Greater Giyani Municipality
Audited Annual Financial Statements
for the year ended 30 June 2023

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) of service provisions. The services are referred to as basic services, including water, sanitation and refuse removal.
The following is included in the scope of operation	
Mayor	Cllr T Zitha
Speaker	Cllr AE Mboweni
Chief Whip	Cllr T Makondo
EXCO Member	Cllr NHP Ndaba (Finance)
EXCO Member	Cllr RB Ngunyule - Mabunda (Corporate and Shared Services)
EXCO Member	Cllr TJJ Mabunda (Infrastructure Development)
EXCO Member	Cllr C Baloyi (Planning and Economic Development)
EXCO Member	Cllr GA Maluleke (Water, Sanitation and Energy)
EXCO Member	Cllr TC Manganyi (Health and Social Development)
EXCO Member	Cllr MR Mashale (Public Roads and Transport)
EXCO Member	Cllr TC Zitha (Sports, Recreation, Arts and Culture)
	Cllr RN Sekgobela (Office of the Mayor)
	Cllr M Shiviti (Chairperson of Chairpersons)
	Cllr RE Makondo (MPAC Chairperson)
	Cllr RG Ngunyula (Chairperson of Finance)
	Cllr PT Mokgobi (Chairperson of Corporate and Shared Services)
	Cllr MC Chabalala (Chaiperson of Infrastructure)
	Cllr TE Nkuna (Chairperson of Planning and Economic Development)
	Cllr CS Rikhotso (Chaiperson of Water, Sanitation and Energy)
	Cllr JN Mashele (Chairperson of Health and Social Development)
	Cllr TN Shirinda (Chairperson of Public Roads and Transport)
	Cllr XL Ngobeni (Chairperson of Sports, Recreation, Arts and Culture)
	Cllr NR Shilowa (Chairperson of Ethics Committee)
	Cllr NP Mlambo
	Cllr NS Monyipote
	Cllr VS Makamu
	Cllr MC Machipi
	Cllr SS Mavasa
	Cllr RC Mabunda
	Cllr NN Maswanganyi
	Cllr MA Khosa
	Cllr TE Rikhotso
	Cllr MR Maluleke
	Cllr SS Mathebula
	Cllr S Sambo
	Cllr SC Mahlawule
	Cllr GE Kobane
	Cllr PH Makhuvela
	Cllr TA Mathosi
	Cllr RE Ngoveni
	Cllr KO Maswanganyi
	Cllr P Rikhotso
	Cllr JP Shibambu

General Information

	Cllr L Nkuna Cllr RT Mabunda Cllr E Mahasha Cllr A Rabothata Cllr BA Shibambu Cllr KS Dlamini Cllr MD Hlungwani Cllr ML Chauke Cllr STI Rikhotso Cllr TN Baloyi Cllr S Mongwe (Resigned) Cllr TP Mashaba Cllr PP Mkhari Cllr MS Hlongwane Cllr SM Mhangwane Cllr MJ Nkuna (Resigned) Cllr MP Mathevula (Resigned) Cllr MP Hlungwani (Resigned) Cllr DJ Hlongwane Cllr MM Mathonsi (new) Cllr SR Nkuna (new) Cllr IT Shivambu (new) Cllr KT Ngobeni (new)
Grading of local authority	3
Chief Finance Officer (CFO)	F Nkuna
Accounting Officer	V D Khoza
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)
Level of assurance	These unaudited annual financial statements have been prepared in compliance with the applicable requirements of Generally Recognised Accounting Practice (GRAP) and other applicable legislations.
Preparer	The audited annual financial statements were internally compiled by: F Nkuna (Chief Financial Officer)

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The reports and statements set out below comprise the audited 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 audited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the audited 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 audited annual financial statements and was given unrestricted access to all financial records and related data.

The audited 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 audited 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 audited 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 2024 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 audited 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 audited annual financial statements. The audited annual financial statements have been examined by the municipality's external auditors and their report is presented on page 8.

The audited annual financial statements set out on page 12 to 101, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

V D Khoza
Accounting Officer

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2023.

1. Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

2. Audit committee responsibility

The Audit Committee, consisting of independent outside members, meets at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises.
The table below illustrates the number of meetings held during the 2022/2023 financial year and the attendance thereof by members:

Surname and Intial	Ordinary meeting	Special meeting	Total
Ngobeni SAB	4	2	6
Ramutsheli MP	4	2	6
Sikhosana M	4	2	6
Baloyi N	4	2	6

The contract of the audit committee expired on the 30th of June 2023, and the new committee was appointed from the 01 July 2023.

From July 2023 to August 2023

Surname and Intial	Ordinary meeting	Special meeting	Total
Mhlongo K. (chairperson)	-	1	1
Baloyi N.T	-	1	1
Msesenyana KD	-	1	1
Muthivhi L.J	-	1	1
Mabuza J.M	-	1	1

3. The effectiveness of internal control

Internal control environment system has improved significantly. However, there were several deficiencies in the system of internal control and/or deviations were reported by the internal auditors to the Auditor-General

4. In-Year Management and Monthly/Quarterly Report

The municipality has an effective monthly and quarterly reporting system to the Council as required by the Municipal Finance Management Act (MFMA).

5. Performance Management

The Audit Committe reviewed the functionality of the performance management system and it considers it to be functional, however there is room for improvement in relaation to achievement of planned targets and capacitating the Performance Management Unit.

6. Risk Management

The Audit Committe is of the opinion that municipality’s risk management was effective for the year in material respect, and the municipality implemented a comprehensive risk management strategy and related policies. Management has followed a sound and effective approach in developing strategic risk management plans and they appreciate the impact of the municipality’s risk management framework on the control environment. However, there is room for improvement in the implementation of a hotline as part of fraud prevention strategy.

Audit Committee Report

7. Compliance with laws and regulations

A number of non-compliance with the enabling laws and regulations were revealed by Audit Committee, AGSA, and Internal Audit during the year. Consequently, an establishment of an effective system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance is key.

8. Internal Audit

The Audit Committee is satisfied with the effectiveness of Internal Audit and commend Management and Council for capacitating this unit.

9. Progress in implementation of Internal Audit and AGSA findings from prior year

AGSA and Internal Audit recommendations were not fully implemented by management at the time of this report.

10. Implementations of Audit Committee Recommendations by management

A material number of Audit Committee recommendations to management were implemented which is commendable.

11. Conclusion

The Audit Committee wishes to acknowledge the commitment from Council, management and staff of the municipality. The stability in terms of the political and administrative leadership of the municipality has contributed to these improvements reported above. We would also like to thank the Mayor for her support, Councilors, senior management for their efforts and internal audit for their contribution.

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Outgoing Chairperson of the Audit Committee Greater Giyani Municipality

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

31 August 2023

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2023.

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) of service provisions. the services are referred to as basic services, including water, sanitation and refuse removal.

The operating results and state of affairs of the municipality are fully set out in the attached audited 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 2023, the municipality had an accumulated surplus of R 1 293 075 064 and that the municipality's total assets exceed its liabilities by R 1 293 075 064.

The audited 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

Street lights - the municipality appointed a contractor to install energey saving street light on R81 road. The project started just before year-end and this resulted in the old street lights being removed to install the new ones.

Mayoral Chain - on the council of the 28th July 2023, the mayoral chain was damaged which resulted in it being impaired as it requires a major repair.

The municality has appointed the new Audit Committee members as the contract of the old committee members expired on 30 June 2023.

On the 18th of August 2023, the Minister published the “Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils”. The salary, allowances and benefits of Greater Giyani Municipality (GGM) should be determined by the resolution of (GGM) Council in consultation with the Provincial Government Member of the Executive Council (MEC) of Cooperative Government Human Settlement and Traditional Affairs (CoGHSTA).

4. Accounting Officer

The municipality had three Accounting Officers during the 2022/23 financial year. Mr MM Chauke was the Accounting Officer until the 5th Septermber 2022 when he was suspended. Ms KV Sithole acted as an Accounting Officer from 05 September 2022 until 31 May 2023 when the municipality appointed a new Accounting Officer. Mr VD Khoza was appointed on a five year term as an AO from 01 June 2023.

5. Auditors

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

The audited annual financial statements set out on page 12 to 99, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

V D Khoza
Accounting Officer

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	9	33 043 090	33 038 033
Other financial assets	7	-	-
Receivables from exchange transactions	10	32 099 563	11 984 307
Receivables from non-exchange transactions	11	44 148 641	94 672 648
VAT receivable	12	15 904 882	20 440 439
Other receivables from exchange transactions	13	9 905 906	34 463 319
Cash and cash equivalents	14	248 096 278	220 050 953
		383 198 360	**414 649 699**
Non-Current Assets			
Investment property	3	26 234 421	25 599 820
Property, plant and equipment	4	1 091 178 641	992 505 232
Intangible assets	5	996 253	901 273
Heritage assets	6	206 303	206 303
		1 118 615 618	**1 019 212 628**
Total Assets		**1 501 813 978**	**1 433 862 327**
Liabilities			
Current Liabilities			
Payables from exchange transactions	18	112 569 600	105 303 886
Employee benefit obligation	8	1 525 000	870 000
Unspent conditional grants and receipts	15	3 758 762	10 591 733
Rehabilitation of dumping-site	17	5 473 837	4 568 091
Deferred income	16	24 792 248	23 121 083
		148 119 447	**144 454 793**
Non-Current Liabilities			
Employee benefit obligation	8	22 719 000	24 020 000
Rehabilitation of dumping-site	17	37 900 467	36 772 098
		60 619 467	**60 792 098**
Total Liabilities		**208 738 914**	**205 246 891**
Net Assets		**1 293 075 064**	**1 228 615 436**
Accumulated surplus		1 293 075 064	1 228 615 436
Total Net Assets		**1 293 075 064**	**1 228 615 436**

* See Note 64 & 62

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	8 526 324	8 209 455
Rental of facilities and equipment	21	445 756	103 253
Interest received on overdue accounts (service services)	22	3 283 704	2 903 025
Agency services	23	650 644	828 674
Licences and permits	24	7 109 523	6 755 367
Recoveries	25	-	10 727 810
Actuarial gains	26	4 470 000	2 781 000
Other income	27	1 906 857	1 078 356
Interest on investment	28	17 351 270	8 150 056
Debt impairment reversal	29	12 607 391	-
Total revenue from exchange transactions		**56 351 469**	**41 536 996**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	30	72 851 950	67 330 570
Traffic fines	31	1 222 834	1 262 056
Interest-overdue accounts (property rates)	32	32 418 395	26 411 594
Transfer revenue			
Government grants & subsidies	33	471 604 290	407 340 942
Donations received	34	13 871 397	-
Total revenue from non-exchange transactions		**591 968 866**	**502 345 162**
Total revenue	19	**648 320 335**	**543 882 158**
Expenditure			
Employee related costs	35	(170 585 180)	(161 442 407)
Remuneration of councillors	36	(26 142 426)	(24 671 985)
Depreciation and amortisation	38	(91 077 377)	(96 385 159)
Impairments loss	37	(1 852 217)	(1 786 619)
Finance costs	39	(4 568 091)	(6 670 136)
Lease rentals on operating lease	40	(1 910 539)	(1 906 274)
Debt Impairment	41	(117 278 267)	(14 593 255)
Contracted services	42	(68 044 372)	(73 045 488)
Transfers and Subsidies	43	(1 600 000)	(600 000)
Loss on assets written off	44	(4 205 555)	(10 142 256)
Damaged and Obsolete inventory written off	46	(16 395)	(19 736)
Repairs and maintenance	47	(7 371 294)	(6 011 408)
General expenses	45	(89 208 996)	(70 048 112)
Total expenditure		**(583 860 709)**	**(467 322 835)**
Surplus for the year		**64 459 626**	**76 559 323**

* See Note 64 & 62

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 163 974 118	1 163 974 118
Adjustments		
Correction of errors 62	(11 918 005)	(11 918 005)
Balance at 01 July 2021 as restated*	**1 152 056 113**	**1 152 056 113**
Changes in net assets		
Surplus for the year	76 559 323	76 559 323
Total changes	76 559 323	76 559 323
Restated* Balance at 01 July 2022	**1 228 615 438**	**1 228 615 438**
Changes in net assets		
Surplus for the year	64 459 626	64 459 626
Total changes	64 459 626	64 459 626
Balance at 30 June 2023	**1 293 075 064**	**1 293 075 064**

Note(s)

* See Note 64 & 62

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from customers		45 637 610	93 177 897
Grants		464 771 319	417 932 675
Interest income		53 053 369	8 150 056
Other Income		1 906 857	-
		565 369 155	519 260 628
Payments			
Employee costs		(190 895 326)	(177 916 460)
Suppliers		(131 586 378)	(157 491 234)
Finance costs		-	(6 670 136)
		(322 481 704)	(342 077 830)
Net cash flows from operating activities	49	**242 887 451**	**177 182 798**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(211 457 203)	(133 544 555)
Proceeds from sale of property, plant and equipment	4	-	158 333
Purchase of other intangible assets	5	(3 384 923)	(3 157 031)
Net cash flows from investing activities		**(214 842 126)**	**(136 543 253)**
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**28 045 325**	**40 639 545**
Cash and cash equivalents at the beginning of the year		220 050 953	179 411 408
Cash and cash equivalents at the end of the year	14	**248 096 278**	**220 050 953**

