



Greater Giyani Municipality  
Annual Financial Statements  
for the year ended 30 June 2024

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## General Information

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### 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.

### Mayoral committee

Executive 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)

EXCO Member

Cllr RN Sekgobela (Office of the Mayor)

Cllr M Shiviti (Chairperson of Chairperson)

Cllr RE Makondo (MPAC Chairperson)

Cllr RG Ngunyula (Chairperson of Finance)

Cllr PT Mokgobi (Chairperson of Corporate and Shared Services)

Cllr MC Chabalala (Chairperson of Infrastructure)

Cllr TE Nkuna (Chairperson of Planning and Economic Development)

Cllr CS Rikhotso (Chairperson 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 (Resigned)

Cllr PH Makhuvela

Cllr TA Mathonsi

Cllr RE Ngoveni

Cllr KO Maswanganyi

Cllr P Rikhotso

Cllr JP Shibambu

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## General Information

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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 TI Rikhotso (Resigned)  
Cllr TN Baloyi  
Cllr TP Mashaba  
Cllr PP Mkhari  
Cllr MS Hlongwane  
Cllr DJ Hlongwane  
Cllr TP Mashaba  
Cllr SM Mhangwane  
Cllr MM Mathonsi  
Cllr SR Nkuna  
Cllr IT Shivambu  
Cllr KT Ngobeni  
Cllr S Ngobeni

**Grading of local authority**

3

**Accounting Officer**

V D Khoza

**Chief Finance Officer (CFO)**

F Nkuna

**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 annual financial statements have been prepared in line with the requirements of Generally Recognised Accounting Practices (GRAP) and all other applicable legislations.

**Preparer**

The annual financial statements were internally compiled by:  
F Nkuna (Chief Financial Officer)

# Greater Giyani Municipality

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# Greater Giyani Municipality

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### 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
IAS	International Accounting Standards
IASB	International Accounting Standards Boards
INEG	Integrated National Electrification Grant
IT	Information Technology
LGSETA	Local Government Sector Education and Training Authority
LSA	Long Service Awards
MDRF	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

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 8.

The annual financial statements set out on page 10 to 100 , which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

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**V D Khoza**  
**Accounting Officer**

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Audit Committee Report

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We are pleased to present our report for the financial year ended 30 June 2024.

### Audit committee members and attendance

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

### Audit committee responsibility

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

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

### The effectiveness of internal control

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

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

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

### Evaluation of annual financial statements

The audit committee has:

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

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

### Internal audit

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

### Auditor-General of South Africa

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

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**Chairperson of the Audit Committee**

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Audit Committee Report

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Date: \_\_\_\_\_



## **Report of the Auditor General**

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To the Provincial Legislature of Greater Giyani Municipality

**Auditor General South Africa (AGSA)**

**Partner's name**  
**Additional description**  
**Additional description**

**30 November 2024**

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

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

### 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 and operates principally in South Africa.

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

### 2. Going concern

We draw attention to the fact that at 30 June 2024, the Municipality had an accumulated surplus (deficit) of R 1 443 155 531 and that the Municipality's total assets exceed its liabilities by R 1 443 155 531.

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

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

On the 2nd of July 2024 there was an incident of fire at the old Civic centre building, which has caused the damage on the insignificant part of the building which the extent of the damage is unquantifiable and movable assets with the carrying value of R 5 345. And the incident is classified as a non-adjusting event.

The contract of employment for Mr. R.H Mashamba the Director – Technical Services expired on 31 August 2024. The council appointed Mr N.T Mahani to act on the position from 1 September 2024.

The council appointed Mr M.F Rapelego as a Director – Corporate and Shared Services with effect from 1 September 2024. At the time of appointment, Mr M.F Rapelego was acting the same position

On 17 October 2024, the Minister of the Department of Cooperative Governance and Traditional Affairs (CoGTA) approved and gazetted upper limits for members of municipal councils (Government Gazette No.51407). In line with the gazette, the council sat on 11 November 2024 in a special council meeting and took a resolution to approve the implementation therefore through requesting for concurrence from the MEC of the Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA) Limpopo (CR24-11/11/24SP). The MEC for CoGHSTA has in response issued a concurrence letter dated 12 November 2024.

### 4. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is.

Name	Nationality
V D Khoza	South African

### 5. Auditors

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

The annual financial statements set out on page 9 to 100, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

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**V D Khoza**  
Accounting Officer

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	9	33 517 017	33 043 090
Other financial assets	7	-	-
Receivables from exchange transactions	10	50 325 509	32 099 563
Receivables from non-exchange transactions	11	50 313 435	67 178 881
VAT receivable	12	20 823 570	16 177 101
Other receivables from exchange transactions	13	11 296 128	14 467 380
Cash and cash equivalents	14	250 549 884	248 013 459
		<b>416 825 543</b>	<b>410 979 474</b>
<b>Non-Current Assets</b>			
Investment property	3	44 207 157	26 234 421
Property, plant and equipment	4	1 172 417 719	1 091 181 620
Intangible assets	5	2 065 181	996 253
Heritage assets	6	339 867	206 303
		<b>1 219 029 924</b>	<b>1 118 618 597</b>
<b>Total Assets</b>		<b>1 635 855 467</b>	<b>1 529 598 071</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	18	113 525 220	115 013 709
Employee benefit obligation	8	1 435 000	1 525 000
Unspent conditional grants and receipts	15	2 333	3 758 762
Provisions - rehabilitation of dumping site	17	-	5 473 837
Deferred income	16	25 031 317	24 792 248
Bank overdraft	14	1 684 163	-
		<b>141 678 033</b>	<b>150 563 556</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	8	27 159 000	22 719 000
Provisions - rehabilitation of dumping site	17	23 862 903	37 900 467
		<b>51 021 903</b>	<b>60 619 467</b>
<b>Total Liabilities</b>		<b>192 699 936</b>	<b>211 183 023</b>
<b>Net Assets</b>		<b>1 443 155 531</b>	<b>1 318 415 048</b>
Accumulated surplus		1 443 155 531	1 318 415 048
<b>Total Net Assets</b>		<b>1 443 155 531</b>	<b>1 318 415 048</b>

\* See Note 59

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	19	9 321 962	8 526 324
Rental of facilities and equipment	20	273 811	445 756
Interest received on overdue accounts (other services)	21	3 992 553	3 283 704
Debt impairment reversal	22	-	27 591 715
Agency services	23	557 560	650 644
Licences and permits	24	7 307 730	7 109 523
Gains on provisions	25	20 494 409	-
Actuarial gains	26	2 882 000	4 470 000
Gain on assets disposal		330 927	-
Other income	27	2 859 938	1 906 857
Interest received - investment	28	25 579 179	17 351 270
<b>Total revenue from exchange transactions</b>		<b>73 600 069</b>	<b>71 335 793</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	29	86 839 750	72 851 950
Traffic fines	30	753 642	1 222 834
Interest-overdue accounts (property rates)	31	40 708 966	32 418 395
<b>Transfer revenue</b>			
Government grants & subsidies	32	503 547 104	471 604 290
Donations received	33	18 571 592	13 871 397
<b>Total revenue from non-exchange transactions</b>		<b>650 421 054</b>	<b>591 968 866</b>
<b>Total revenue</b>	34	<b>724 021 123</b>	<b>663 304 659</b>
<b>Expenditure</b>			
Employee related costs	35	(180 278 615)	(167 464 399)
Remuneration of councillors	36	(26 480 050)	(25 382 201)
Depreciation and amortisation	37	(94 573 830)	(91 077 377)
Impairment loss/ Reversal of impairments	38	(8 470 785)	(1 852 217)
Finance costs	39	(5 235 115)	(4 568 091)
Lease rentals on operating lease	40	(2 011 139)	(1 910 539)
Debt Impairment	41	(97 910 914)	(104 753 695)
Contracted services	42	(88 394 594)	(68 044 372)
Transfers and Subsidies	43	(1 500 000)	(1 600 000)
Loss on assets written off and disposal	44	(2 424 748)	(4 205 555)
Damaged and Obsolete inventory written off		(39 553)	(16 395)
Repairs and maintenance	45	(11 724 328)	(7 371 294)
General Expenses	46	(80 236 966)	(95 252 909)
<b>Total expenditure</b>		<b>(599 280 637)</b>	<b>(573 499 044)</b>
<b>Surplus for the year</b>		<b>124 740 486</b>	<b>89 805 615</b>

