.

O. Lease rentals on operating lease

Due to the less use of rental of photocopiers which is payable based on the use of such equipment.

P. Repairs and maintenance

This is because of the reclassification from repairs and maintenance vote to WIP (Work in progress) because some of the maintenance was capital in nature.

Q. Loss on assets written off

Due to the pavement milling projects undertaken by the municipality is part of the repairs and maintenance of the municipality infrastructure.

R. General Expenses

There increase in general expenses was due to litigation loss of R 8 140 229, fuel oil due to exponential fuel increase, Increase in legal services, and travelling due to lifting of Covid19 restrictions.

61. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS (continued)

EXPLANATION OF DIFFERENCES BETWEEN APPROVED BUDGET AND FINAL ADJUSTED BUDGET

A. Services charges

Budget was based on the 2020/2021 final figures and CPI for 2021/2022 financial year. Subsequent reconciliation of refuse removal was performed in the period under review where corrective adjustments were processed which in turn increased refuse removal billing.

B. Agency Services

The budget was based on the actual amount the district is owing to the municipality as per the 2020 2021 financial statement but the district failed to pay as promised.

C. Licence & permits

The adjustment budget was based on the actuals for the first six months of the financial year.

D. Other income

The budget was reduced due to the sale of stands that was no longer moving in the first half of the financial year.

E. Interest on Investment

Approved budget was based on the estimates of the 2020 /2021 figures and the municipality ended investing more vat refunds from the call account in the period under review.

F. Traffic fines

The budget was adjusted downward while checking the trend of the first six months.

G. Employee Related costs

The budget was decreased due to the budgeted vacant positions which were not filled for the first six month of the financial year and termination of employment during the first six month.

H. Remuneration of councillors

The budget was reduced during adjustment budget because the determination of upper limits was not received.

I. Depreciations

The budget was reduced during the adjustment budget while checking the actuals for the first six months.

J. Repairs and maintenance

The budget was increased due to the need by the community to maintain roads.

K. Transfer and subsidies

The budget was reduced during the adjustment budget while checking the actuals for the first six months