* See Note 64 & 62

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	11 100 000	(2 150 000)	**8 950 000**	8 526 324	**(423 676)**	
Rental of facilities and equipment	855 000	(190 000)	**665 000**	445 756	**(219 244)**	A
Interest received (overdue accounts) other services	2 955 035	350 160	**3 305 195**	3 283 704	**(21 491)**	
Debt impairment reversal	-	-	**-**	12 607 391	**12 607 391**	
Agency services	7 855 981	(2 255 981)	**5 600 000**	650 644	**(4 949 356)**	B
Licences and permits	7 900 000	(180 000)	**7 720 000**	7 109 523	**(610 477)**	
Actuarial gains	-	-	**-**	4 470 000	**4 470 000**	
Other income	11 832 380	(6 523 300)	**5 309 080**	1 906 857	**(3 402 223)**	C
Interest received - investment	9 005 790	2 627 598	**11 633 388**	17 351 270	**5 717 882**	D
Gains	-	100 000	**100 000**	-	**(100 000)**	E
Total revenue from exchange transactions	**51 504 186**	**(8 221 523)**	**43 282 663**	**56 351 469**	**13 068 806**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	79 881 822	(4 557 454)	**75 324 368**	72 851 950	**(2 472 418)**	
Traffic fines	550 000	(185 000)	**365 000**	1 222 834	**857 834**	F
Interest received (overdue accounts) property rates	19 434 394	2 000 000	**21 434 394**	32 418 395	**10 984 001**	G
Transfer revenue						
Government grants & subsidies	448 793 000	23 095 245	**471 888 245**	471 604 290	**(283 955)**	
Public contributions and donations	-	-	**-**	13 871 397	**13 871 397**	
Total revenue from non-exchange transactions	**548 659 216**	**20 352 791**	**569 012 007**	**591 968 866**	**22 956 859**	
Total revenue	**600 163 402**	**12 131 268**	**612 294 670**	**648 320 335**	**36 025 665**	
Expenditure						
Employee costs	(189 700 725)	23 559 574	**(166 141 151)**	(170 585 180)	**(4 444 029)**	
Remuneration of councillors	(24 024 710)	(908 034)	**(24 932 744)**	(26 142 426)	**(1 209 682)**	
Depreciation and amortisation	(91 000 000)	-	**(91 000 000)**	(91 077 377)	**(77 377)**	
Impairment loss/ Reversal of impairments	-	-	**-**	(1 852 217)	**(1 852 217)**	H
Finance costs	-	-	**-**	(4 568 091)	**(4 568 091)**	
Lease rentals on operating lease	(2 900 000)	936 464	**(1 963 536)**	(1 910 539)	**52 997**	
Debt Impairment	(29 000 000)	-	**(29 000 000)**	(117 278 267)	**(88 278 267)**	I
Contracted Services	(95 193 056)	(15 836 392)	**(111 029 448)**	(68 044 372)	**42 985 076**	J
Transfers and Subsidies	(1 000 000)	(200 000)	**(1 200 000)**	(1 600 000)	**(400 000)**	K
Obsolete inventory written off	-	-	**-**	(16 395)	**(16 395)**	L
Repairs and maintenance	(52 700 000)	(21 950 000)	**(74 650 000)**	(7 371 294)	**67 278 706**	M
Loss on disposal of assets	-	-	**-**	(4 205 555)	**(4 205 555)**	O
General Expenses	(63 092 484)	556 773	**(62 535 711)**	(89 208 996)	**(26 673 285)**	P
Total expenditure	**(548 610 975)**	**(13 841 615)**	**(562 452 590)**	**(583 860 709)**	**(21 408 119)**	

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
Surplus before taxation	**51 552 427**	**(1 710 347)**	**49 842 080**	**64 459 626**	**14 617 546**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**51 552 427**	**(1 710 347)**	**49 842 080**	**64 459 626**	**14 617 546**	

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	23 370 103	(1 482 070)	**21 888 033**	33 043 090	**11 155 057**	
Receivables from exchange transactions	-	-	**-**	32 099 563	**32 099 563**	
Receivables from non-exchange transactions	-	-	**-**	44 148 641	**44 148 641**	
VAT receivable	-	-	**-**	15 904 882	**15 904 882**	
Other receivables from exchange transactions	102 993 702	247 039 570	**350 033 272**	9 905 906	**(340 127 366)**	
Cash and cash equivalents	131 313 245	71 330 191	**202 643 436**	248 096 278	**45 452 842**	
	257 677 050	**316 887 691**	**574 564 741**	**383 198 360**	**(191 366 381)**	
Non-Current Assets						
Investment property	25 935 570	(335 750)	**25 599 820**	26 234 421	**634 601**	
Property, plant and equipment	2 179 912 490	(1 037 273 913)	**1 142 638 577**	1 091 335 028	**(51 303 549)**	
Intangible assets	2 015 267	8 059 048	**10 074 315**	996 253	**(9 078 062)**	
Heritage assets	206 303	-	**206 303**	206 303	**-**	
	2 208 069 630	**(1 029 550 615)**	**1 178 519 015**	**1 118 772 005**	**(59 747 010)**	
Total Assets	**2 465 746 680**	**(712 662 924)**	**1 753 083 756**	**1 501 970 365**	**(251 113 391)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	(139 610 975)	254 872 378	**115 261 403**	112 569 601	**(2 691 802)**	
Employee benefit obligation	-	-	**-**	1 525 000	**1 525 000**	
Unspent conditional grants and receipts	-	-	**-**	3 758 762	**3 758 762**	
Rehabilitation of dumping-site	1 091 000	-	**1 091 000**	5 473 837	**4 382 837**	
Deferred income	-	-	**-**	24 792 248	**24 792 248**	
	(138 519 975)	**254 872 378**	**116 352 403**	**148 119 448**	**31 767 045**	
Non-Current Liabilities						
Employee benefit obligation	22 000 000	-	**22 000 000**	22 719 000	**719 000**	
Rehabilitation of dumping-site	37 465 286	-	**37 465 286**	37 900 467	**435 181**	
	59 465 286	**-**	**59 465 286**	**60 619 467**	**1 154 181**	
Total Liabilities	**(79 054 689)**	**254 872 378**	**175 817 689**	**208 738 915**	**32 921 226**	
Net Assets	**2 544 801 369**	**(967 535 302)**	**1 577 266 067**	**1 293 231 450**	**(284 034 617)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2 544 801 369	(967 535 302)	**1 577 266 067**	1 293 231 450	**(284 034 617)**	

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	83 582 454	(12 619 904)	**70 962 550**	45 637 610	**(25 324 940)**	
Grants	448 793 000	23 095 253	**471 888 253**	464 771 319	**(7 116 934)**	
Interest income	9 005 790	38 905 745	**47 911 535**	53 053 369	**5 141 834**	
Other income	-	-	**-**	1 906 857	**1 906 857**	
	541 381 244	**49 381 094**	**590 762 338**	**565 369 155**	**(25 393 183)**	
Payments						
Employee costs	(213 725 435)	22 651 540	**(191 073 895)**	(190 895 326)	**178 569**	
Suppliers	(215 885 540)	(63 626 783)	**(279 512 323)**	(131 586 378)	**147 925 945**	
	(429 610 975)	**(40 975 243)**	**(470 586 218)**	**(322 481 704)**	**148 104 514**	
Net cash flows from operating activities	**111 770 269**	**8 405 851**	**120 176 120**	**242 887 451**	**122 711 331**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(148 172 229)	5 049 222	**(143 123 007)**	(211 457 203)	**(68 334 196)**	
Proceeds from disposal of assets	-	100 000	**100 000**	-	**(100 000)**	
Purchase of intangible assets	-	-	**-**	(3 384 923)	**(3 384 923)**	
Net cash flows from investing activities	**(148 172 229)**	**5 149 222**	**(143 023 007)**	**(214 842 126)**	**(71 819 119)**	
Net increase/(decrease) in cash and cash equivalents	(36 401 960)	13 555 073	**(22 846 887)**	28 045 325	**50 892 212**	
Cash and cash equivalents at the beginning of the year	220 050 953	-	**220 050 953**	220 050 953	**-**	
Cash and cash equivalents at the end of the year	**183 648 993**	**13 555 073**	**197 204 066**	**248 096 278**	**50 892 212**	

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	242 887 451	(214 842 126)	-	220 050 953	248 096 278
	(149 320 484)	(73 177 005)	-	(40 639 545)	116 783 024

Accounting Policies

Figures in Rand	Note(s)	2023	2022

1. Presentation of Audited Annual Financial Statements

The audited 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 audited 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 audited annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These audited 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 audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited 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 audited 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.

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.

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 - 15 years
• Ordinary motor vehicles		5 - 10 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 (Center)		20 - 30 years
• Libraries		25 -30 years
• Parks		30 years
• Sports and related stadiums		20 - 30 years
• Tennis courts		25 -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		5 - 20 years
• Traffic lights		20 years
• Traffic islands		20 years
• Streets lights		20 - 25 years
• Storm water drains		10 - 80 years
• Bridges, subways and culverts		30 - 80 years
• Car parks		20 years
• Bus terminals		20 years
• Bulk refuse containers (skips)		5 - 10 years
• Household refuse bins		5 - 15 years
• Fire horses		5 - 15 years
• Other fire fighting equipments		5 - 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

Accounting Policies

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).

Accounting Policies

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 on uncollectable 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.

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.

Accounting Policies

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 audited annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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.

Accounting Policies

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.

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.

Accounting Policies

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).

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 audited 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 (-)

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 2023 or later periods:

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB’s Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:
- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An municipality applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2025.

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

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 2023 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.

Notes to the Audited Annual Financial Statements

2. Changes in estimate (continued)

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 audited 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).

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 audited 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:

Notes to the Audited Annual Financial Statements

2. Changes in estimate (continued)

- 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 audited annual financial statements.

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

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 audited 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.

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.

Notes to the Audited Annual Financial Statements

2. Changes in estimate (continued)

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 audited annual financial statements.

Notes to the Audited Annual Financial Statements

Figures in Rand

3. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	26 924 976	(690 555)	26 234 421	26 199 580	(599 760)	25 599 820

Reconciliation of investment property 30 June 2023

	Opening balance	Additions through donations	Depreciation	Total
Investment property	25 599 820	725 396	(90 795)	26 234 421

Reconciliation of investment property - 30 June 2022

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

Figures in Rand	2023	2022

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.

4. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	43 416 035	-	43 416 035	30 270 035	-	30 270 035
Buildings	159 654 932	(34 184 880)	125 470 052	141 561 751	(29 811 500)	111 750 251
Plant and machinery	49 446 863	(15 735 932)	33 710 931	36 044 366	(12 785 597)	23 258 769
Furniture and fixtures	7 964 610	(2 876 712)	5 087 898	7 044 205	(2 237 534)	4 806 671
Motor vehicles	19 404 539	(10 995 123)	8 409 416	17 620 929	(9 192 212)	8 428 717
Office equipment	1 344 382	(860 369)	484 013	1 016 882	(733 479)	283 403
IT equipment	10 030 278	(5 629 104)	4 401 174	9 722 552	(4 466 459)	5 256 093
Infrastructure	1 173 560 535	(551 683 157)	621 877 378	1 110 011 218	(499 884 931)	610 126 287
Community	274 689 920	(31 744 991)	242 944 929	223 905 642	(28 115 190)	195 790 452
Electricity projects	3 144 704	-	3 144 704	-	-	-
Air conditioners	3 919 895	(1 687 784)	2 232 111	3 757 126	(1 222 572)	2 534 554
Total	**1 746 576 693**	**(655 398 052)**	**1 091 178 641**	**1 580 954 706**	**(588 449 474)**	**992 505 232**

Notes to the Audited Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2023

	Opening balance	Additions	Additions through donation	WIP	Assets written off	Derecognition	Depreciation	Impairment loss	Total
Land	30 270 035	-	13 146 000	-	-	-	-	-	43 416 035
Buildings	111 750 251	419 218	-	17 673 695	-	-	(4 372 896)	(216)	125 470 052
Plant and machinery	23 258 769	13 423 845	-	-	(896)	-	(2 966 545)	(4 242)	33 710 931
Furniture and fittings	4 806 671	920 406	-	-	-	-	(639 179)	-	5 087 898
Motor vehicles	8 428 717	1 783 610	-	-	-	-	(1 513 540)	(289 371)	8 409 416
Office equipment	283 403	327 500	-	-	-	-	(126 890)	-	484 013
IT equipment	5 256 093	333 150	-	-	(8 475)	-	(1 178 013)	(1 581)	4 401 174
Infrastructure	610 126 287	-	-	90 243 948	(32 045)	(4 131 340)	(72 885 670)	(1 443 802)	621 877 378
Community	195 790 452	-	-	50 824 278	(16 150)	-	(3 543 391)	(110 260)	242 944 929
Electricity projects	-	-	-	3 144 704	-	-	-	-	3 144 704
Air conditioners	2 534 554	187 200	-	-	(16 651)	-	(470 249)	(2 743)	2 232 111
	992 505 232	**17 394 929**	**13 146 000**	**161 886 625**	**(74 217)**	**(4 131 340)**	**(87 696 373)**	**(1 852 215)**	**1 091 178 641**

Capitalisation of Electrified Village

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.