\* See Note 59

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 223 727 220	1 223 727 220
Adjustments		
Correction of errors	4 882 213	4 882 213
<b>Balance at 01 July 2022 as restated*</b>	<b>1 228 609 433</b>	<b>1 228 609 433</b>
Changes in net assets		
Surplus for the year	89 805 615	89 805 615
Total changes	89 805 615	89 805 615
<b>Restated* Balance at 01 July 2023</b>	<b>1 318 415 045</b>	<b>1 318 415 045</b>
Changes in net assets		
Surplus for the year	124 740 486	124 740 486
Total changes	124 740 486	124 740 486
<b>Balance at 30 June 2024</b>	<b>1 443 155 531</b>	<b>1 443 155 531</b>
Note(s)		

\* See Note 59

# Cash Flow Statement

Figures in Rand

Note(s)

2024

2023  
Restated\*

## Cash flows from operating activities

### Receipts

Cash receipts from customers		103 316 995	14 415 945
Grants		499 790 675	464 771 319
Interest income		70 280 698	53 053 369
Other income		2 859 938	1 906 857
		<u>676 248 306</u>	<u>534 147 490</u>

### Payments

Employee costs		(194 599 704)	(187 014 322)
Suppliers		(237 095 160)	(100 654 843)
Finance costs		(3 122 786)	(1 985 370)
Grants and subsidies		(1 500 000)	(1 600 000)
		<u>(436 317 650)</u>	<u>(291 254 535)</u>

### Net cash flows from operating activities

48 **239 930 656** **242 892 955**

## Cash flows from investing activities

Purchase of property, plant and equipment	4	(234 925 434)	(211 457 203)
Purchase of other intangible assets	5	(3 906 846)	(3 384 923)
Purchase of heritage assets	6	(246 114)	-

### Net cash flows from investing activities

**(239 078 394)** **(214 842 126)**

## Cash flows from financing activities

### Net increase/(decrease) in cash and cash equivalents

**852 262** **28 050 829**

Cash and cash equivalents at the beginning of the year

248 013 459 219 962 630

### Cash and cash equivalents at the end of the year

14 **248 865 721** **248 013 459**

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	9 424 350	(678 108)	<b>8 746 242</b>	9 321 962	<b>575 720</b>	
Rental of facilities and equipment	695 300	(530 300)	<b>165 000</b>	273 811	<b>108 811</b>	
Interest received (trading)	3 480 370	(2 037 370)	<b>1 443 000</b>	3 992 553	<b>2 549 553</b>	
Agency services	5 896 800	(4 896 800)	<b>1 000 000</b>	557 560	<b>(442 440)</b>	
Licences and permits	8 450 000	(265 000)	<b>8 185 000</b>	7 307 730	<b>(877 270)</b>	
Gain on provisions	-	-	-	20 494 409	<b>20 494 409</b>	
Actuarial gains	-	-	-	2 882 000	<b>2 882 000</b>	
Gain on sale of assets	100 000	900 000	<b>1 000 000</b>	330 927	<b>(669 073)</b>	
Other income	11 406 574	(7 255 036)	<b>4 151 538</b>	2 859 938	<b>(1 291 600)</b>	
Interest received - investment	12 249 957	5 569 981	<b>17 819 938</b>	25 579 179	<b>7 759 241</b>	
<b>Total revenue from exchange transactions</b>	<b>51 703 351</b>	<b>(9 192 633)</b>	<b>42 510 718</b>	<b>73 600 069</b>	<b>31 089 351</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	79 316 562	604 204	<b>79 920 766</b>	86 839 750	<b>6 918 984</b>	
Traffic fines	365 795	(260 795)	<b>105 000</b>	753 642	<b>648 642</b>	
Interest -overdue accounts (Property rates)	22 570 417	-	<b>22 570 417</b>	40 708 966	<b>18 138 549</b>	
<b>Transfer revenue</b>						
Government grants & subsidies	486 901 000	16 637 000	<b>503 538 000</b>	503 547 104	<b>9 104</b>	
Donations	-	-	-	18 571 592	<b>18 571 592</b>	
<b>Total revenue from non-exchange transactions</b>	<b>589 153 774</b>	<b>16 980 409</b>	<b>606 134 183</b>	<b>650 421 054</b>	<b>44 286 871</b>	
<b>Total revenue</b>	<b>640 857 125</b>	<b>7 787 776</b>	<b>648 644 901</b>	<b>724 021 123</b>	<b>75 376 222</b>	
<b>Expenditure</b>						
Personnel	(200 327 289)	21 655 981	<b>(178 671 308)</b>	(180 278 615)	<b>(1 607 307)</b>	
Remuneration of councillors	(24 915 963)	(968 788)	<b>(25 884 751)</b>	(26 480 050)	<b>(595 299)</b>	
Depreciation and amortisation	(95 000 000)	(1 000 000)	<b>(96 000 000)</b>	(94 573 830)	<b>1 426 170</b>	
Impairment loss/ Reversal of impairments	-	-	-	(8 470 785)	<b>(8 470 785)</b>	
Finance costs	-	-	-	(5 235 115)	<b>(5 235 115)</b>	
Lease rentals on operating lease	(2 400 000)	-	<b>(2 400 000)</b>	(2 011 139)	<b>388 861</b>	
Debt Impairment	(29 000 000)	(93 278 267)	<b>(122 278 267)</b>	(97 910 914)	<b>24 367 353</b>	
Contracted Services	(57 246 500)	1 731 461	<b>(55 515 039)</b>	(88 394 594)	<b>(32 879 555)</b>	
Transfers and Subsidies	(1 500 000)	-	<b>(1 500 000)</b>	(1 500 000)	-	
Repairs and maintenance	(61 220 000)	(5 943 866)	<b>(67 163 866)</b>	(11 724 328)	<b>55 439 538</b>	
General Expenses	(76 733 832)	(6 549 717)	<b>(83 283 549)</b>	(80 236 966)	<b>3 046 583</b>	
Loss on assets written off	-	-	-	(2 424 748)	<b>(2 424 748)</b>	
Damaged and obsolete inventory written off	-	-	-	(39 553)	<b>(39 553)</b>	
<b>Total expenditure</b>	<b>(548 343 584)</b>	<b>(84 353 196)</b>	<b>(632 696 780)</b>	<b>(599 280 637)</b>	<b>33 416 143</b>	

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Surplus before taxation</b>	<b>92 513 541</b>	<b>(76 565 420)</b>	<b>15 948 121</b>	<b>124 740 486</b>	<b>108 792 365</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>92 513 541</b>	<b>(76 565 420)</b>	<b>15 948 121</b>	<b>124 740 486</b>	<b>108 792 365</b>	