Notes to the Audited Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2022

	Opening balance	Additions	Disposals	WIP	Derecognition	Depreciation	Impairment loss	Loss on written off	Total
Land	30 270 035	-	-	-	-	-	-	-	30 270 035
Buildings	109 574 374	-	-	6 608 108	-	(4 376 831)	(29 236)	(26 164)	111 750 251
Plant and machinery	18 590 073	7 005 302	-	-	-	(2 296 372)	-	(40 234)	23 258 769
Furniture and fixtures	5 476 957	-	-	-	-	(655 890)	(509)	(13 887)	4 806 671
Motor vehicles	9 168 248	706 624	-	-	-	(1 430 661)	-	(15 494)	8 428 717
Office equipment	421 382	-	-	-	-	(137 968)	-	(11)	283 403
IT equipment	4 895 124	1 710 067	(158 332)	-	-	(1 125 269)	(9 016)	(56 481)	5 256 093
Infrastructure	604 341 575	-	-	95 560 196	(5 087 384)	(79 208 095)	(1 736 715)	(3 743 290)	610 126 287
Community	178 618 571	-	-	21 654 888	-	(3 402 372)	(7 477)	(1 073 158)	195 790 452
Air conditioners	3 025 020	-	-	-	-	(458 536)	(3 666)	(28 264)	2 534 554
	964 381 359	**9 421 993**	**(158 332)**	**123 823 192**	**(5 087 384)**	**(93 091 994)**	**(1 786 619)**	**(4 996 983)**	**992 505 232**

Capitalisation of Electrified Villages

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)

4.1 Assets written off

During the year all the followig assets were written off:

Assets written off 30 June 2023	Cost	Accumuated depreciation	Accumulated impairment	Carrying Value
Plant and machinery	21 348	(20 452)	-	896
IT Equipment	25 424	(16 949)	-	8 475
Infrastructure	251 210	(161 879)	(57 285)	32 046
Community	40 000	(21 558)	(2 292)	16 150
AIrconditioners	24 959	(8 308)	-	16 651
	362 941	**(229 146)**	**(59 577)**	**74 218**

4.2 Assets impaired

During the financial year the following assets were impaired as follows:

Reconciliation of assets impaired of 30 June 2023	Carrying Value	Deemed Replacement Cost	Impairment Loss
Buildings	2 165	(1 948)	217
Community	931 837	(821 577)	110 260
Infrastructure	2 588 029	(1 144 228)	1 443 801
Airconditioners	10 303	(7 560)	2 743
IT Equipment	3 775	(2 194)	1 581
Motor vehicle	379 080	(89 708)	289 372
Plant and machinery	5 864	(1 622)	4 242
	3 921 053	**(2 068 837)**	**1 852 216**

4.3 Derecognised Assets

During the financial year the following assets were derecognised as follows at carrying value.

Reconciliation of Derecognised Assets 30 June 2023	Cost	Accumulated Depreciation	Accumulated Impairment	Carrying Value
Infrastructure	26 443 421	(22 017 733)	(294 348)	4 131 340

4.4 Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Included within Electricity Projects	Total
Restated Opening balance	54 520 800	119 663 799	12 431 648	-	186 616 247
Additions/capital expenditure	87 898 632	50 824 278	18 093 181	35 320 353	192 136 444
Transferred to completed items	(71 355 045)	(35 005 211)	(419 486)	(32 175 649)	(138 955 391)
	71 064 387	**135 482 866**	**30 105 343**	**3 144 704**	**239 797 300**

Figures in Rand	2023	2022

4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community Assets	Included within Other PPE	Included within Electricity Projects	Restated Opening Balance
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)
Correction of prior period error	(133 432)	-	-	-	(133 432)
	54 520 801	**119 663 799**	**12 431 648**	**-**	**186 616 248**

Included in the Work In Progess is halted projects

List of 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
	34 484 167	**34 484 167**

The halted projects were assesed for impairment and no impairment was recognised.

Reasons for project being halted:

A. Development of Section E sports Centre

There are items that were completed in the first phase, however due to scope creep, the available budget could not complete the whole project. The project is planned to be completed through own funding, implementation will be in 2024/25 FY. However there is an opportunity presented by Department of Sport, Arts and Culture to fund the project to complete all the outstanding items.

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:

The community has resolved to have the project reinstated and refurbish the outstanding items. Greater Giyani Municipality has put allocated budget to resume with the project, to refurbish the combi courts and ablution facilities and construction of the clear view boundary wall.

D. Refurbishment of Sporting Facilities (Gawula):

The project was affected by scope creep which resulted on the over-expenditure of allocated project budget to complete the scope of work. There is still an outstanding scope to complete the project, and some items that were constructed have dilapidated. The municipality has a budget for 2023/24FY to resume the project and a memo to re-appoint the service providers has been developed.

Notes to the Audited Annual Financial Statements

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5. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	13 059 237	(12 062 984)	996 253	9 674 315	(8 773 042)	901 273

Reconciliation of intangible assets - 30 June 2023

	Opening balance	Additions	Amortisation	Total
Computer software	901 273	3 384 923	(3 289 943)	996 253

Reconciliation of intangible assets - 30 June 2022

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

6. Heritage assets

	2023			2022		
	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 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

6. Heritage assets (continued)

	Opening balance	Total
Council Related Assets	206 303	206 303

Reconciliation of heritage assets 30 June 2022

	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 be FAIR in terms of 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.

Subsequent Event

Nature of the event - On the Coucil of the 28 July 2023, the Mayoral chain was damaged

Estimate of impairment - Considering the nature of the asset, the market value could not be realibly estimated for impairment due to its speciality at the thime of reporting.

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

7. Other financial assets

VBS Investments	148 534 882	148 534 882
Impairment on VBS investment	(148 534 882)	(148 534 882)
	-	-

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 receipt of R10 727 810 during the month of February 2022 through the bank liquidator, the status has since not changed. The municipality has since reviewed impairment as a result of the payment received.

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

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

8. Employee benefit obligations

Defined benefit plan

The effective date of the valuation is 30 June 2023 (the “Valuation Date 30 June 2023).

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 5 277.38 for the year ending 30 June 2023. The maximum subsidy amount has been assumed to increase in the future at 5.77% 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	Year ending 30/06/2023
Opening accrued liability	16 504 209	18 884 884	14 421 000	16 755 000	16 968 000
Current service cost	928 478	1 233 262	832 000	1 164 000	1 325 000
Interest cost	1 633 917	2 020 683	1 639 000	1 798 000	2 009 000
Actuarial loss/(gain)	(181 720)	(7 717 829)	(137 000)	(2 749 000)	(4 069 000)
Closing accrued liability	**18 884 884**	**14 421 000**	**16 755 000**	**16 968 000**	**16 233 000**

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

Discount rate	12,59%	11,84%
Health care cost inflation rate	8,19%	8,45%
Maximum subsidy inflation rate	5,96%	5,96%
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 2024 of 5.4% as per the SALGBC Circular No.: 01/2023. 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)	(401 000)
Closing accrued liability	**4 891 500**	**5 434 000**	**5 891 000**	**6 377 000**	**6 418 000**

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

8. Employee benefit obligations (continued)

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

Non-current liabilities	(22 719 000)	(24 020 000)
Current liabilities	(1 525 000)	(870 000)
	(24 244 000)	**(24 890 000)**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,26 %	11,08 %
General earnings inflation rate	6,54 %	7,32 %
Expected increase in salaries	5,40 %	4,90 %

9. Inventories

Consumable stores	1 958 090	1 953 033
Stands	31 085 000	31 085 000
	33 043 090	**33 038 033**

Inventory Reconciliation

Opening balance	33 038 033	33 870 103
Add: purchases for the year	10 675 950	7 723 825
Less: consumables for the year	(8 124 910)	(7 364 170)
Less: inventory on hand (Mopani District Municipality)	(2 529 588)	(1 172 289)
Less: damaged and obsolete inventory written off	(16 395)	(19 436)
Closing balance	**33 043 090**	**33 038 033**

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.

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

10. Receivables from exchange transactions

Inter Municipal Account (Mopani District Municipality)	22 591 467	4 998 660
Agency fee (Mopani District Municipality)	6 575 276	5 924 632
Sundry receivables	4 173 221	4 173 221
Prepaid expenses	86 385	-
Accrued interest receivables	2 036 605	392 600
Sundry receivables-Provision for doubtful debts	(3 602 953)	(3 602 953)
Staff receivables	235 328	91 461
Payroll debtors	4 234	6 686
	32 099 563	**11 984 307**

Include in sundry debtors of R 4 173 221 is (R 3 596 58) which relates to sale of stands through an auction during 2009. The balance in this attorneys trustaccount is unknown. Due to the dispute with the auctioneer, the outstanding amount was never paid to the Municipality and as a result, it was provided for in full based on the credit control policy and Free basic electricity debtors who benefited illegally in the prior years.

An amount of R 137 558.88 under sundry debtors is under investigation since they are not in the FBE Register

Staff receivables of R 235 328 relate to the overpayment of salaries to the councilors and employees. The amount is supposed to be paid back to the Municipality by the councilors. This is as per the council resolution taken by the Greater Giyani Municipal Council.

Reconciliation for Intermunicipal account - MDM

Inter municipal Account Reconciliation - Mopani District Municipality	-	-
Accumulated Surplus - MDM	70 105 666	47 868 059
Revenue - Water	9 960 485	14 244 118
Revenue - Sewerage	3 821 308	3 647 376
Revenue - Interest	12 961 979	11 390 342
Water and Sewerage connections	27 246	26 207
Overheads -Employee related costs	(5 090 745)	(5 960 082)
Overheads - Operational expenditure	(1 329 653)	(1 257 576)
Gains and losses on provisions	(196 559)	147 670
Accounts Receivable - Water	(118 777 697)	(114 700 280)
Accounts Receivables - Sewerage	(28 214 862)	(25 779 341)
Account Receivable - Interest	(91 969 478)	(62 093 296)
Inventory	(2 529 588)	(1 172 289)
Provision for doubtful debts	128 640 432	128 640 432
Inter municipal balance as at year end	**(22 591 466)**	**(4 998 660)**

11. Receivables from non-exchange transactions

Consumer debtors-Traffic Fines	26 419 537	25 306 457
Consumer debtors- Rates	300 176 815	245 689 635
Debtors with credit balances (rates)	4 003 232	3 622 880
Sundry receivables	-	19 881 203
Provision for impairment- Traffic fines	(26 434 564)	(25 145 134)
Provision for impairment- Consumer debtors	(260 016 379)	(174 682 393)
	44 148 641	**94 672 648**

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.

Subsequently the municpality has written off sundry debtors with permission from the council in the year under review.

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

11. Receivables from non-exchange transactions (continued)

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

Opening balance	(199 827 527)	(189 455 945)
Provision for impairment - consumer debtors	(85 333 986)	(9 389 032)
Provision for impairment - traffic fines	(1 289 430)	(982 550)
	(286 450 943)	**(199 827 527)**

Age analysis for debtors with credit balances - rates

Current (0-30 days)	(251 111)	(73 862)
31-60 days	(935 245)	(617 069)
61-90 days	(36 234)	(63 001)
91-120 days	(1 511)	(479 347)
121-365 days	(39 758)	(740 371)
>365 days	(2 739 373)	(1 649 228)
	(4 003 232)	**(3 622 878)**

Age Analysis for Rates

Current (0-30 days)	8 635 196	7 925 166
31-60 days	6 361 511	6 731 658
61-90 days	7 197 618	6 560 853
91-120 days	6 440 364	5 500 133
121-365 days	6 099 492	4 987 346
>365 days	265 442 634	213 984 479
	300 176 815	**245 689 635**

12. VAT receivable

VAT	15 904 882	20 440 439

13. Other receivables from exchange transactions

Gross balances

Debtors with credit balances	1 789 875	1 916 091
Refuse	57 773 729	48 717 121
Housing rental	583 344	2 609 108
Cemeteries	2 400 924	15 815 505
	62 547 872	**69 057 825**

Less: Allowance for impairment

Refuse	(50 056 966)	(32 659 767)
Housing rental	(505 297)	(381 063)
Cemeteries	(2 079 703)	(1 553 676)
	(52 641 966)	**(34 594 506)**

Net balance

Debtors with credit balances	1 789 875	1 916 091
Refuse	7 716 763	16 057 354
Housing rental	78 047	2 228 045
Cemeteries	321 221	14 261 829
	9 905 906	**34 463 319**

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

13. Other receivables from exchange transactions (continued)

Cemeteries		
Current (0 -30 days)	32 117	29 004
31 - 60 days	35 545	30 995
61 - 90 days	33 193	30 244
91 - 120 days	34 325	32 764
121 - 365 days	33 083	33 178
> 365 days	2 232 661	2 131 526
	2 400 924	**2 287 711**

Refuse		
Current (0 -30 days)	1 277 649	1 077 238
31 - 60 days	968 944	1 027 623
61 - 90 days	1 087 014	934 659
91 - 120 days	1 024 491	799 636
121 - 365 days	1 044 993	1 022 823
> 365 days	52 448 428	43 855 142
	57 851 519	**48 717 121**

Housing rental		
Current (0 -30 days)	6 147	42 050
31 - 60 days	6 359	41 814
61 - 90 days	6 879	41 391
91 - 120 days	2 556	40 930
121 - 365 days	(1 314)	41 598
> 365 days	562 717	363 077
	583 344	**570 860**

Debtors with credit balances		
Current (0 -30 days)	(33 546)	(118 222)
31 - 60 days	(137 990)	(18 703)
61 - 90 days	(6 624)	(59 345)
91 - 120 days	(23 895)	529 575
121 - 365 days	(52 722)	(781 125)
> 365 days	(1 535 098)	(1 468 271)
	(1 789 875)	**(1 916 091)**

Reconciliation of allowance for impairment of consumer debtors

Opening balance	(34 594 506)	(30 372 834)
Refuse removal	(17 397 199)	(12 543 149)
House rental	(124 235)	261 264
Cemetery	(526 027)	8 060 213
	(52 641 967)	**(34 594 506)**

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	248 013 459	219 962 630
Other cash and cash equivalents	82 819	88 323
	248 096 278	**220 050 953**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
ABSA - Current Account - 4077078193 (Main Account)	47 163 556	71 175 907	65 719 594	44 841 634	71 457 309	65 791 133
ABSA - Current Account - 4077078486 (Salaries Account)	1 610 849	2 296 095	1 676 111	1 610 490	2 347 724	1 676 111
ABSA - Call Deposit - 4078155655	45 535 038	42 964 190	41 641 612	45 535 038	43 108 973	41 641 612
ABSA - Current Account - 4093302071 (Traffic Account)	4 509 089	4 315 531	4 114 323	4 509 869	4 319 248	4 114 323
ABSA - Call Deposit - 4078155744	151 516 427	98 398 398	66 099 806	151 516 428	98 729 376	66 099 806
Total	**250 334 959**	**219 150 121**	**179 251 446**	**248 013 459**	**219 962 630**	**179 322 985**

Included in the balance for cash and cash equivalent, there is a balance of R 21 181 061 (2023) and R 17 378 790 (2022) collected on behalf of Mopani District Municipality for water and sanitation transactions.

15. Unspent conditional grants and receipts

Balance at the beginning of the year	10 591 732	-
Additions during the year	112 280 000	97 356 000
Income recognition during the year	(119 112 972)	(86 764 268)
	3 758 760	**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.

The total unspend conditional grant consist of MIG R 258 759 and MDRG R 3 500 000.

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

16. Deferred income

From the 2020/2021 financial year to the year under review the Municipality has sold stands/sites but the transfer of ownership of the stands to the customers has not been finalised with Deeds Registration office. As a result he income received is still deferred pending the finalising of the transfer.

Deferred income - sale of stands	24 792 248	23 121 083

Reconciliation of stand sold		
Opening balance	23 121 406	19 769 035
Stands sold during the year	1 636 820	3 285 076
Balances from prior year	85 584	66 972
Refunds	(51 562)	-
	24 792 248	**23 121 083**

17. Rehabilitation of dumping-site

Reconciliation of rehabilitation of dumping-site - 30 June 2023

	Opening Balance	Interest costs	Change in discount factor	Total
Rehabilitation of dumping-site	41 340 189	4 568 091	(2 533 976)	43 374 304

Reconciliation of rehabilitation of dumping-site - 30 June 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

	2023	2022
Non-current liabilities	37 900 467	36 772 098
Current liabilities	5 473 837	4 568 091
	43 374 304	**41 340 189**

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 2023 discounted value of the dumping site closure provision of R 43 374 304, compared to the provision of R 41 340 189 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 4 568 091 and decrease in discount rate of R 2 034 115.

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 2023.

18. Payables from exchange transactions

	2023	2022
Trade payables	17 601 674	10 584 109
Retentions	47 657 151	37 443 393
Accrued leave pay	23 874 028	23 442 253
Accrued 13th cheque	3 517 644	3 544 240
Payroll Creditors	188 522	-
Accruals	9 050 822	21 322 733
Unspecified direct deposits	2 500 997	2 457 110
Debtors with credit balances	5 793 107	5 538 970
Accrued overtime	2 385 655	971 078
	112 569 600	**105 303 886**

Figures in Rand	2023	2022

18. Payables from exchange transactions (continued)

The age analysis exclude the following payments which was captured for payment on the 30th of June 2023 but the actual transfer of the money only took place on the 3rd of July 2023. The transaction is included in the payable listing.

Marungane Projects (Pty) R1 580 665.82

Lebea and associates R 568 093.4

Ribangu Business Enterprise R 24 000.00

Mukololo Trading Enterprise R 21 00.00

Leadcon Group of Comapnies R 28 900.00

Nwa Zulu Trading Enterprise R 759 000.00

Kgoshihadi Consulting Engineers R 437 000.0

Nwa Mencani Trading R 105 266.35

Isaiah Nyathi Attorneys R 179 078.85

Morwamasefoko Trading R 109 912.50

Girman Thandikosi Trading R 1 206 755.96

Road Traffic Mangement Corporation R 88 056.00

19. Revenue

Service charges	8 526 324	8 209 455
Rental of facilities and equipment	445 756	103 253
Interest received on overdue accounts (service charges)	3 283 704	2 903 025
Debt impairment reversal	12 607 391	-
Agency services	650 644	828 674
Licences and permits	7 109 523	6 755 367
Recoveries	-	10 727 810
Actuarial gains	4 470 000	2 781 000
Other income	1 906 857	1 078 356
Interest received - investment	17 351 270	8 150 056
Property rates	72 851 950	67 330 570
Traffic fines	1 222 834	1 262 056
Interest on overdue accounts - property rates	32 418 395	26 411 594
Government grants & subsidies	471 604 290	407 340 942
Public contributions and donations	13 871 397	-
	648 320 335	**543 882 158**

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

19. Revenue (continued)

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

Service charges	8 526 324	8 209 455
Rental of facilities and equipment	445 756	103 253
Interest received on overdue accounts (service charges)	3 283 704	2 903 025
Dividends received (trading)	12 607 391	-
Agency services	650 644	828 674
Licences and permits	7 109 523	6 755 367
Recoveries	-	10 727 810
Actuarial gains	4 470 000	2 781 000
Other income	1 906 857	1 078 356
Interest received - investment	17 351 270	8 150 056
	56 351 469	**41 536 996**

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

Property rates	72 851 950	67 330 570
Traffic fines	1 222 834	1 262 056
Interest on overdue accounts - property rates	32 418 395	26 411 594
Transfer revenue		
Government grants & subsidies	471 604 290	407 340 942
Public contributions and donations	13 871 397	-
	591 968 866	**502 345 162**

20. Service charges

Refuse removal	8 276 420	7 972 320
Cemeteries	249 904	237 135
	8 526 324	**8 209 455**

Service charges are billed on a monthly basis on all properties within the township and CBD.

21. Rental of facilities and equipment

Premises		
Community facilities	111 897	38 119
Housing rental	82 632	34 032
	194 529	**72 151**
Facilities and equipment		
Rental of equipments	251 227	31 102
	445 756	**103 253**

22. Interest received on overdue accounts (service charges)

Interest received on overdue accounts (services charges)	3 283 704	2 903 025
	3 283 704	**2 903 025**

23. Agency services

Water and Sanitation	650 644	828 674

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

24. Licences and permits

Licences and permits - motor vehices	7 041 781	6 693 342
Business licenses	67 742	62 025
	7 109 523	**6 755 367**

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 in the 2020/2021 financial year. There was no amount recovered in the period under review.

26. Actuarial gains

Actuarial gains on PEMA and LSA	4 470 000	2 781 000

27. Other income

Advertisements	139 822	149 844
Building plans	53 871	57 622
Clearance certificates	11 253	14 477
Confirmation letters	168 079	219 631
Device refund	-	34 882
Escort fees	12 992	3 946
Library fees	897	2 029
Sale of grave plots	96 888	118 778
Sale of refuse bins	57 041	125 733
Sundry income	98 555	134 816
Tender documents	813 894	134 974
Transfer and registration	453 565	81 624
	1 906 857	**1 078 356**

28. Interest received on Investment

Interest revenue		
Bank	6 850 585	4 053 431
Call Accounts	10 500 685	4 096 625
	17 351 270	**8 150 056**

The Municipality has invested the VAT recoveries for the financial year under review in the Call account, which earned higher interest than a normal operating account.

The municipality maintained a positive bank balance in its bank accounts which earned interest.

29. Debt impairment reversal

Debt impairment reversal	12 607 391	-

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

30. Property rates

During the year under review, the following categories of properties were billed for Property Rates:

Residential	17 644 950	16 278 073
Commercial	25 213 664	22 419 669
State	28 242 253	27 908 177
Small holdings and farms	638 484	10 094
Industrial	1 112 599	714 557
	72 851 950	**67 330 570**

Valuations

Residential	2 651 816 800	2 612 057 800
Commercial	701 113 000	705 623 000
State	485 123 000	484 333 000
Institute	32 422 000	31 682 000
Agricultural	5 230 000	5 230 000
Municipal and Public open space	121 472 000	121 472 000
Public service infrastructure	27 467 000	27 467 000
Industrial	129 042 000	129 042 000
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
	4 200 084 800	**4 163 305 800**

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.

31. Traffic fines

Traffic fines issued	1 222 834	1 262 056

Traffic fines deposits occurred between July 2022 to December 2022 with an amount of R 25 568 cannot be link to the actual traffic fines issued.

The municipality has instituted disciplinary hearing against the employee who’s responsible for safekeeping of the traffic fines receipt book. The case is in progress.

The municipality has traffic police who enforce non-compliance with traffic regulations.

32. Interest-overdue accounts (property rates)

Interest on overdue accounts (Property rates)	32 418 395	26 411 594

The culture of non-payment still persist at the municipality hence the interest on overdue accounts still increase.

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

33. Government grants & subsidies

Operating grants		
Equitable share	352 203 000	320 318 000
Expanded Public Works Program (EPWP)	4 035 000	3 851 000
Finance Management Grant (FMG)	2 400 000	2 200 000
Local Govt Sector Education & Training Authority (LGSETA)	288 319	258 675
	358 926 319	**326 627 675**
Capital grants		
Municipal Infrastructure Grant (MIG)	75 449 331	55 157 907
Integrated National Electrification Grant (INEG)	37 228 640	25 555 360
Municipal Dissaster Relief Grant (MDRG)	-	-
	112 677 971	**80 713 267**
	471 604 290	**407 340 942**

Govermenr Grants and Subsidies consist of Conditional and Non conditions grants.

Non-conditional grants - No conditions are required for the municipality to meet on these category of grants. The following are conditional grants:

Equitable Share and LGSETA

Conditional grants - Conditions are needed to be met after receiving these particular grants. The following are conditional grants:

EPWP, FMG, MDRG, MIG and INEP

Where conditions were not met, grants will remain as liabilities under Unspent conditional grants and receipts note 15.

Below are reconciliations of conditional grants:

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	8 947 091	-
Current-year receipts	66 761 000	64 105 000
Conditions met - transferred to revenue	(75 449 332)	(55 157 909)
	258 759	**8 947 091**

Integrated National Electrification Grant (INEG)

Balance unspent at beginning of year	1 644 640	-
Current-year receipts	35 584 000	27 200 000
Conditions met - transferred to revenue	(37 228 640)	(25 555 360)
	-	**1 644 640**

Expanded Public Works Program (EPWP)

Current-year receipts	4 035 000	3 851 000
Conditions met - transferred to revenue	(4 035 000)	(3 851 000)
	-	**-**

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

33. Government grants & subsidies (continued)

Finance Management Grant (FMG)

Current-year receipts	2 400 000	2 200 000
Conditions met - transferred to revenue	(2 400 000)	(2 200 000)
	-	-

Municipal Disaster Relief Grant

Current-year receipts	3 500 000	-
Conditions met - transferred to revenue	-	-
	3 500 000	**-**

34. Donations received

Department of CoGHSTA	13 871 397	-

During the year the following land parcels were registered in the name of the municipality.

Reconciliation of Donation received

ERF 1946 - Section F	-	-
ERF 199 - Section F	4 800 000	-
ERF 676 - Section D	725 397	-
ERF 59 - Section BA	8 346 000	-
	13 871 397	**-**

35. Employee related costs

Acting allowances	371 914	115 055
Bargain council	40 511	39 923
Basic	105 038 218	100 250 967
Car allowance	11 815 736	11 714 437
Cellphone Allowance	945 950	924 713
Clothing Allowance	20 000	15 000
Daily allowance	811 400	129 720
Danger allowance	352 170	282 000
Defined contribution plans	17 664 911	17 416 231
Food allowance	139 850	104 558
Housing benefits and allowances	405 665	387 624
Incidental costs	63 939	146 086
Km travel	2 105 593	932 906
Leave and bonus provision	259 071	2 423 358
Leave pay	1 173 156	1 182 939
Long-service awards	891 339	556 786
LSA and PEMA provision	3 776 000	3 480 000
Medical aid - company contributions	7 123 402	6 597 601
Night Shift	322 152	315 254
Overtime payments	6 923 494	4 520 207
Rural Allowance	177 574	189 959
SDL	1 221 929	1 174 364
Standby allowance	172 925	157 212
UIF	692 611	703 605
WCA	663 663	693 958
13th Cheques	7 412 007	6 987 944
	170 585 180	**161 442 407**

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

35. Employee related costs (continued)

Remuneration of Accounting Officer

Annual Remuneration	669 914	1 089 712
Rural Allowance	28 829	50 683
Car Allowance	59 450	121 080
Contributions to UIF, Medical and Pension Funds	36 016	69 836
Subsistence and Travelling	5 293	24 663
Cellphone Allowance	10 400	16 800
Performance Bonus	-	177 389
Backpay	490 900	-
Acting Allowance	239 489	-
Non pensionable allowance	1 695	-
	1 541 986	**1 550 163**

Mr VD Khoza was appointed as the Accounting Officer from 01 of June 2023. Ms KV Sithole was appointed as the Acting Accounting Officer on the 05 September 2022 to 31 May 2023 after Mr MM Chauke who was the Accounting Officer was suspended from 05 September 2022 until 31 December 2022 when is contract expired.