Reconciliation

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	8 738 033	24 655 057	<b>33 393 090</b>	33 517 017	<b>123 927</b>	
Receivables from exchange transactions	(13 386 556)	131 870 373	<b>118 483 817</b>	50 325 509	<b>(68 158 308)</b>	
Receivables from non-exchange transactions	685 423	52 168 678	<b>52 854 101</b>	50 313 435	<b>(2 540 666)</b>	
VAT receivable	2 148 936	61 521 277	<b>63 670 213</b>	20 823 570	<b>(42 846 643)</b>	
Other receivable from exchange transactions	-	-	-	11 296 128	<b>11 296 128</b>	
Cash and cash equivalents	170 556 875	(55 590 791)	<b>114 966 084</b>	250 549 884	<b>135 583 800</b>	
	<b>168 742 711</b>	<b>214 624 594</b>	<b>383 367 305</b>	<b>416 825 543</b>	<b>33 458 238</b>	
<b>Non-Current Assets</b>						
Investment property	25 599 820	(21 277 274)	<b>4 322 546</b>	44 207 157	<b>39 884 611</b>	
Property, plant and equipment	1 018 393 659	392 236 285	<b>1 410 629 944</b>	1 172 417 719	<b>(238 212 225)</b>	
Intangible assets	12 734 315	(3 801 238)	<b>8 933 077</b>	2 065 181	<b>(6 867 896)</b>	
Heritage assets	-	-	-	339 867	<b>339 867</b>	
	<b>1 056 727 794</b>	<b>367 157 773</b>	<b>1 423 885 567</b>	<b>1 219 029 924</b>	<b>(204 855 643)</b>	
<b>Total Assets</b>	<b>1 225 470 505</b>	<b>581 782 367</b>	<b>1 807 252 872</b>	<b>1 635 855 467</b>	<b>(171 397 405)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	128 879 365	(15 000)	<b>128 864 365</b>	113 525 218	<b>(15 339 147)</b>	
Employee benefit obligation	-	-	-	1 435 000	<b>1 435 000</b>	
Unspent conditional grants and receipts	-	-	-	2 333	<b>2 333</b>	
Provisions - rehabilitation of dumping site	59 465 286	(174 883 271)	<b>(115 417 985)</b>	-	<b>115 417 985</b>	
Vat payable	1 998 936	66 982	<b>2 065 918</b>	-	<b>(2 065 918)</b>	
Deferred income	-	-	-	25 031 317	<b>25 031 317</b>	
Bank overdraft	-	-	-	1 684 163	<b>1 684 163</b>	
	<b>190 343 587</b>	<b>(174 831 289)</b>	<b>15 512 298</b>	<b>141 678 031</b>	<b>126 165 733</b>	
<b>Non-Current Liabilities</b>						
Employee benefit obligation	-	-	-	27 159 000	<b>27 159 000</b>	
Provisions - rehabilitation of dumping site	1 091 000	-	<b>1 091 000</b>	23 862 903	<b>22 771 903</b>	
	<b>1 091 000</b>	-	<b>1 091 000</b>	<b>51 021 903</b>	<b>49 930 903</b>	
<b>Total Liabilities</b>	<b>191 434 587</b>	<b>(174 831 289)</b>	<b>16 603 298</b>	<b>192 699 934</b>	<b>176 096 636</b>	
<b>Net Assets</b>	<b>1 034 035 918</b>	<b>756 613 656</b>	<b>1 790 649 574</b>	<b>1 443 155 533</b>	<b>(347 494 041)</b>	

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	1 034 035 918	756 613 656	<b>1 790 649 574</b>	1 443 155 531	<b>(347 494 043)</b>	

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Cash Receipts from customers	137 153 113	(78 976 119)	<b>58 176 994</b>	103 316 995	<b>45 140 001</b>	
Grants	486 901 000	16 637 000	<b>503 538 000</b>	499 790 675	<b>(3 747 325)</b>	
Interest income	27 948 005	(10 128 067)	<b>17 819 938</b>	70 280 698	<b>52 460 760</b>	
Other income	-	-	-	2 859 938	<b>2 859 938</b>	
	<b>652 002 118</b>	<b>(72 467 186)</b>	<b>579 534 932</b>	<b>676 248 306</b>	<b>96 713 374</b>	
<b>Payments</b>						
Employee costs	(225 243 252)	20 687 193	<b>(204 556 059)</b>	(194 599 702)	<b>9 956 357</b>	
Suppliers	(209 013 807)	(25 039 899)	<b>(234 053 706)</b>	(237 095 160)	<b>(3 041 454)</b>	
Finance costs	-	-	-	(3 122 786)	<b>(3 122 786)</b>	
Transfers and subsidies	(1 500 000)	-	<b>(1 500 000)</b>	(1 500 000)	-	
	<b>(435 757 059)</b>	<b>(4 352 706)</b>	<b>(440 109 765)</b>	<b>(436 317 648)</b>	<b>3 792 117</b>	
<b>Net cash flows from operating activities</b>	<b>216 245 059</b>	<b>(76 819 892)</b>	<b>139 425 167</b>	<b>239 930 658</b>	<b>100 505 491</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(248 389 120)	(24 166 241)	<b>(272 555 361)</b>	(234 925 434)	<b>37 629 927</b>	
Purchase of intangible assets	-	-	-	(3 906 846)	<b>(3 906 846)</b>	
Purchase of heritage assets	-	-	-	(246 114)	<b>(246 114)</b>	
<b>Net cash flows from investing activities</b>	<b>(248 389 120)</b>	<b>(24 166 241)</b>	<b>(272 555 361)</b>	<b>(239 078 394)</b>	<b>33 476 967</b>	
Net increase/(decrease) in cash and cash equivalents	(32 144 061)	(100 986 133)	<b>(133 130 194)</b>	852 264	<b>133 982 458</b>	
Cash and cash equivalents at the beginning of the year	202 643 436	45 452 842	<b>248 096 278</b>	248 013 459	<b>(82 819)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>170 499 375</b>	<b>(55 533 291)</b>	<b>114 966 084</b>	<b>248 865 723</b>	<b>133 899 639</b>	
<b>Reconciliation</b>						

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023
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### 1. Significant accounting policies

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

#### 1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

#### 1.2 Presentation currency

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

#### 1.3 Going concern assumption

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

#### 1.4 Materiality

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

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

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

#### 1.5 Significant judgements and sources of estimation uncertainty

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

##### Trade receivables

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

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

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.5 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 R - lower or R - 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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.5 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.

### 1.6 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.

### 1.7 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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.7 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 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	30 Years
Graders	Straight-line	5 - 15 years
Tractors	Straight-line	5 - 15 years
Lawn mowers	Straight-line	5 -15 years
Compressors	Straight-line	5 -15 years
Radio equipment	Straight-line	5 -15 years
Tipplers	Straight-line	5 - 15 years
Chairs	Straight-line	5 -10 years
Tables and desks	Straight-line	5 -10 years
Cabinets and cupboards	Straight-line	5 -10 years
Truck and light vehicles	Straight-line	5 - 15 years
Ordinary motor vehicles	Straight-line	5 - 10 years
Office machines	Straight-line	3 - 5 years
Air conditioners	Straight-line	5 - 8 years
Computer hardware	Straight-line	3 - 9 years
Cemeteries	Straight-line	25 - 30 years
Community halls (Center)	Straight-line	20 - 30 years
Libraries	Straight-line	25 -30 years
Parks	Straight-line	30 years
Sports and related stadiums	Straight-line	20 - 30 years
Tennis courts	Straight-line	25 -30 years
Golf courses	Straight-line	10 - 30 years
Outdoor sports facilities	Straight-line	10 - 30 years
Flood lighting	Straight-line	10 -30 years
Roads and road furniture	Straight-line	5 - 20 years
Other roads	Straight-line	20 years
Traffic lights	Straight-line	20 years
Traffic islands	Straight-line	20 - 25 years
Streets lights	Straight-line	20 - 25 years
Storm water drains	Straight-line	10 - 80 years
Bridges, subways and culverts	Straight-line	30 - 80 years

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.7 Property, plant and equipment (continued)

Car parks	Straight-line	20 years
Bus terminals	Straight-line	20 years
Bulk refuse containers (skips)	Straight-line	5 - 10 years
Household refuse bins	Straight-line	5 - 15 years
Fire horses	Straight-line	5 - 15 years
Other fire fighting equipments	Straight-line	5 - 15 years
Emergency equipment	Straight-line	5 years
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.

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

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

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

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

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

### 1.8 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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.8 Intangible assets (continued)

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:

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

### 1.9 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.

#### 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).

### 1.10 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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.10 Financial instruments (continued)

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.

#### 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.

##### Reclassifications

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

- a residual interest of another entity; or
- an investment in a residual interest that meets the requirements for reclassification.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.10 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 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.

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

#### Financial assets measured at amortised cost:

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

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

### 1.11 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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.11 Leases (continued)

#### Finance leases - lessee

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

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

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

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

#### Operating leases - 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.

### 1.12 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.

### 1.13 Cash and cash equivalents

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

### 1.14 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.

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

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:

- 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.

# Greater Giyani Municipality

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## Significant Accounting Policies

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

#### 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.

#### 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.

# Greater Giyani Municipality

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## Significant Accounting Policies

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

#### 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.

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## Significant Accounting Policies

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### 1.14 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.

#### 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 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.

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### 1.15 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.

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## Significant Accounting Policies

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### 1.15 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.

### 1.16 Employee benefits

#### Identification

##### Employee benefits

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

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## Significant Accounting Policies

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### 1.16 Employee benefits (continued)

#### Short-term employee benefits

##### Recognition and measurement

##### All short-term employee benefits

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

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

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

##### Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

##### Post-employment benefits: Distinction between defined contribution plans and defined benefit plans

##### Insured benefits

The entity may pay insurance premiums to fund a post-employment benefit plan. The entity treats such a plan as a defined contribution plan unless the entity will have (either directly or indirectly through the plan) a legal or constructive obligation either to:

(a) pay the employee benefits directly when they fall due; or

(b) pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior reporting periods. If the entity retains such a legal or constructive obligation, the entity treats the plan as a defined benefit plan.

##### Post-employment benefits: Defined contribution plans

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## Significant Accounting Policies

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### 1.16 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

##### Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

##### Statement of financial position

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

- (a) the surplus in the defined benefit plan; and
- (b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

##### Recognition and measurement: Present value of defined benefit obligations and current service cost

##### Actuarial valuation method

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.

##### Attributing benefit to periods of service

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes 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, the entity attributes benefit on a straight-line basis from:

- (a) 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
- (b) 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 assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

##### Actuarial assumptions: Mortality

The entity determines its mortality assumptions by reference to its best estimate of the mortality of plan members both during and after employment.

##### Actuarial assumptions: Discount rate

The rate used to discount post-employment benefit obligations (both funded and unfunded) 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 post-employment benefit obligations.

##### Actuarial assumptions: Salaries, benefits and medical costs

The entity measures its defined benefit obligations on a basis that reflects:

- (a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;

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## Significant Accounting Policies

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### 1.16 Employee benefits (continued)

- (b) any estimated future salary increases that affect the benefits payable;
- (c) the effect of any limit on the employer's share of the cost of the future benefits;
- (d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and
- (e) 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:
  - (i) those changes were enacted before the end of the reporting period; or
  - (ii) historical data, 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 takes account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

- (a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and
- (b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

#### Past service cost

The entity recognises past service cost as an expense at the earlier of the following dates:

- (a) when the plan amendment or curtailment occurs; and
- (b) when the entity recognises related restructuring costs or termination benefits.

#### Gains and losses on settlement

The entity recognises a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

#### Recognition and measurement: Plan assets

##### Fair value of plan assets

The fair value of any plan assets is deducted from the present value of the defined benefit obligation in determining the deficit or surplus.

##### Reimbursements

When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the entity:

- (a) Recognises its right to reimbursement as a separate asset. The entity measures the asset at fair value.
- (b) Disaggregate and recognise changes in the fair value of its right to reimbursement in the same way as for changes in the fair value of plan assets. The components of defined benefit cost recognised as below (see section on Components of defined benefit cost), may be recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.

##### Components of defined benefit cost

The entity recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

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### 1.16 Employee benefits (continued)

- (a) service cost;
- (b) net interest on the net defined benefit liability (asset); and
- (c) remeasurements of the net defined benefit liability (asset).

#### Current service cost

The entity determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

#### Net interest on the net defined benefit liability (asset)

The entity determines net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified.

To determine net interest, the entity uses the net defined benefit liability (asset) and the discount rate determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, the entity determines net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement using:

- (a) the net defined benefit liability (asset) determined in accordance with the section on Past service cost gains and losses on settlement (part b); and
- (b) the discount rate used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

In applying this, the entity also takes into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

#### Remeasurements of the net defined benefit liability (asset)

Remeasurements of the net defined benefit liability (asset) comprise:

- (a) actuarial gains and losses;
- (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

#### Presentation

##### Offset

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

- (a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and
- (b) 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.

##### Current/non-current distinction

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

- (a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

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Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.16 Employee benefits (continued)

(b) 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.

#### Components of defined benefit cost

The entity recognises service cost, net interest on the net defined benefit liability (asset) and remeasurements in surplus or deficit.

#### Other long-term employee benefits

##### Recognition and measurement

For other long-term employee benefits, 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:

- (a) service cost;
- (b) net interest on the net defined benefit liability (asset); and
- (c) remeasurements of the net defined benefit liability (asset).

#### Termination benefits

##### Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

##### Measurement

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

- (a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.
- (b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

### 1.17 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.

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## Significant Accounting Policies

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### 1.17 Provisions and contingencies (continued)

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or 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 50.

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

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

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.17 Provisions and contingencies (continued)

- 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.

### 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.

### 1.18 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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.19 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.

#### 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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.19 Revenue from exchange transactions (continued)

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

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.20 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.

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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.20 Revenue from non-exchange transactions (continued)

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

#### 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.

### 1.21 Investment income

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

### 1.22 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.

### 1.23 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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.24 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.

### 1.25 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.

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

### 1.26 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 2023/07/01 to 2024/06/30.

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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.26 Budget information (continued)

Comparative information is not required.

### 1.27 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).

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 favorable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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

### 1.28 Events after reporting date

Events after reporting date are those events, both favorable and unfavorable, 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.

### 1.29 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%)

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.29 Value Added Tax (continued)

Zero rated supplies (0%)

Exempted supplies (-)

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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Figures in Rand	2024	2023
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### 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 2024 or later periods:

#### 2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods but are not relevant to its operations:

#### **GRAP 1 (amended): Presentation of Financial Statements (Going Concern)**

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

#### **Applicability of going concern in the public sector**

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

#### **Disclosure on going concern**

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

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

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

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

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

#### GRAP 103 (as revised): Heritage Assets

##### Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as “the review”) in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

##### Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have “cultural significance” and defines a heritage asset as “an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations”. “Cultural significance” has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

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

The effective date of the standard is for years beginning on or after 01 April 2023.

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

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

#### GRAP 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.

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

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

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

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

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

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	45 496 568	(1 289 411)	44 207 157	26 924 976	(690 555)	26 234 421

#### Reconciliation of investment property - 2024

	Opening balance	Additions	Impairments	Depreciation	Total
Investment property	26 234 421	18 571 591	(507 812)	(91 043)	44 207 157

#### Reconciliation of investment property - 2023

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

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

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>3. Investment property (continued)</b>		
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 741	360 000	360 000
GIYANI A ERF 744	200 000	200 000
GIYANI A ERF 86	200 000	200 000
	<b>7 780 000</b>	<b>7 780 000</b>