Remuneration of Chief Finance Officer

Annual Remuneration	252 500	601 688
Rural Allowance	14 317	28 527
Car Allowance	105 418	117 081
Contributions to UIF, Medical and Pension Funds	3 722	39 202
Subsistence and Travelling	69 442	15 206
Cellphone Allowance	7 000	12 600
Acting allowance	9 700	4 767
Leave pay	-	76 073
Non-pensionable allowance	8 475	-
	470 574	**895 144**

Mr N Muhlari was appointed as Acting CFO from 13th of April 2022 to 05 August 2022. Mr F Nkuna was appointed as the Acting CFO on the 15 August 2022 after the resignation of Mr. Mhangwana. Mr F Nkuna was the appointed as a CFO from 01 February 2023 on a five year term.

Remuneration of Directors-Corporate & Shared Services

Annual Remuneration	799 792	596 222
Car Allowance	110 000	243 900
Cellphone Allowance	15 400	14 000
Contributions to UIF, Medical and Pension Funds	9 068	41 238
Subsistence & Travelling	88 965	33 938
Rural Allowance	38 145	34 678
Leave pay	-	91 549
Performance bonus	-	93 629
Acting Allowance	2 383	4 767
Backpay	732	-
Non-pensionable allowance	10 170	-
	1 074 655	**1 153 921**

Mr Mdaka acted on this position from 01 May 2022 to 31 July 2022 after the contract expiry of Mr. Shiviti. Mr NR Mdaka was appointed as the Director for Coporate Service on 01 August 2022 on a five year term.

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

35. Employee related costs (continued)

Remuneration of Director Technical Services

Annual Remuneration	698 999	693 090
Rural Allowance	38 036	38 036
Car Allowance	240 000	240 000
Contributions to UIF, Medical and Pension Funds	46 354	45 370
Cellphone Allowance	16 800	16 800
Subsistence & Travelling	43 738	33 489
Backpay	51 905	-
Non-pensionable allowance	10 170	-
	1 146 002	**1 066 785**

Mr. RH Mashampa was the director for the financial year under review.

Remuneration of Director Strategic Planning and LED

Annual Remuneration	614 827	678 656
Car Allowance	232 222	153 502
Rural Allowance	38 036	38 036
Contributions to UIF, Medical and Pension Funds	123 836	132 337
Cellphone Allowance	16 800	16 800
Subsistence & Travelling	136 113	45 595
Backpay	51 905	-
Acting Allowance	7 390	-
Non-pensionable allowance	10 170	-
	1 231 299	**1 064 926**

Ms. KV Sithole is the Director Strategic planning and LED. Ms KV Sithole was appointed the Acting Municipal Manager from 05 September 2022 to 31May 2023, after Municipal Manager was Mr MM Chauke was suspended. Mr MJ Nkuna was appointed the acting in her position during the period she was acting as an Accounting Officer (05 September to 31 May 2023).

Remuneration of Director Community Services

Annual Remuneration	649 100	-
Car Allowance	30 000	-
Rural Allowance	20 210	-
Contributions to UIF, Medical and Pension Funds	40 760	-
Cellphone Allowance	14 000	-
Acting Allowance	-	47 063
Subsitence & Travelling	52 200	-
Backpay	10 982	-
	817 252	**47 063**

Mr KR Baloyi acted on the position from 01 August 2020 to 31 August 2022 after the resignation of Mr MI Khosa. Ms RT Chabalala was appointed as the Director Community Services from 01 September 2022 on a five year term.

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

36. Remuneration of councillors

Mayor	952 258	970 282
Speaker	782 041	744 480
Chief Whip	704 201	709 693
Councillors	22 745 713	21 446 415
Daily allowance	63 319	27 465
Food allowance	14 260	49 200
Incidental	9 222	74 285
Km travel	673 424	454 662
SDL	197 988	195 503
	26 142 426	**24 671 985**

In-kind benefits

The Mayor, Speaker, Chief Whip and Three Executive Committee Members are full-time (Head of Finance, Head of Corporate and Shared Services and Head of Infrastrure Portfolios). The Mayor, Speaker and Chief Whip are provided offices 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.

37. Impairment loss

Impairments		
Property, plant and equipment	1 852 217	1 786 619

38. Depreciation and amortisation

Property, plant and equipment	87 696 640	93 091 993
Investment property	90 795	90 750
Intangible assets	3 289 942	3 202 416
	91 077 377	**96 385 159**

39. Finance costs

Litigation loss	-	2 793 037
Rehabilitation of dumping site	4 568 091	3 877 099
	4 568 091	**6 670 136**

40. Lease rentals on operating lease

Photocopiers and Radiophones		
Contractual amounts	1 910 539	1 906 274

41. Debt impairment

Services	103 381 447	13 610 705
Traffic fines	1 289 430	982 550
	104 670 877	**14 593 255**

Debt impairment for services of R 103 381 447 is as result of R 115 988 837 less impairment reversal of R 12 607 390.

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

42. Contracted services

Presented previously		
Infrastructure Services	7 421 354	25 323 853
Electrical Services	33 345 378	19 507 948
Business and advisory services	22 663 658	24 357 501
Other Contractors	4 613 982	3 856 186
	68 044 372	**73 045 488**

43. Transfer and subsidies

SMME support	1 600 000	600 000

44. Loss on assets written off

Loss on assets written off	4 205 555	10 142 256

45. General expenses

Accommodation	3 969 975	2 876 546
Advertising	991 019	754 474
Auditors remuneration	4 835 617	4 070 713
Bad dets written off	19 881 203	-
Bank charges	310 490	276 885
Busaries	134 645	-
Cleaning	911 013	331 041
Community development and training	7 056 090	4 845 339
Consumables	8 099 810	7 363 871
Electricity	1 750 739	2 111 506
Free basic electricity	7 432 981	15 969 990
Fuel and oil	6 680 996	3 756 497
Gifts	129 555	84 976
Hire	1 570 762	545 475
Insurance	1 931 369	1 461 547
IT expenses	2 408 173	1 747 569
Legal services	11 127 048	8 497 562
Litigation loss	-	8 140 229
Motor vehicle expenses	249 315	137 242
Postage and courier	338 523	355 097
Printing and stationery	585 161	649 453
Protective clothing	1 427 477	1 475 512
Seating allowance	1 424 545	120 000
Subscriptions and membership fees	3 740 647	3 205 936
Telephone and fax	425 652	435 202
Travel - local	1 796 191	835 450
	89 208 996	**70 048 112**

46. Obsolete and damaged inventory written

Obselete inventory written off	1 262	19 736
Damaged inventory	15 133	-
	16 395	**19 736**

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

47. Repairs and maintenance

Machinery	6 792 882	2 976 358
Equipment	31 076	203 096
Vehicles	375 336	2 831 954
Cemetries	172 000	-
	7 371 294	**6 011 408**

48. Auditors' remuneration

Fees	4 835 617	4 070 713

49. Cash generated from operations

Surplus	64 459 626	76 559 323
Adjustments for:		
Depreciation and amortisation	91 077 377	96 385 159
Obsolete inventory written off	16 395	19 736
Loss on assets written off	4 205 555	10 142 256
Contracted services (Transfers of completed projects)	32 175 649	(12 296 506)
Donation received	(13 871 397)	-
Debt impairment reversal	(12 607 391)	-
Impairment loss/reversal	1 852 217	1 786 619
Debt impairment	117 278 267	14 593 255
Movements in retirement benefit	(646 000)	2 244 000
Movements in provisions	2 034 115	2 335 171
Changes in working capital:		
Inventories	(21 452)	(3 342 811)
Receivables from exchange transactions	(20 115 256)	17 618 137
Consumer debtors	6 129 600	(31 123 605)
Receivables from non-exchange transactions	(35 719 322)	(14 610 513)
Payables from exchange transactions	7 265 717	3 899 377
VAT	4 535 557	(4 820 761)
Unspent conditional grants and receipts	(6 832 971)	14 442 236
Deferred income	1 671 165	3 351 725
	242 887 451	**177 182 798**

Figures in Rand	2023	2022

50. Commitments

Authorised capital expenditure

Contract approved and some services have been rendered		
• Formalisation of settlement	138 368	138 368
• Alternative access road to Giyani	2 350 403	2 350 403
• Upgrading of Xikukwani from gravel to tar	8 955 284	8 955 284
• Shimange upgrading from gravel to tar	-	87 276
• Section E (Voningani) internal street upgrading from gravel to paving	-	19 269 100
• Construction of Siyandhani internal streets 4.4 km from gravel to paving	35 014 814	-
• Construction of Shikhumba upgrading of internal streets	26 269 417	-
• Preventative maintance of roads and stormwater:3.1km of storm water reticulation system at Giyani Township Section D1	13 285 044	-
• Construction of 1.8km Silawa upgrading of internal street from gravel to paving	9 281 281	-
• construction of Jim Nghalalume community hall	16 952 936	-
• Construction of Mavalani indoor sport centre	15 664 156	-
• Construction and installation of energy saving streetlights projects on R81 road phase 2 (cidb grading :4ep	6 365 593	-
• Construction and connection to household at Siyandhani village	5 043 390	-
• Construction of Civic Centre Parking lot	1 245 253	1 245 253
• Ndambi Taxi rank	-	6 381 234
• Construction of Civic Centre phase IV	27 537 381	44 871 354
• Construction of culvert bridge at Dzumeri village	-	498 903
• Construction of culvert bridge at Makhuva village	-	199 951
• Construction of Nwadzekudzeku community hall	-	12 908 490
• Construction of Homu sports centre	3 216 678	12 937 519
• Construction of Shivulani sports centre	-	2 729 281
• Installation of energy saving streetlights in Giyani CBD	-	5 517 063
	171 319 998	**118 089 479**
Contract approved but where services have not been rendered		
• 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
• Install LED disk recessed fluorent lights 1200 x 600mm(3x36) Giyani testing station	192 395	-
	192 395	**4 589 107**
Total capital commitments		
Already contracted for but not provided for	171 319 998	118 089 479
Not yet contracted for and authorised by Accounting Officer	192 395	4 589 107
	171 512 393	**122 678 586**

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	111 238
• Township establishment of various villages	213 038	213 038
• 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
• Provision for Procurement of Services: Municipal Standard Chart Of Accounts Financial System Support (Sage Evolution)	-	142 039

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
50. Commitments (continued)		
• Insurance	-	368 263
• Physical security guarding services	1 415 934	4 789 368
• Rental of photocopy machine	611 709	1 475 774
• Provision For Procurement Of Services: Municipal Standard Chart Of Accounts (Sage Evolution	4 215 499	-
• Procurement of 75 3GS for the Municipal Officials	-	50 500
• Procuremet of 100 MBPS internet line for the municipal officials	-	158 123
• Subdivision, rezoning, consolidation and road closure on ERF 1946,1947,1952,1547, Giyani Section F	271 720	271 720
• Rezoning and subdivision of municipal properties including registration with surveyor general	276 000	506 000
• Street naming in Giyani Section C and Giyani BA	258 750	474 375
• Subdivision and rezoning of ERF561 Giyani D into mixed land used development	428 993	428 993
• 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	3 695 221	5 848 077
• Street naming in Giyani section a and section f	308 872	673 100
• Supply chain management support for the financial year	-	1 004 900
• Supply and delivery of 31 cellphones contract	204 533	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
• Prepartion of GRAP compliant asset register for the financial year 2022/23	3 780 844	-
• Prepartion of annual financial statement for the financial year 2022/23	2 750 457	-
• Appointment for professional town planner to conduct a street naming in Giyani Section E	201 740	-
• Appointment for professional town planner for the establishment of a prencint plan of Mahumani village	635 145	-
• Appointment for professional town planner to conduct street naming in Giyani B	184 460	-
• Appointment for professional town planner for the establishment of a Sekhunyani village extension 1	1 100 000	-
• Appointment for professional town planner for establishiment of a township in Ndhengeza a village	934 100	-
• The compilation,printing and production of newsletter (RITO) for the period of 12 months	668 610	-
• Development of LED strategy	131 000	-
• Supply chain management (SCM) support for the financial year 2022/23	989 300	-
• The provision of short-term insurance for the period of three years	2 740 560	-
	27 942 378	**24 945 244**

Contract approved but where services have not been rendered		
• Township Establishment at Savulani Village	1 400 000	1 400 000
• Preparations, review and verification of Free basic electrical indigent register	900 000	-
• Preparation of annual financial statement for the financial year 2021/22	-	2 796 760
• Management and operations of the landfill site	11 137 600	11 137 600
• Replacement of air conditioner at library and Civic Centre	-	186 600
• Purchase of Cartridge 80a	-	29 820
• Purchase of C4 brown envelope	-	29 700
• Purchase of Cartridge 305a	-	25 900
• Supply and delivery personal protective clothing for traffic officers in the Greater Giyani Municipality	464 050	-
	13 901 650	**15 606 380**

Total operational commitments		
Already contracted for but not provided for	27 942 378	24 945 244
Not yet contracted for and authorised by accounting officer	13 901 650	15 606 380

Figures in Rand	2023	2022

50. Commitments (continued)

	2023	2022
	41 844 028	**40 551 624**

Total commitments

Total commitments		
Authorised capital expenditure	171 512 393	122 678 586
Authorised operational expenditure	41 844 028	40 551 624
	213 356 421	**163 230 210**

The following contracts are longer than 12 months	**Contract start date**	**Contract end date**	**Contract Amounts**
Provision For Procurement Of Services: Municipal Standard Chart Of Accounts (Sage Evolution	2022/09/01	2025/08/31	5 695 289
Construction of Siyandhani internal streets 4.4 km from gravel to paving	2022/08/15	2024/08/15	5 096 094
The provision of short-term insuarance for the period of three years	2022/12/01	2025/11/30	4 251 132
"ICT security, service support, ICT auditing and ICT network service	2021/07/01	2025/06/30	7 039 976
Management and operation of the Landfill site	2022/07/01	2025/06/30	11 137 600
			33 220 091

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 (2023) (R 864 065.63 : 2022) for photocopiers and radiophones (R 69 148) (2023) :R 67 280 (2022). Contingent rent is payable on the number of copies made for the month.