### 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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	43 416 035	-	43 416 035	43 416 035	-	43 416 035
Buildings	174 134 995	(39 233 894)	134 901 101	159 654 932	(34 184 880)	125 470 052
Plant and machinery	58 026 860	(14 188 886)	43 837 974	49 446 863	(15 735 932)	33 710 931
Furniture and fixtures	7 948 040	(3 616 922)	4 331 118	7 964 610	(2 876 712)	5 087 898
Motor vehicles	14 979 980	(8 553 245)	6 426 735	19 404 539	(10 995 123)	8 409 416
Office equipment	1 534 537	(956 242)	578 295	1 344 382	(860 369)	484 013
IT equipment	13 721 482	(6 083 875)	7 637 607	10 027 090	(5 631 822)	4 395 268
Infrastructure	1 260 115 424	(601 417 299)	658 698 125	1 173 560 535	(551 674 272)	621 886 263
Community	303 864 828	(37 897 967)	265 966 861	274 689 920	(31 744 991)	242 944 929
Electricity projects	4 543 284	-	4 543 284	3 144 704	-	3 144 704
Airconditioners	4 229 092	(2 148 508)	2 080 584	3 919 895	(1 687 784)	2 232 111
<b>Total</b>	<b>1 886 514 557</b>	<b>(714 096 838)</b>	<b>1 172 417 719</b>	<b>1 746 573 505</b>	<b>(655 391 885)</b>	<b>1 091 181 620</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	WIP	Disposals	Transfers	Derecognition	Depreciation	Impairment loss	Total
Land	43 416 035	-	-	-	-	-	-	-	43 416 035
Buildings	125 470 052	14 568 453	-	-	-	(33 646)	(4 343 081)	(760 677)	134 901 101
Plant and machinery	33 710 931	15 085 637	-	(7 503)	-	(1 317 871)	(3 633 220)	-	43 837 974
Furniture and fixtures	5 087 898	-	-	(7 734)	-	-	(739 838)	(9 208)	4 331 118
Motor vehicles	8 409 416	-	-	-	-	(667 835)	(1 314 846)	-	6 426 735
Office equipment	484 013	199 069	-	(2 413)	-	-	(102 374)	-	578 295
IT equipment	4 395 268	4 433 924	-	(113 840)	-	(19 430)	(1 041 345)	(16 970)	7 637 607
Infrastructure	621 886 263	108 201 520	11 397 058	-	-	(1 792 439)	(74 946 831)	(6 047 446)	658 698 125
Community	242 944 929	17 505 117	11 669 790	-	-	-	(5 024 307)	(1 128 668)	265 966 861
Electricity projects	3 144 704	51 517 374	-	-	(50 118 794)	-	-	-	4 543 284
Airconditioners	2 232 111	347 492	-	-	-	-	(499 019)	-	2 080 584
	<b>1 091 181 620</b>	<b>211 858 586</b>	<b>23 066 848</b>	<b>(131 490)</b>	<b>(50 118 794)</b>	<b>(3 831 221)</b>	<b>(91 644 861)</b>	<b>(7 962 969)</b>	<b>1 172 417 719</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions through donations	WIP	Assets written off	Derecognition	Impairment loss	Depreciation	Total
Land	30 270 035	-	13 146 000	-	-	-	-	-	43 416 035
Buildings	111 750 251	419 218	-	17 673 695	-	-	(216)	(4 372 896)	125 470 052
Plant and machinery	23 258 769	13 423 845	-	-	(896)	-	(4 242)	(2 966 545)	33 710 931
Furniture and fixtures	4 806 671	920 406	-	-	-	-	-	(639 179)	5 087 898
Motor vehicles	8 428 717	1 783 610	-	-	-	-	(289 371)	(1 513 540)	8 409 416
Office equipment	283 403	327 500	-	-	-	-	-	(126 890)	484 013
IT equipment	5 250 187	333 150	-	-	(8 475)	-	(1 581)	(1 178 013)	4 395 268
Infrastructure	610 135 172	-	-	90 243 948	(32 045)	(4 131 340)	(1 443 802)	(72 885 670)	621 886 263
Community	195 790 452	-	-	50 824 278	(16 150)	-	(110 260)	(3 543 391)	242 944 929
Electricity projects	-	-	-	3 144 704	-	-	-	-	3 144 704
Air conditioners	2 534 554	187 200	-	-	(16 651)	-	(2 743)	(470 249)	2 232 111
	<b>992 508 211</b>	<b>17 394 929</b>	<b>13 146 000</b>	<b>161 886 625</b>	<b>(74 217)</b>	<b>(4 131 340)</b>	<b>(1 852 215)</b>	<b>(87 696 373)</b>	<b>1 091 181 620</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 4. Property, plant and equipment (continued)

#### 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.

#### Reconciliation of assets impaired of 30 June 2024

	Carrying Value	Deemed Replacement Cost	Impairment loss
IT Equipment	21 837	(4 866)	16 971
Furniture and fittings	14 837	(5 628)	9 209
Investment Property	942 320	(434 508)	507 812
Buildings	948 105	(187 427)	760 678
Community Assets	1 489 919	(361 250)	1 128 669
Infrastructure	7 559 534	(1 512 087)	6 047 447
	<b>10 976 552</b>	<b>(2 505 766)</b>	<b>8 470 786</b>

#### Reconciliation of assets written off of 30 June 2024

	Cost	Accumuated depreciation	Accumulated Impairment	Carrying Value
Furniture and Fittings	20 336	(12 207)	(124)	8 005
IT Equipment	733 683	(594 750)	(8 478)	130 455
Plant and Machinery	6 508 314	(5 152 645)	(30 294)	1 325 375
Motor Vehicles	4 424 558	(3 451 524)	(305 200)	667 834
Office equipment	8 913	(6 501)	-	2 412
Aircons	38 302	(38 299)	-	3
Buildings	88 391	(53 945)	(799)	33 647
Infrastructure	33 043 689	(29 684 232)	(1 567 018)	1 792 439
	<b>44 866 186</b>	<b>(38 994 103)</b>	<b>(1 911 913)</b>	<b>3 960 170</b>

#### The following items were sold at an auction without resolution

	Cost	Accumulated Depreciations	Accumulated Impairment	Total
Nissan Patrol	602 629	(517 883)	-	84 746
CAT Bulldozer	5 100 000	(4 204 339)	-	895 661
	<b>5 702 629</b>	<b>(4 722 222)</b>	<b>-</b>	<b>980 407</b>

#### Borrowing costs capitalised

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 4. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2024

				Included within Infrastructure	Total
0				1	1
	Included within Infrastructure	Included within Community	Included within Other PPE	Included within Electricity Projects	Total
Opening balance	71 064 387	135 482 865	30 105 343	3 144 704	239 797 299
Additions/capital expenditure	119 598 577	29 174 907	14 358 655	51 517 375	214 649 514
Transferred to completed items	(131 031 027)	(43 092 885)	(44 463 998)	(50 118 795)	(268 706 705)
	<b>59 631 937</b>	<b>121 564 887</b>	-	<b>4 543 284</b>	<b>185 740 108</b>

#### 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)
	<b>71 064 387</b>	<b>135 482 866</b>	<b>30 105 343</b>	<b>3 144 704</b>	<b>239 797 300</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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Figures in Rand	2024	2023
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### 4. Property, plant and equipment (continued)

#### 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 losses recognised in relation to these assets:**

A. Development of Giyani section E sports centre	-	25 463 079
B. Access road to tribal offices	2 982 099	2 982 099
C. Refurbishment of Giyani Stadium	1 800 822	1 800 822
D. Refurbishment of Sporting Facilities (Gawula)	4 238 167	4 238 167
E. Makosha- Upgrading from gravel to paving.	1 296 896	-
	<b>10 317 984</b>	<b>34 484 167</b>

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The halted projects were assessed 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.

#### E. Makosha- Upgrading from gravel to paving.

Project is currently on hold due to funding problems - Coghsta rejected the funding application stating that the road is under the custodian of RAL

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	16 966 083	(14 900 902)	2 065 181	13 059 237	(12 062 984)	996 253

#### Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	996 253	3 906 846	(2 837 918)	2 065 181

#### Reconciliation of intangible assets - 2023

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

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 6. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets which fair values cannot be reliably measured: (Para .94) Council related assets	339 867	-	339 867	206 303	-	206 303

#### Reconciliation of heritage assets 2024

	Opening balance	Additions	Derecognition of damaged heritage assets	Total
Heritage assets which fair values cannot be reliably measured: (Para .94) Council related assets	206 303	246 114	(112 550)	339 867

#### Reconciliation of heritage assets 2023

	Opening balance	Total
Heritage assets which fair values cannot be reliably measured: (Para .94) 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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>7. Other Financial Assets</b>		
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.

## 8. Employee benefit obligations

### Defined benefit plans

The effective date of the valuation is 30 June 2024 (the "Valuation Date 30 June 2024").

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 5.4% 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 30/06/2020	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Opening accrued liability	18 884 884	14 421 000	16 755 000	16 968 000	16 233 000
Current service cost	1 233 262	832 000	1 164 000	1 325 000	1 226 000
Interest cost	2 020 683	1 639 000	1 798 000	2 009 000	2 044 000
Actuarial loss/(gain)	(7 717 829)	(137 000)	(2 749 000)	(4 069 000)	(2 918 000)
	<b>14 421 000</b>	<b>16 755 000</b>	<b>16 968 000</b>	<b>16 233 000</b>	<b>16 585 000</b>

### 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	12.33%	12.59%
Health care cost inflation rate	7.8%	8.45%
Maximum subsidy inflation rate	5.48%	5.96%
	<b>24</b>	<b>25</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 8. Employee benefit obligations (continued)

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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.: 01/2024. The next salary increase was assumed to take place on 1 July 2024.

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

<b>Past year and future projected liability</b>	<b>30 June 2020</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2024</b>
Opening accrued balance	4 891 500	5 434 000	5 891 000	6 377 000	6 418 000
Current service cost	466 133	546 000	623 000	653 000	4 282 000
Interest cost	365 230	372 000	518 000	659 000	655 000
Payment made during the year	(321 080)	(669 000)	(623 000)	(870 000)	(1 247 000)
Actuarial loss/(gain)	32 217	208 000	(32 000)	(401 000)	36 000
	<b>5 434 000</b>	<b>5 891 000</b>	<b>6 377 000</b>	<b>6 418 000</b>	<b>10 144 000</b>

Non-current liabilities	(27 159 000)	(22 719 000)
Current liabilities	(1 435 000)	(1 525 000)
	<b>(28 594 000)</b>	<b>(24 244 000)</b>

### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,21 %	11,26 %
General earnings inflation rate	6,35 %	6,54 %
Expected increase in salaries	5,40 %	5,40 %

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>9. Inventories</b>		
Consumable stores	2 432 017	1 958 090
Stands	31 085 000	31 085 000
	<b>33 517 017</b>	<b>33 043 090</b>

### Inventory Reconciliation

Opening balance	33 043 090	33 038 033
Add: purchases for the year	11 956 222	10 675 950
Less: consumables for the year	(9 152 667)	(8 124 910)
Less: inventory on hand (Mopani District Municipality)	(2 290 075)	(2 529 588)
Less: damaged and obsolete inventory written off	(39 553)	(16 395)
<b>Closing balance</b>	<b>33 517 017</b>	<b>33 043 090</b>

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.

Included in the R 31 085 000 balance of the stands, there are stands which have already being sold amounting to R 25 031 317 pending ownership transfer with Deeds Register. The amount have been disclosed under Note 16 of the Deferred income.

### 10. Receivables from exchange transactions

Inter Municipal Account (Mopani District Municipality)	39 328 586	22 591 467
Agency fee (Mopani District Municipality)	7 132 837	6 575 276
Sundry receivables	4 257 312	4 256 040
Prepaid expenses	1 098 257	86 385
Accrued interest receivables	2 134 126	2 036 605
Sundry receivables-Provision for doubtful debts	(3 685 772)	(3 685 772)
Staff receivables	60 163	235 328
Payroll debtors	-	4 234
	<b>50 325 509</b>	<b>32 099 563</b>

Included in sundry debtors of R 4 257 312 is (R 3 596 58) which relates to sale of stands through an auction during 2009. The balance in this attorneys trust account 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 1 042 256,64 included in sundry debtors is under investigation since they are not in the FBE Register

Staff receivables of R 60 163 (2024): R 235 328 (2023) 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 impairment on sundry receivables

Opening Balance	(3 685 772)	(3 602 953)
Movement for the year	-	(82 819)
	<b>(3 685 772)</b>	<b>(3 685 772)</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>10. Receivables from exchange transactions (continued)</b>		
<b>Reconciliation for Inter-municipal account MDM</b>		
Accumulated Surplus - MDM	90 259 728	70 105 666
Revenue - Water	10 103 256	9 960 485
Revenue - Sewerage	4 051 725	3 821 308
Revenue - Interest	14 428 293	12 961 979
Water and Sewerage connections	12 596	27 246
Overheads -Employee related costs	(6 078 430)	(5 090 745)
Overheads - Operational expenditure	(826 245)	(1 329 653)
Gains and losses on provisions	-	(196 559)
Accounts Receivables - Water	(124 802 579)	(118 777 697)
Accounts Receivables - Sewerage	(31 200 645)	(28 214 862)
Account Receivable - Interest	(121 626 640)	(91 969 478)
Inventory	(2 290 076)	(2 529 588)
Provision for doubtful debts	128 640 431	128 640 432
	<b>(39 328 586)</b>	<b>(22 591 466)</b>
<b>11. Receivables from non-exchange transactions</b>		
Consumer debtors-Traffic Fines	27 079 687	26 419 537
Consumer debtors- Rates	361 790 906	300 176 815
Provision for impairment- Traffic fines	(27 113 564)	(26 434 564)
Debtors with credit balances (rates)	5 030 388	4 003 232
Provision for impairment- Consumer debtors	(316 473 982)	(236 986 139)
	<b>50 313 435</b>	<b>67 178 881</b>
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	(263 420 703)	(176 797 287)
Provision for impairment - consumer debtors	(79 487 843)	(85 333 986)
Provision for impairment - traffic fines	(679 000)	(1 289 430)
	<b>(343 587 546)</b>	<b>(263 420 703)</b>
<b>Age analysis for debtors with credit balances - rates</b>		
Current (0-30 days)	(23 450)	(251 111)
31-60 days	(1 461 096)	(935 245)
61-90 days	(2 031)	(36 234)
91-120 days	(81 097)	(1 511)
121-365 days	(1 342)	(39 758)
>365 days	(3 461 371)	(2 739 373)
	<b>(5 030 387)</b>	<b>(4 003 232)</b>
<b>Age Analysis for Rates</b>		
Current (0-30 days)	13 075 289	8 635 196
31-60 days	6 956 802	6 361 511
61-90 days	8 640 456	7 197 618
91-120 days	8 348 458	6 440 364
121-365 days	8 353 893	6 099 492
>365 days	334 981 314	265 442 634
	<b>380 356 212</b>	<b>300 176 815</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>12. VAT receivable</b>		
VAT	20 823 570	16 177 101
<b>VAT Reconciliation</b>		
VAT Receivable	221 296 302	178 688 100
VAT Payable	(200 472 731)	(162 510 999)
	<b>20 823 571</b>	<b>16 177 101</b>
<b>13. Other receivables from exchange transactions</b>		
<b>Gross balances</b>		
Debtors with credit balances	1 871 714	1 789 875
Refuse	71 095 897	57 773 729
Housing rental	1 183 285	583 344
Cemeteries	2 969 795	2 400 924
	<b>77 120 691</b>	<b>62 547 872</b>
<b>Less: Allowance for impairment</b>		
Refuse	(62 191 544)	(45 713 501)
Housing rental	(1 035 538)	(461 997)
Cemeteries	(2 597 481)	(1 904 994)
	<b>(65 824 563)</b>	<b>(48 080 492)</b>
<b>Net balance</b>		
Debtors with credit balances	1 871 714	1 789 875
Refuse	8 904 353	12 060 228
Housing rental	147 747	121 347
Cemeteries	372 314	495 930
	<b>11 296 128</b>	<b>14 467 380</b>
<b>Refuse</b>		
Current (0 -30 days)	1 675 816	1 277 649
31 - 60 days	1 320 654	968 944
61 - 90 days	1 142 799	1 087 014
91 - 120 days	1 180 528	1 024 491
121 - 365 days	1 113 695	1 044 993
> 365 days	63 975 482	52 448 428
	<b>70 408 974</b>	<b>57 851 519</b>
<b>Debtors with credit balances</b>		
Current (0 -30 days)	(84 195)	(33 546)
31 - 60 days	(77 707)	(137 990)
61 - 90 days	(44 252)	(6 624)
91 - 120 days	(10 932)	(23 895)
121 - 365 days	(37 591)	(52 722)
> 365 days	(1 617 033)	(1 535 098)
	<b>(1 871 710)</b>	<b>(1 789 875)</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>13. Other receivables from exchange transactions (continued)</b>		
<b>Housing rental</b>		
Current (0 -30 days)	7 564	6 147
31 - 60 days	8 877	6 359
61 - 90 days	7 875	6 879
91 - 120 days	7 916	2 556
121 - 365 days	7 901	(1 314)
> 365 days	652 825	562 717
	<b>692 958</b>	<b>583 344</b>
<b>Cemeteries</b>		
Current (0 -30 days)	30 563	32 117
31 - 60 days	41 445	35 545
61 - 90 days	36 041	33 193
91 - 120 days	36 122	34 325
121 - 365 days	35 633	33 083
> 365 days	2 569 416	2 232 661
	<b>2 749 220</b>	<b>2 400 924</b>
<b>Reconciliation of allowance for impairment</b>		
Opening balance	(48 080 493)	(30 033 032)
Refuse removal	(16 478 043)	(17 397 199)
House rental	(573 540)	(124 235)
Cemetery	(692 487)	(526 027)
	<b>(65 824 563)</b>	<b>(48 080 493)</b>
<b>14. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	250 549 884	248 013 459
Bank overdraft	(1 684 163)	-
	<b>248 865 721</b>	<b>248 013 459</b>
Current assets	250 549 884	248 013 459
Current liabilities	(1 684 163)	-
	<b>248 865 721</b>	<b>248 013 459</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 14. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA - Current Account - 4077078193 (Main Account)	(1 856 637)	47 163 556	71 175 907	(1 684 163)	44 841 634	71 457 309
ABSA - Current Account - 4077078486 (Salaries Account)	2 321 869	1 610 849	2 296 095	2 321 870	1 610 490	2 347 724
ABSA - Call Deposit - 4078155655	49 128 988	45 535 038	42 964 190	49 128 988	45 535 038	43 108 973
ABSA - Current Account - 4093302071 (Traffic Account)	4 775 233	4 509 089	4 315 531	4 776 979	4 509 869	4 319 248
ABSA - Call Deposit - 4078155744	194 322 046	151 516 427	98 398 398	194 322 045	151 516 428	98 729 376
<b>Total</b>	<b>248 691 499</b>	<b>250 334 959</b>	<b>219 150 121</b>	<b>248 865 719</b>	<b>248 013 459</b>	<b>219 962 630</b>