Rental expenses relating to operating leases		
Contractual Payments	933 214	931 346
Contingent rents	977 325	974 929
	1 910 539	**1 906 275**

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

51. 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		
Mpongwa Hesekani Emmanuel vs GGM. The plaintiff is suing the Municipality for damages he suffered as result of rain	1 579 616	1 472 116
Dane Projects vs GGM. The municipality is being sued for outstanding invoices for work done.	9 242 001	8 472 246
Lunnick Base Khoza vs GGM. The municipality is sued for damage to a car accident owing to its failure to fix potholes	87 458	80 267
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.	1 142 871	1 049 272
Botshabelo Consulting Engineers vs GGM. The municipality is being sued for outstanding invoices for work done	8 484 794	7 778 263
PGN Civils (Pty) Ltd vs GGM. The municipality is being sued for outstanding invoices for work done	1 548 654	1 419 376
Rev Dr Mafrecha F Chabalala vs GGM Land dispute	1 973 216	1 798 389
Eternity Star Investment 231 CC//GGM - Contractual dispute on poor workmanship and some work not done	2 469 590	2 246 409
SIDA Consulting & Projects (Pty) Ltd//GGM - Contractual dispute	321 826	292 435
Emeral Fire Investment. Rescission Application	111 159	102 525
Mashimbye Witness//GGM	448 537	404 359
Kulani Ngoveni vs GGM - Civil suit against GGM	42 923	-
	27 452 645	**25 115 657**

52. Contigent Assets

The municipality has the folowing legal dispute that are subject to mediation or legal process. The table below indicates the details of the claims:

GGM vs Former MM. Recovery of fruitless and wasteful expenditure	2 793 037	-

Figures in Rand	2023	2022

53. 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	VD Khoza was appointed as an Accounting Officer from 01 June 2023 (KV Sithole acted as an Accounting Officer from 05 September 2022 to 31 May 2023. MM Chauke was the Accounting Officer until 05 September 2022 when he was suspended and his contract later ended on 31 December 2022)
	F Nkuna acted as a CFO from 15 August 2022 to 31 January 2023 when he was subsequently appointed on a five year contract from 01 February 2023 (N Muhlari acted as a CFO from 13 April 2022 to 05 August 2022 after the resignation of D Mhangwana)
	NR Mdaka acted as a Director Corporate and Shared Services from 01 May 2022 to 31 July 2022 when he was appointed on a five year term from 01 August 2022)
	RH Mashamba was the Director Technical Services throughout the financial year under review
	K V Sithole Director Strategic Planning and LED (NJ Nkuna acted on this position from 05 September 2022 to 31 May 2023)
	R T Chabalala was appointed as Director Community Services on the 01 September 2022 on a five year term(Baloyi KR acted in the position from 01 August 2020 to 31 August 2022)

Related party transactions

Remuneration of management (Refer to Note 34 for Directors' remunerations)

53. Related parties (continued)

Management class: Councillors

2023

Name	Basic salary	Food Allowance	Cellphone and Data	Travel claim	Car Allowance	SDL	Backpay	Daily Allowance	Incidental	Total
Cllr. T Zitha	663 400	400	43 200	-	221 133	7 173	24 525	2 427	-	962 258
Cllr. AE Mboweni	530 721	1 600	43 200	-	176 907	5 851	22 194	5 625	-	786 098
Cllr. T Makondo	497 551	800	43 200	24 276	165 850	5 509	15 938	2 772	-	755 896
Cllr. RB Ngunyule Mabunda	497 551	800	43 200	17 623	165 850	5 453	14 899	2 647	408	748 431
Cllr. TJ Mabunda	497 551	1 360	43 200	32 646	165 850	5 528	15 938	2 280	750	765 103
Cllr. NHP Ndaba	497 551	1 750	43 200	57 022	165 850	6 348	24 488	4 412	2 904	803 525
Cllr. MR Mashale	277 574	400	43 200	26 050	92 525	3 446	23 755	1 690	382	469 022
Cllr. C Baloyi	277 574	-	43 200	21 367	92 525	3 333	10 483	-	304	448 786
Cllr. GA Maluleke	277 574	-	43 200	26 430	92 525	3 337	10 483	-	456	454 005
Cllr. TC Zitha	277 574	-	43 200	46 037	92 525	3 757	14 958	2 021	-	480 072
Cllr. TC Manganyi	277 574	800	43 200	64 945	92 525	3 560	14 958	2 933	470	500 965
Cllr. RE Makondo	487 554	1 750	43 200	69 789	165 850	5 650	15 689	5 240	2 622	797 344
Cllr. RN Sekgobela	277 574	-	43 200	7 847	92 525	3 319	14 958	1 726	-	441 149
Cllr. BA Shibambu	209 941	-	43 200	1 034	69 981	2 687	19 706	322	-	346 871
Cllr. RC Mabunda	209 941	400	43 200	12 382	69 981	2 576	8 806	1 520	65	348 871
Cllr. SS Mavasa	209 941	-	43 200	3 635	69 981	2 577	8 806	483	-	338 623
Cllr. NN Maswanganyi	209 941	600	43 200	4 662	69 981	2 590	8 806	456	-	340 236
Cllr. SS Mathebula	209 941	-	43 200	-	69 981	2 957	18 088	-	-	344 167
Cllr. M Shiviti	269 425	-	43 200	26 003	89 808	3 263	10 281	1 109	-	443 089
Cllr. GE Kobane	209 941	-	43 200	-	69 981	2 629	14 124	-	-	339 875
Cllr. NP Mlambo	209 941	-	43 200	1 984	69 981	2 576	8 806	635	-	337 123
Cllr. XL Ngobeni	269 425	-	43 200	11 897	89 808	3 173	10 281	1 717	-	429 501
Cllr. NS Monyipote	209 941	-	43 200	-	69 981	2 576	8 806	304	-	334 808
Cllr. VS Makamu	209 941	-	43 200	-	69 981	2 576	8 806	626	-	335 130
Cllr. MC Machipi	209 941	-	43 200	1 600	69 981	2 580	8 806	-	-	336 108
Cllr. NC Chabalala	269 425	-	43 200	5 781	89 808	3 230	10 281	1 243	-	422 968
Cllr.RG Ngunyula	269 425	-	43 200	882	89 808	3 173	10 281	-	-	416 769
Cllr. PT Mokgobi	269 425	1 150	43 200	39 594	89 808	3 285	14 756	4 069	-	465 287
Cllr. MA Khosa	209 941	-	43 200	997	69 981	2 606	11 781	152	-	338 658

Notes to the Audited Annual Financial Statements

Figures in Rand

53. Related parties (continued)

Cllr. TE Rikhotso	209 941	-	43 200	4 791	69 981	2 584	8 806	474	-	339 777
Cllr. MR Maluleke	209 941	600	43 200	7 517	69 981	2 678	8 806	1 520	-	344 243
Cllr. TE Nkuna	269 425	950	43 200	27 875	89 808	3 300	10 281	3 166	559	448 564
Cllr. S Sambo	209 941	900	43 200	13 130	69 981	2 929	8 806	1 368	302	350 557
Cllr. SC Mahlawule	209 941	-	43 200	2 022	69 981	2 643	15 202	152	-	343 141
Cllr. TN Shirinda	269 425	-	43 200	15 004	89 808	3 205	10 281	1 565	-	432 488
Cllr. PH Makhuvela	209 941	-	43 200	1 505	69 981	2 578	8 806	152	-	336 163
Cllr. TA Mathosi	209 941	-	43 200	8 307	69 981	2 582	8 806	152	-	342 969
Cllr. NR Shilowa	269 425	-	43 200	20 365	89 808	2 944	10 281	1 234	-	437 257
Cllr. RE Ngoveni	209 941	-	43 200	7 503	69 981	2 605	11 781	939	-	345 950
Cllr. KO Maswanganyi	209 941	-	43 200	-	69 981	2 576	8 806	-	-	334 504
Cllr. P Rikhotso	209 941	-	43 200	3 297	69 981	2 576	8 806	152	-	337 953
Cllr. JP Shibambu	209 941	-	43 200	3 260	69 981	2 587	8 806	483	-	338 258
Cllr. L Nkuna	209 941	-	43 200	1 460	69 981	2 576	8 806	456	-	336 420
Cllr. RT Mabunda	209 941	-	43 200	1 809	69 981	2 594	8 806	456	-	336 787
Cllr. E Mahasha	209 941	-	43 200	8 182	69 981	2 576	8 806	1 368	-	344 054
Cllr. A Rabothata	209 941	-	43 200	6 596	69 981	2 576	8 806	778	-	341 878
Cllr. JN Mashele	269 425	-	43 200	7 187	89 808	3 174	10 281	608	-	423 683
Cllr. CS Rikhotso	269 425	-	43 200	-	89 808	3 158	8 806	-	-	414 397
Cllr. KS Dlamini	209 941	-	43 200	2 248	69 981	2 586	8 806	805	-	337 567
Cllr. MD Hlungwani	209 941	-	43 200	-	69 981	2 576	8 806	-	-	334 504
Cllr. ML Chauke	209 941	-	43 200	-	69 981	2 576	8 806	-	-	334 504
Cllr. TI Rikhotso	209 941	-	43 200	542	69 981	2 580	8 806	-	-	335 050
Cllr. TN Baloyi	209 941	-	43 200	-	69 981	2 576	8 806	-	-	334 504
Cllr. S Mongwe	192 404	-	39 500	7 068	64 135	2 389	8 806	456	-	314 758
Cllr. TP Mashaba	209 941	-	43 200	-	69 981	2 576	8 806	-	-	334 504
Cllr. PP Mkhari	209 941	-	43 200	13 596	69 981	2 622	8 806	-	-	348 146
Cllr. MS Hlongwane	209 941	-	43 200	3 792	69 981	2 584	8 806	304	-	338 608
Cllr. SM Mahangwane	209 941	-	43 200	1 052	69 981	2 576	8 806	-	-	335 556
Cllr. MJ Nkuna	192 404	-	39 500	-	64 135	2 367	8 806	-	-	307 212
Cllr. MP Mathevula	122 264	-	24 700	-	40 751	1 592	13 281	-	-	202 588
Cllr. MP Hlungwani	192 404	-	39 500	833	64 118	2 367	17 826	322	-	317 370
Cllr. DJ Hlongwane	209 941	-	43 200	-	69 981	2 576	8 806	-	-	334 504
Cllr. TE Baloyi	-	-	-	-	-	86	8 550	-	-	8 636
Cllr. DE Baloyi	-	-	-	-	-	53	5 318	-	-	5 371
Cllr. B Gaveni	-	-	-	-	-	53	5 318	-	-	5 371
Cllr. E Malungana	-	-	-	-	-	15	1 500	-	-	1 515

Figures in Rand

53. Related parties (continued)

Cllr. MI Shimange Fazi	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. RO Mabasa	-	-	-	-	-	84	8 408	-	-	8 492
Cllr. S Makhubele	-	-	-	-	-	53	5 318	-	-	5 371
Cllr. MW Mthombeni	-	-	-	-	-	53	5 318	-	-	5 371
Cllr. FC Makoseni	-	-	-	-	-	53	5 318	-	-	5 371
Cllr. XJ Valoyi	-	-	-	-	-	53	5 318	-	-	5 371
Cllr. CM Siweya	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. NR Khandhela	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. EN Mabunda	-	-	-	-	-	54	5 433	-	-	5 487
Cllr. SG Mthombeni	-	-	-	-	-	53	5 318	-	-	5 371
Cllr. NN Baloyi	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. E Malungana	-	-	-	-	-	38	3 818	-	-	3 856
Cllr. TR Maluleke	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. MJ Makhubele	-	-	-	-	-	60	2 975	-	-	3 035
Cllr. HW Mhlari	-	-	-	-	-	54	5 433	-	-	5 487
Cllr. TM Makhuvele	-	-	-	-	-	53	5 318	-	-	5 371
Cllr. DR Maswanganyi	-	-	-	-	-	15	1 500	-	-	1 515
Cllr. XB Mkansi	-	-	-	-	-	93	9 336	-	-	9 429
Cllr. HS Shivhambu	-	-	-	-	-	15	1 500	-	-	1 515
Cllr. MM Mathonsi	71 282	-	14 800	-	23 384	1 078	-	-	-	110 544
Cllr. MC Rikhotso	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. HR Rikhotso	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. T Makhubele	-	-	-	-	-	15	1 500	-	-	1 515
Cllr. KL Ngobeni	23 384	-	3 700	-	5 846	397	8 550	-	-	41 877
Cllr. MA Mthombeni	-	-	-	-	-	39	3 933	-	-	3 972
Cllr. DT Shivuri	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. N Maluleke	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. MA Makamu	-	-	-	-	-	38	3 194	-	-	3 232
Cllr. BI Mashele	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. AF Mthombeni	-	-	-	-	-	4	381	-	-	385
Cllr. PS Mabulana	-	-	-	-	-	54	5 433	-	-	5 487
Cllr. MC Mhlongo	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. SS Kubayi	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. KA Manganyi	-	-	-	-	-	15	1 500	-	-	1 515
Cllr. PS Hlungwana	-	-	-	-	-	15	1 500	-	-	1 515
Cllr. XB Mkasi	-	-	-	-	-	15	1 500	-	-	1 515
Cllr. AM Mthombeni	-	-	-	-	-	15	1 500	-	-	1 515

Notes to the Audited Annual Financial Statements

Figures in Rand

53. Related parties (continued)

Cllr. HR Shivambu	-	-	-	-	-	30	2 970	-	-	3 000
Cllr. MJ Makhubela	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. MR Nkuna	-	-	-	-	-	8	762	-	-	770
Cllr. P Mazivuko	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. TS Hlungwana	-	-	-	-	-	30	2 975	-	-	3 005
Cllr. NJ Zitha	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. TP Chaka	-	-	-	-	-	30	4 475	-	-	4 505
Cllr. FJ Manganyi	-	-	-	-	-	20	2 043	-	-	2 063
Cllr. TJ Moswana	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. MJ Chauke	-	-	-	-	-	30	2 975	-	-	3 005
Cllr. NM Madzunye	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. RS Khosa	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. DC Mashimbye	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. RC Rikhotso	-	-	-	-	-	45	4 475	-	-	4 520
Cllr. FMI Shimange	-	-	-	-	-	15	1 500	-	-	1 515
	16 173 650	**14 260**	**2 667 300**	**673 424**	**5 392 224**	**197 988**	**951 039**	**63 319**	**9 222**	**26 142 426**

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Name	Basic salary	KM Travel	Cellphone and data Allowance	Car Allowance	SDL	Backpay	Daily Allowance	Incidental	Food	Total
Cllr. T Zitha	400 145	-	29 600	143 476	5 415	7 604	1 303	1 251	1 600	590 394
Cllr. AE Mboweni	321 592	-	29 600	114 781	3 806	9 647	2 884	-	1 200	483 510
Cllr. T Makondo	301 954	10 263	29 600	107 607	3 501	-	912	1 473	1 200	456 510
Cllr. RB Ngunyule Mabunda	282 470	13 508	25 900	94 157	3 161	-	1 064	1 914	1 200	423 374
Cllr. TJ Mabunda	301 954	9 668	29 600	107 608	3 501	-	-	1 251	800	454 382
Cllr. NHP Ndaba	301 954	19 373	29 600	107 608	3 979	16 561	912	1 522	800	482 309
Cllr. MR Mashale	171 716	21 754	29 600	60 032	2 282	16 561	456	1 570	800	304 771
Cllr. C Baloyi	171 716	24 012	29 600	60 032	2 116	-	1 368	1 251	1 200	291 295
Cllr. GA Maluleke	171 716	-	29 600	60 032	2 116	-	-	-	-	263 464
Cllr. TC ZItha	171 716	-	29 600	60 032	2 367	7 604	-	-	-	271 319
Cllr. TC Manganyi	171 716	-	29 600	60 032	2 192	-	-	-	-	263 540
Cllr. RE Makondo	296 036	25 402	29 600	107 608	3 455	-	1 481	1 555	800	465 937
Cllr. RN Sekgobela	180 721	-	29 600	60 032	2 282	7 604	-	-	-	280 239
Cllr. BA Shibambu	131 107	6 341	29 600	45 405	1 902	21 726	-	1 473	800	238 354

53. Related parties (continued)

Cllr. RC Mabunda	131 107	18 597	29 600	45 405	1 685	-	1 177	1 403	800	229 774
Cllr. SS Mavasa	131 107	-	29 600	45 405	1 685	-	-	1 251	800	209 848
Cllr. NN Maswanganyi	131 107	15 599	29 600	45 405	1 685	-	456	1 251	800	225 903
Cllr. SS Mathebula	131 107	8 648	29 600	45 405	1 914	9 710	-	1 397	800	228 581
Cllr. S Shiviti	155 228	25 514	29 600	53 445	1 988	6 432	1 064	1 376	800	275 447
Cllr. GE Kobane	131 107	6 341	29 600	45 405	1 780	9 456	-	1 251	800	225 740
Cllr. NP Mlambo	131 107	7 094	29 600	45 405	1 685	-	152	1 251	800	217 094
Cllr. XL Ngobeni	160 052	3 596	29 600	55 053	1 971	-	760	1 251	800	253 083
Cllr. NS Monyipote	131 107	-	29 600	45 405	1 685	-	304	1 251	800	210 152
Cllr. VS Makamu	131 107	-	29 600	45 405	1 685	-	304	1 251	800	210 152
Cllr. MC Machipi	131 107	-	29 600	45 405	1 685	-	-	1 251	800	209 848
Cllr. NC Chabalala	160 052	3 039	29 600	55 053	1 971	-	760	1 251	800	252 526
Cllr. RG Ngunyula	160 052	4 088	29 600	55 053	2 092	-	608	1 251	800	253 544
Cllr. PT Mokgobi	160 052	24 290	29 600	55 053	2 047	7 604	760	1 403	800	281 609
Cllr. MA khosa	131 107	-	29 600	45 405	1 780	7 604	-	1 251	800	217 547
Cllr. TE Rikhotso	131 107	8 134	29 600	45 405	1 685	-	304	1 251	800	218 286
Cllr. MR Maluleke	131 107	10 583	29 600	45 405	1 685	-	1 190	1 302	800	221 672
Cllr. TE Nkuna	160 052	14 874	29 600	55 053	1 973	-	760	1 251	800	264 363
Cllr. S Sambo	131 107	12 611	29 600	45 405	1 685	-	886	1 352	1 000	223 646
Cllr. SC Mahlawule	131 107	6 341	29 600	45 405	1 782	9 710	-	1 251	800	225 996
Cllr. TN Shirinda	160 052	3 595	29 600	55 053	1 971	-	760	1 251	800	253 082
Cllr. PH Makhuvela	131 107	6 341	29 600	45 405	1 685	-	-	1 251	800	216 189
Cllr. TA Mathosi	131 107	1 212	29 600	45 405	1 685	-	304	1 251	800	211 364
Cllr. NR Shilowa	160 052	10 229	29 600	55 053	1 971	-	760	1 362	800	259 827
Cllr. RE Ngoveni	131 107	7 846	29 600	45 405	1 761	7 604	304	1 251	800	225 678
Cllr. KO Maswanganyi	131 107	-	29 600	45 405	1 685	-	304	1 251	800	210 152
Cllr. P Rikhotso	131 107	1 555	29 600	45 405	1 685	-	304	1 251	800	211 707
Cllr. JP Shibambu	131 107	-	29 600	45 405	1 685	-	304	1 251	800	210 152
Cllr. L Nkuna	131 107	819	29 600	45 405	1 685	-	304	1 251	800	210 971
Cllr. RT Mabunda	131 107	7 160	29 600	45 405	1 685	-	304	1 251	800	217 312
Cllr. E Mahasha	131 107	-	29 600	45 405	1 685	-	1 216	1 251	1 000	211 264
Cllr. A Rabothata	131 107	7 762	29 600	45 405	1 780	-	304	1 251	800	218 009
Cllr. JN Mashele	160 052	4 514	29 600	55 053	1 971	-	912	1 251	800	254 153
Cllr. CS Rikhotso	160 052	-	29 600	55 053	1 971	-	-	1 251	800	248 727
Cllr. KS Dlamini	131 107	6 341	29 600	45 405	1 685	-	-	1 251	800	216 189
Cllr. MD Hlungwani	131 107	6 341	29 600	45 405	1 685	17 781	-	1 251	800	233 970
Cllr. ML Chauke	131 107	6 341	29 600	45 405	1 780	-	-	1 251	800	216 284

Notes to the Audited Annual Financial Statements

Figures in Rand

53. Related parties (continued)

Cllr. TI Rikhotso	131 107	6 341	29 600	45 405	1 685	-	-	1 251	800	216 189
Cllr. TN Baloyi	131 107	6 341	29 600	45 405	1 685	-	-	1 251	800	216 189
Cllr. S Mongwe	131 107	7 227	29 600	45 405	1 780	-	-	1 251	800	217 170
Cllr. TP Mashaba	131 107	-	29 600	45 405	1 685	-	-	1 251	800	209 848
Cllr. PP Mkhari	131 107	6 341	29 600	45 405	1 685	-	-	1 251	800	216 189
Cllr. MS Hlongwane	131 107	7 955	29 600	45 405	1 685	-	456	1 251	800	218 259
Cllr. SM Mahangwane	131 107	10 170	29 600	45 405	1 780	-	1 064	1 251	800	221 177
Cllr. MJ Nkuna	131 107	6 341	29 600	45 405	1 685	-	-	1 251	800	216 189
Cllr. MP Matheveula	131 107	6 341	29 600	45 405	1 685	-	-	1 251	800	216 189
Cllr. MP Hlungwani	131 107	6 341	29 600	45 405	1 685	-	-	1 251	800	216 189
Cllr. DJ Hlongwane	131 107	-	29 600	45 405	1 780	-	-	1 251	800	209 943
Cllr. SS Mathebula	92 299	-	15 333	31 097	1 190	-	-	-	-	139 919
Cllr. MP Hlungwani	176 476	-	15 333	59 457	1 517	7 604	-	-	-	260 387
Cllr. MR Mashale	165 447	-	15 333	55 741	1 790	-	-	-	-	238 311
Cllr. NHP Ndaba	165 447	-	15 333	55 741	2 012	-	-	-	-	238 533
Cllr. TE Baloyi	165 447	5 699	15 333	55 741	2 177	16 561	-	-	-	260 958
Cllr. DE Baloyi	89 590	-	15 333	30 184	1 254	9 456	-	-	-	145 817
Cllr. B Gaveni	79 941	-	15 333	26 967	1 404	35 186	-	-	-	158 831
Cllr. E Malungana	89 590	-	15 333	30 184	1 134	9 456	-	-	-	145 697
Cllr. MI Shimange Fazi	69 810	-	15 333	23 520	1 013	7 604	-	-	-	117 280
Cllr. RO Mabasa	162 123	791	15 333	54 621	2 137	16 063	-	-	-	251 068
Cllr. S Makhubele	89 590	1 704	15 333	30 184	1 254	9 456	-	-	-	147 521
Cllr. MW Mthombeni	89 590	-	15 333	30 184	1 254	9 456	-	-	-	145 817
Cllr. PT Mokgobi	69 810	-	15 333	23 520	844	-	-	-	-	109 507
Cllr. FC Makoseni	89 590	-	15 333	30 184	1 134	9 456	-	-	-	145 697
Cllr. XJ Valoyi	89 590	-	15 333	30 184	1 254	9 456	-	-	-	145 817
Cllr. BA Shibambu	220 595	-	15 333	74 321	2 335	-	-	-	-	312 584
Cllr. CM Siweya	69 810	1 398	15 333	23 520	920	7 604	-	-	-	118 585
Cllr. NR Khandhela	69 810	-	15 333	23 520	1 013	7 604	-	-	-	117 280
Cllr. GR Kobane	89 590	-	15 333	30 184	1 160	-	-	-	-	136 267
Cllr. EN Mabunda	92 299	2 957	15 333	31 097	1 287	9 710	-	-	-	152 683
Cllr. SG Mthombeni	89 590	-	15 333	30 184	1 134	9 456	-	-	-	145 697
Cllr. NN Baloyi	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. MC Mhlongo	69 810	661	15 333	23 520	920	7 604	-	-	-	117 848
Cllr. RE Ngoveni	69 810	-	15 333	23 520	844	-	-	-	-	109 507
Cllr. TR Maluleke	69 810	-	15 333	23 520	920	-	-	-	-	109 583
Cllr. MA Khosa	69 810	-	15 333	23 520	920	-	-	-	-	109 583

53. Related parties (continued)

Cllr. T Makhubele	69 810	-	15 333	23 520	844	-	-	-	-	109 507
Cllr. HW Mhlari	92 299	-	15 333	31 097	1 163	9 710	-	-	-	149 602
Cllr. RN Sekgobela	69 810	-	15 333	23 520	844	9 456	-	-	-	118 963
Cllr. TM Makhuvele	89 590	-	15 333	30 184	1 134	-	-	-	-	136 241
Cllr. MP Mathevula	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. XB Mkansi	69 810	-	15 333	23 520	844	-	-	-	-	109 507
Cllr. DC Mashimbye	69 810	3 022	15 333	23 520	920	7 604	-	-	-	120 209
Cllr. RS Khosa	69 810	2 269	15 333	23 520	920	7 604	-	-	-	119 456
Cllr. HR Rikhotso	69 810	1 681	15 333	23 520	920	7 604	-	-	-	118 868
Cllr. MJ Chauke	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. RC Rikhotso	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. KA Manganyi	165 447	1 356	15 333	55 741	2 177	16 561	-	139	-	256 754
Cllr. JS Khosa	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. AF Mthombeni	18 125	-	3 700	5 676	215	7 604	-	-	-	35 320
Cllr. DT Shivuri	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. N Maluleke	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. MA Makamu	51 081	-	11 100	17 027	681	-	-	-	-	79 889
Cllr. BI Mashele	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. AF Mthombeni	92 299	-	15 333	31 097	1 287	9 710	-	-	-	149 726
Cllr. PS Mabulana	92 299	-	15 333	31 097	1 163	9 710	-	-	-	149 602
Cllr. TC Manganyi	69 810	-	15 333	23 520	937	7 604	-	-	-	117 204
Cllr. SS Kubayi	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. AE Mboweni	92 299	-	15 333	30 184	1 059	-	-	-	-	138 875
Cllr. NM Madzunye	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. SC Mahlawule	92 299	-	15 333	31 097	1 066	-	-	-	-	139 795
Cllr. TC Zitha	69 810	-	15 333	23 520	937	-	-	-	-	109 600
Cllr. HR Shivambu	69 810	-	15 333	23 520	1 013	7 604	-	-	-	117 280
Cllr. MJ Makhubela	69 810	-	15 333	23 520	1 013	7 604	-	-	-	117 280
Cllr. SR Nkuna	34 054	-	7 400	11 351	407	-	-	-	-	53 212
Cllr. P Mazivuko	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. TS Hlungwana	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. NJ Zitha	69 810	-	15 333	23 520	844	7 604	-	-	-	117 111
Cllr. TP Chaka	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. FJ Manganyi	51 081	-	11 100	17 027	611	-	-	-	-	79 819
Cllr. TJ Moshwana	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187
Cllr. MD Hlungwana	35 756	-	7 933	12 169	778	10 177	-	-	-	66 813
Cllr. DR Maswangani	69 810	-	15 333	23 520	920	7 604	-	-	-	117 187

Notes to the Audited Annual Financial Statements

Figures in Rand

53. Related parties (continued)

	15 271 238	**454 662**	**2 762 047**	**5 252 436**	**195 496**	**585 156**	**27 465**	**74 285**	**49 200**	**24 671 985**

Figures in Rand	2023	2022

54. 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 Greater Giyani 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.