Included in the balance for cash and cash equivalent, there is a balance of R 24 455 584 (2024) and R 21 181 061 (2023) collected on behalf of Mopani District Municipality for water and sanitation transactions.

### 15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal Disaster Relief Grant	2 333	3 758 762
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#### Movement during the year

Balance at the beginning of the year	3 758 762	10 591 734
Additions during the year	123 003 241	112 280 000
Income recognition during the year	(126 759 670)	(119 112 972)
	<b>2 333</b>	<b>3 758 762</b>

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 unspent conditional grant consist of MDRG of R 2 333.

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 the income received is still deferred pending the finalising of the transfer.

Deferred income	25 031 317	24 792 248
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# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 17. Provisions - rehabilitation of dumping site

#### Reconciliation of provisions - rehabilitation of dumping site - 2024

	Opening Balance	Interest costs	Change in discount factor	Total
Rehabilitation of dumping-site	43 374 304	2 430 980	(21 942 381)	23 862 903

#### Reconciliation of provisions - rehabilitation of dumping site - 2023

	Opening Balance	Interest costs	Change in discount factor	Total
Environmental rehabilitation	41 340 189	4 568 091	(2 533 976)	43 374 304
Non-current liabilities			23 862 903	37 900 467
Current liabilities			-	5 473 837
			<b>23 862 903</b>	<b>43 374 304</b>

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 2024 discounted value of the dumping site closure provision of R 23 862 903, compared to the provision of R 22 779 904 in the previous financial year. Composition of this change relate to changes in the CPI, discount rate and unit costs. The interest charged was R 2 430 980 relating to the assessment, as the provision decreased.

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 2024.

### 18. Payables from exchange transactions

Trade payables	12 541 170	17 636 487
Retentions	46 917 240	47 657 151
Accrued leave pay	22 345 278	23 874 028
Accrued 13th cheque	3 866 273	3 517 644
Payroll Creditors	497 074	188 522
Accruals	15 377 578	11 460 118
Unspecified direct deposits	2 038 580	2 500 997
Debtors with credit balances	6 902 102	5 793 107
Accrued overtime	3 039 925	2 385 655
	<b>113 525 220</b>	<b>115 013 709</b>

### 19. Service charges

Refuse removal	9 062 713	8 276 420
Cemeteries	259 249	249 904
	<b>9 321 962</b>	<b>8 526 324</b>

### 20. Rental of facilities and equipment

#### Premises

Community facilities	106 883	111 897
Housing rental	86 988	82 632
	<b>193 871</b>	<b>194 529</b>

#### Facilities and equipment

Rental of facilities	79 940	251 227
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# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>20. Rental of facilities and equipment (continued)</b>	<b>273 811</b>	<b>445 756</b>
<b>21. Interest received on overdue accounts (other services)</b>		
Interest received (other services)	3 992 553	3 283 704
<b>22. Debt impairment reversal</b>		
Debt impairment reversal	-	27 591 715
<b>23. Agency services</b>		
Water and Sewer	557 560	650 644
<b>24. Licences and permits</b>		
Licences and permits - motor vehicles	7 164 402	7 041 781
Business licenses	143 328	67 742
	<b>7 307 730</b>	<b>7 109 523</b>
<b>25. Gain on provisions</b>		
Gain on provision for rehabilitation site	19 511 401	-
Gain on provision for leave	983 000	-
	<b>20 494 401</b>	<b>-</b>
<b>26. Actuarial gains</b>		
Actuarial gains on PEMA and LSA	2 882 000	4 470 000
<b>27. Other income</b>		
Advertisements	194 080	139 822
Application fees	116 721	97 640
Building plans	146 151	53 871
Clearance certificates	5 809	11 253
Confirmation letters	154 111	168 079
Escort fees	6 910	12 992
Library fees	974	897
Recoveries	3 477	-
Sale of grave plots	151 685	96 888
Sale of property	-	915
Sale of refuse bins	44 879	57 041
Tender documents	1 973 874	813 894
Transfer and registration	61 267	453 565
	<b>2 859 938</b>	<b>1 906 857</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>28. Interest received on Investment</b>		
<b>Interest revenue</b>		
Bank	8 912 315	6 850 585
Call accounts	16 666 864	10 500 685
	<b>25 579 179</b>	<b>17 351 270</b>

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. Property rates

#### Rates received

Residential	20 605 740	17 644 950
Commercial	26 602 710	25 213 664
State	37 568 037	28 242 253
Small holdings and farms	655 826	638 484
NPO	88	-
Industrial	1 407 349	1 112 599
	<b>86 839 750</b>	<b>72 851 950</b>

#### Valuations

Residential	2 824 421 800	2 650 816 800
Commercial	709 243 000	701 113 000
State	636 306 000	476 777 000
Institutes	32 842 000	32 422 000
Agricultural	5 230 000	5 230 000
Municipal and Public open space	161 019 000	159 411 000
Public service infrastructure	452 000	452 000
Industrial	129 042 000	129 042 000
Churches	43 749 000	42 209 000
Inconsistent with or in contravention of the permitted use of the property	2 612 000	2 612 000
	<b>4 544 916 800</b>	<b>4 200 084 800</b>

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 Supplementary.

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

### 30. Traffic fines

Traffic fines issued	753 642	1 222 834
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### 31. Interest-overdue accounts (property rates)

Interest on overdue accounts (Property rates)	40 708 966	32 418 395
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The culture of non-payment still persist at the municipality hence the interest on overdue accounts still increase.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 32. Government grants & subsidies

#### Operating grants

Equitable share	376 486 000	352 203 000
Expanded Public Works Program (EPWP)	3 151 000	4 035 000
Finance Management Grant (FMG)	2 400 000	2 400 000
Local Govt Sector Education & Training Authority (LGSETA)	301 675	288 319
Disaster Relief Grant	7 997 432	-
	<b>390 336 107</b>	<b>358 926 319</b>

#### Capital grants

Municipal Infrastructure Grant (MIG)	80 990 997	75 449 331
Integrated National Electrification Grant (INEG)	32 220 000	37 228 640
	<b>113 210 997</b>	<b>112 677 971</b>
	<b>503 547 104</b>	<b>471 604 290</b>

Government 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	258 759	8 947 091
Not approved by National Treasury	(258 759)	66 761 000
Current-year receipts	80 991 000	(75 449 332)
Conditions met - transferred to revenue	(80 991 000)	-
	-	<b>258 759</b>

The remaining balance for MIG of R258 759 .43 from the previous year was savings from Ndhambi taxi rank project ,due to that roll over was not applied. The amount was off-setted in the current year Equitable share by National Treasury.