Money 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.

	2023	2022
Agency fee @ (Water 20% and Sewer 5%)	650 644	828 674

	2023	2022
Inter municipal Account		
Mopani District Municipality	(22 591 467)	(4 998 660)

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.

	2023	2022
Agency fee		
Total collection on behalf of the principal	23 907 350	23 286 718
Total amount paid or transferred to the principal	(16 865 568)	(16 531 351)
	7 041 782	**6 755 367**

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 20% of the total collection of

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.

55. 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.

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

55. Risk management (continued)

Payables from exchange transactions	112 569 601	105 303 884
	112 569 601	**105 303 884**

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	248 096 278	220 050 953
Receivables from exchange transactions	32 099 563	11 984 307
Receivables from non-exchange transactions	44 148 641	94 672 648
Other receivables from exchange transactions	9 905 906	34 463 319
VAT	15 904 882	20 440 439
	350 155 270	**381 611 666**

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.

56. Deviations

Bowmans	772 828	-
MM Baloyi Arttoneys	470 979	-
Isaaih Nyathi	1 056 053	-
Accomodations	6 715 612	-
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
	9 015 472	**213 614**

57. Fruitless and wasteful expenditure

Opening balance as previously reported	7 236 461	2 208 553
Add: Fruitless and wasteful expenditure identified - current	290 329	5 027 908
Closing balance	**7 526 790**	**7 236 461**

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

Figures in Rand	2023	2022

57. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

Sheriff's costs	35 761	-
Penalty charges	162 866	-
Interest charged on litigation loss	-	2 793 037
Free basic electricity paid for deceased beneficiaries	-	2 202 970
Insurance excess for vehicles glass replacement	4 600	-
Interest for late payment on the disputed FBE bill	87 012	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
	290 239	**5 027 908**

58. Irregular expenditure

Opening Balance	15 922 713	11 224 426
Add: Irregular expenditure - current	14 363 302	6 281 720
Less: Amount written off by council	-	(1 583 433)
Closing balance	**30 286 015**	**15 922 713**

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:

PPR	5 963 115	-
Awards made to suppliers in which persons in service of other state institutions have an interest	-	1 228 237
7 days advertisement was not done for this procurement	4 023 796	-
The shred hold for this service is above R200 00 and it was not awarded on competitive bidding process as required by the SCM regulations	2 691 815	-
The supplier is in the services of the state (the department of education) and it was not declared in the service of the state.	1 684 576	-
Non compliance with SCM policy	-	5 053 483
	14 363 302	**6 281 720**

59. Unauthorised expenditure

Opening balance as previously reported	49 095 505	103 258 108
Add: Unauthorised expenditure - incurred in the current year	118 879 105	49 095 505
Less: Amount written off by council	-	(103 258 108)
Closing balance	**167 974 610**	**49 095 505**

Unauthorised amount of R 49 095 505 relating to the prior year was submitted to council and refered to MPAC for further investigation.

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

Non-cash	118 879 105	49 095 505

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

59. Unauthorised expenditure (continued)

Analysed as follows: non-cash

Depreciation and amortisation	77 377	30 476 758
Finance costs	4 568 091	6 670 136
Impairment loss	1 852 217	1 786 619
Debt impairment	88 278 267	-
Loss on assets written off	4 205 555	10 142 256
Obsolete inventory written off	16 395	19 736
Bad debts written off	19 881 203	-
	118 879 105	**49 095 505**

Analysed as follows: cash

Finance and administration	118 878 105	49 095 505

60. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year subscription / fee	4 835 617	4 067 384
Amount paid - current year	(4 835 617)	(4 067 384)
	-	-

PAYE and UIF

Current year subscription / fee	25 189 695	25 488 532
Amount paid - current year	(25 189 695)	(25 488 532)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	29 407 828	27 380 992
Amount paid - current year	(29 407 828)	(27 380 992)
	-	-

VAT

VAT receivable	15 904 882	20 440 439

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

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

Notes to the Audited Annual Financial Statements

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days.

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr. Rikhotso Tsakane Idah	1 557	42 152	43 709
Cllr. Shibambu Basani Agnes	1 650	1 504	3 154
	3 207	**43 656**	**46 863**

During the year under review 3 councilors who were owing in the prior cleared their outstanding balances from prior year.

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**

61. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 1 293 075 064 and that the municipality's total assets exceed its liabilities by R 1 293 075 064.

The audited 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.

62. Prior period errors

1. Contingent Liabilities

In the prior year the municipality did not disclose the following contigent liabilities:

- Eternity Star Investment 231 CC vs GGM for contractual dispute on poor workmanship and some work not done for R 2 037 027.70

- Emerald Fire Invesment vs GGM. Rescission Application for R 78 378.80

2. Receivable from exchange transactions.

Reversal of agency fee for MDM which was incorrectly calculated at 25% of the total collection instead of apportioning 20% to water collection and 5% tocollection, the overstament amounts to R 1 280 472 and R 6 863 relating to water and sewer.

3. Receivable from non-exchange transactions.

Clearing of an On hold account for Nkhensani hospital with a credit balance of R 11 892 529 relating to property rates. There was also an incorrect adjustment made on property rates in the prior year audit adjustments of R 237 204

4. Payables from exchange transactions.

Compensation commission with a balance of R 693 958 was not provided for in the prior year. An amount of R 123 934 for rentention was not capped in the prior year.

5. Agency fee.

Reversal of agency fee for MDM which was incorrectly calculated at 25% of the total collection instead of apportioning 20% of water collection and 5% of collection amounting to R 326 142.

6. Property rates

There was an incorrect adjustement made in the prior year audit adjustments on property rates with an amount of R 237 204.

7. Interest on overdue accounts

Interest was incorrectly charged on an onhold account with amount of R 1 017 905.

8. Employee related cost

A total amount of R 1 313 270 relating to employee costs (Daily allowance :R 129 720, Food allowance :R 104 558, Incidental R 146 086 and Km Travel R 932 906) were mapped to general expenditure in the pripr year. Compensation commission with an amount R 693 958 was not provided for in the prior year.

9. Councilors' remuneration

A total amount of R 605 612 relating to councilors' remuneration (Daily allowance R 27 465, Food allowance R 49 200, Incidental R 74 285 and Km travel R 454 662) were mapped to general expenditure in the prior year.

10. Contracted services

An amount of R 123 934 for electrification of Ndengeza Village was not capped in the prior year. There was reclassification of a completed of R 1 050 603.14.

11. Property, plant and equipment

There was reclassification of R 1 050 603.14 relating to a project that was completed in the prior and capaitalised. Assets with carrying value of R 211 197 were found on the floor during assets verification and were not accounted in the prior year. Depreciation relating the projected was understated with R 58 899.49

Notes to the Audited Annual Financial Statements

62. Prior period errors (continued)
12. Depreciation

The depreciation for infrastructure was understated with R 58 899.49 was understated in the prior year. Depreciation for the assets found on the amounting to R 49 502 was not accounted in the prior year.

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

Statement of financial position	**As previously reported**	**Correction of error**	**Restated**
Receivable from exchange transaction	13 257 921	(1 273 614)	11 984 307
Receivable from non exchange transaction	103 353 601	(8 779 965)	94 573 636
Other receivables from exchange transactions	38 086 198	(3 523 868)	34 562 330
Property, plant and equipment	991 184 532	1 320 700	992 505 232
Payables from exchange transactions	(104 485 992)	(817 892)	(105 303 884)
	1 041 396 260	**(13 074 639)**	**1 028 321 621**

Statement of financial performance	**As previously reported**	**Correction of error**	**Restated**
Agency services	1 154 816	(326 142)	828 674
Property rates	67 093 366	237 204	67 330 570
Interest received (overdue accounts)	27 429 499	(1 017 905)	26 411 594
Employee related costs	(159 435 179)	(2 007 228)	(161 442 407)
Remuneration of councilors	(24 066 373)	(605 612)	(24 671 985)
Depreciation	(96 276 758)	(108 401)	(96 385 159)
Debt imapirment	(14 419 155)	(174 100)	(14 593 255)
Contracted services	(73 972 158)	926 670	(73 045 488)
General expenses	(71 966 994)	1 918 882	(70 048 112)
	(344 458 936)	**(1 156 632)**	**(345 615 568)**

Commitment	**As previously reported**	**Correction of error**	**Restated**
Appointment of civil engineering services provider (contractor) for the construction of Civic centre building phase iv (CIDB 7GB/7CE or higher)	43 422 580	1 448 774	44 871 354
Construction of Nwadzekudzeku community hall	12 734 743	173 747	12 908 490
Construction of Homu sports center	12 017 534	919 986	12 937 520
	68 174 857	**2 542 507**	**70 717 364**

Contigent liabilities	**As previously reported**	**Correction of error**	**Restated**
Eternity Star Investment 231 CC//GGM - Contractual dispute on poor workmanship and some work not done	-	2 037 028	2 037 028
Emerald Fire Investment vs GGM. Rescission Application	-	78 379	78 379
	-	**2 115 407**	**2 115 407**

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

63. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS

Material differences between budget and actual amounts

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

A. Rental of facilities

Service is dependent on the needs of the community members. An increment of over 10% indicates that the demand from community members were favourable in the current year when compared to the prior year.

B. Agency Services

Agency fees commission is depended on the water and sanitation collection, therefore the municipality collected less when compared to the previous year.

C. Other income

Service is dependent on the needs of the community members. An increment of over 10% indicates that the demand from community members were favourable in the current year when compared to the prior year.

D. Interest on investment

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

E. Gains

The planned asset disposal was not done during the current year under review.

F. Traffic fines

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

G. Interest on overdue accounts (Property rates)

Impact of low revenue collection due to culture of non-payment has resulted in an increased debtor's book and increase the interest on outstanding debtors.

H. Impairment loss

Impairment loss was incurred due to the decrease in the value of damaged Assets and assets which their lifespan has reduced drastically.

I. Finance costs

This is due to interest on provision of rehabilitation of dumping site which was not budgeted for

J. Debt impairment

The municipality debt book has increased due slow revenue collection which in turns increased the provision for debt impairment. The municipality has also revised the debt impairment methodology and government properties have been individually assessed for impairment.

K. Contracted services

There was a decrease in proffessional fees expenditure.

L. Transfers and subsidies

This is due to the funds given to the 4 Local SMMEs to support them after they have applied for assistance.

M. Obsolete inventory written off

This is due to damaged doors and expired materials identified at year end stock count.

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

N. Repairs and maitenance

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.

O. Loss on assets written off

Due to the pavement milling projects undertaken by the municipality, the old tar roads had to be derecognised which resulted in the loss on asset written off.

P. General Expenses

There increase in general expenses was due to bad written off on property rates, oil due to exponential fuel increase, staff traing and travelling due to lifting of Covid19 restrictions.

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

EXPLANATION OF DIFFERENCES BETWEEN APPROVED BUDGET AND FINAL ADJUSTED BUDGET

A. Services charges

A downward adjustment is based on actual performance of refuse removal during mid-year budget assessment.

B. Rental of facilities

A downward adjustment is based on actual performance of refuse removal during mid-year budget assessment. The service is depended on the demand by consumers, cost reflective tariffs also lowered the demand.

C. Agency Services

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

D. Other income

Services in this category is depended on the demand of services by consumers.
Sale of Property did not perform as planned during the start of the budget processes.

E. Interest on Investment

The variance was caused by a huge positive cash balance maintained by the municipality, furthermore there were also more investments made by the municipality.

F. Gains

The planned asset disposal was not done during the current year under review.

G. Traffic fines

This was due to less roadblocks and enforcement measures conducted by the municipality.

H. 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.

I. Lease rentals on operating

The budget was decreased while checking the performance for the first six month of the financial year, the contract is depended on the usage of the machine.

J. Repairs and maitenance

The budget was increased due to the need and backlog that is there in our communities to maintain roads and stormwater.

K. Contracted services

The budget was increased due to the INEG bonus which was received during the Financial Year.

L. Transfers and subsidies

The budget was increased while checking the number of SMMES that applied for assistance.

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022

64. Changes in estimate

In the year under review the municipality revised the debt impairment methodology, which resulted in other debtors categories (government) being individually included in the assessment for debt impairment. The revision was in line with GRAP 104 paragraph 62.

The effect of the change in accounting estimate has resulted in an increase of R 68 894 013.26 for the current period.

The effect on future periods could not reasonably be determined.