The remaining balance of R 2 568 in the current year is savings from the disaster projects as per the appointment letters.

#### Integrated National Electrification Grant (INEG)

Balance unspent at beginning of year	-	1 644 640
Current-year receipts	32 220 000	35 584 000
Conditions met - transferred to revenue	(32 220 000)	(37 228 640)
	-	-

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>Expanded Public Works Program (EPWP)</b>		
Current-year receipts	3 151 000	4 035 000
Conditions met - transferred to revenue	(3 151 000)	(4 035 000)
	-	-
<b>Municipal Disaster Relief Grant</b>		
Balance unspent at beginning of year	3 500 000	-
Current-year receipts	4 500 000	3 500 000
Conditions met - transferred to revenue	(7 997 667)	-
	<b>2 333</b>	<b>3 500 000</b>
Conditions still to be met - remain liabilities (see note 15).		
<b>Finance Management Grant (FMG)</b>		
Current-year receipts	2 400 000	2 400 000
Conditions met - transferred to revenue	(2 400 000)	(2 400 000)
	-	-
<b>33. Public contributions and donations</b>		
Department of CoGHSTA	18 571 592	13 871 397
During the year the following land parcels were registered in the name of the municipality.		
<b>Reconciliation of conditional contributions</b>		
Land parcels	18 571 591	-
ERF 199 - Section F	-	4 800 000
ERF 676 - Section D	-	725 397
ERF 59 - Section BA	-	8 346 000
	<b>18 571 591</b>	<b>13 871 397</b>
<b>34. Revenue</b>		
Service charges	9 321 962	8 526 324
Rental of facilities and equipment	273 811	445 756
Interest received (trading)	3 992 553	3 283 704
Debt impairment reversal	-	27 591 715
Agency services	557 560	650 644
Licences and permits	7 307 730	7 109 523
Gains on provisions	20 494 409	-
Actuarial gains	2 882 000	4 470 000
Gain on assets disposal	330 927	-
Other income	2 859 938	1 906 857
Interest received - investment	25 579 179	17 351 270
Property rates	86 839 750	72 851 950
Traffic fines	753 642	1 222 834
Interest on overdue accounts (Property rates)	40 708 966	32 418 395
Government grants & subsidies	503 547 104	471 604 290
Donations received	18 571 592	13 871 397
	<b>724 021 123</b>	<b>663 304 659</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 34. Revenue (continued)

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

Service charges	9 321 962	8 526 324
Rental of facilities and equipment	273 811	445 756
Interest received (trading)	3 992 553	3 283 704
Debt impairment reversal	-	27 591 715
Agency services	557 560	650 644
Licences and permits	7 307 730	7 109 523
Gains on provisions	20 494 409	-
Actuarial gains	2 882 000	4 470 000
Gain on assets disposal	330 927	-
Other income	2 859 938	1 906 857
Interest received - investment	25 579 179	17 351 270
	<b>73 600 069</b>	<b>71 335 793</b>

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

**Taxation revenue**

Property rates	86 839 750	72 851 950
Traffic fines	753 642	1 222 834
Interest on overdue accounts (Property rates)	40 708 966	32 418 395

**Transfer revenue**

Government grants & subsidies	503 547 104	471 604 290
Public contributions and donations	18 571 592	13 871 397
	<b>650 421 054</b>	<b>591 968 866</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>35. Employee related costs</b>		
Acting allowances	56 721	371 914
Bargain council	42 493	40 511
Basic	111 106 366	105 038 218
Car allowance	13 273 712	11 815 736
Cellphone Allowance	1 039 213	945 950
Clothing Allowance	20 000	20 000
Danger allowance	366 762	352 170
Defined contribution plans	18 233 117	17 664 911
Housing benefits and allowances	396 705	405 665
Leave and bonus provision	-	259 071
Leave pay	1 167 930	1 173 156
Long-service awards	1 744 637	891 339
LSA and PEMA provision	6 960 000	3 776 000
Medical aid - company contributions	7 800 259	7 123 402
Night Shift	328 663	322 152
Overtime payments	6 744 729	6 923 494
Rural Allowance	223 877	177 574
SDL	1 301 835	1 221 929
UIF	703 471	692 611
Standby allowance	178 542	172 925
WCA	1 066 262	663 663
13th Cheques	7 523 321	7 412 007
	<b>180 278 615</b>	<b>167 464 398</b>

### Remuneration of Accounting Officer

Annual Remuneration	1 077 340	669 914
Rural Allowance	41 948	28 829
Car Allowance	108 000	59 450
Contributions to UIF, Medical and Pension Funds	12 727	36 016
Subsistence and Travelling	44 446	5 293
Cellphone Allowance	24 000	10 400
Acting allowance	-	239 489
Back-pay	2 897	490 900
Non-pensionable allowance	20 340	1 695
	<b>1 331 698</b>	<b>1 541 986</b>

Mr VD Khoza was the Accounting Officer for the period under review.

### Remuneration of chief finance officer

Annual Remuneration	683 581	252 500
Rural Allowance	40 456	14 317
Car Allowance	344 334	105 418
Contributions to UIF, Medical and Pension Funds	10 948	3 722
Subsistence and Travelling	84 149	69 442
Cellphone Allowance	16 800	7 000
Acting allowance	-	9 700
Back-pay	67 653	-
Non-pensionable allowance	20 340	8 475
	<b>1 268 261</b>	<b>470 574</b>

Mr F Nkuna was the Chief Finance Officer for the period under review.

### Remuneration of Directors-Corporate & Shared Services

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>35. Employee related costs (continued)</b>		
Annual Remuneration	404 034	799 792
Car Allowance	110 000	110 000
Cellphone Allowance	8 400	15 400
Contributions to UIF, Medical and Pension Funds	6 727	9 068
Subsistence & Travelling	41 741	88 965
Rural Allowance	21 122	38 145
Leave pay	67 809	-
Acting Allowance	-	2 383
Backpay	78 504	732
Non-pensionable allowance	11 865	10 170
	<b>750 202</b>	<b>1 074 655</b>

Mr N.R Mdaka resigned from his position as Director – Corporate and Shared Services on 31 December 2023. Mr M.F Rapelego was appointed to act on the position from 1 January 2024.

### Remuneration of Director Technical Services

Annual Remuneration	811 855	698 999
Rural Allowance	41 682	38 036
Car Allowance	240 000	240 000
Contributions to UIF, Medical and Pension Funds	24 133	46 354
Cellphone Allowance	16 800	16 800
Subsistence & Travelling	63 299	43 738
Backpay	82 705	51 905
Non-pensionable allowance	20 340	10 170
	<b>1 300 814</b>	<b>1 146 002</b>

Mr. RH Mashampa was the director for Technical Services in the period under review.

### Remuneration of Director Strategic Planning and LED

Annual Remuneration	710 397	614 827
Car Allowance	296 141	232 222
Rural Allowance	41 682	38 036
Contributions to UIF, Medical and Pension Funds	48 452	123 836
Cellphone Allowance	16 800	16 800
Subsistence & Travelling	129 971	136 113
Backpay	82 705	51 905
Acting Allowance	-	7 390
Non-pensionable allowance	20 340	10 170
Performance bonus	65 257	-
	<b>1 411 745</b>	<b>1 231 299</b>

Ms. KV Sithole was the director for Strategic Planning and LED for the period under review.

### Remuneration of Director Community Services

Annual Remuneration	806 103	649 100
Car Allowance	212 000	30 000
Rural Allowance	37 087	20 210
Contributions to UIF, Medical and Pension Funds	26 118	40 760
Cellphone Allowance	16 800	14 000
Non-pensionable allowance	1 074	-
Subsistence & Travelling	102 167	52 200
Backpay	137 092	10 985
	<b>1 338 441</b>	<b>817 255</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>35. Employee related costs (continued)</b>		
Ms RT Chabalala was the director Community Services for the period under review.		
<b>36. Remuneration of councillors</b>		
Mayor	1 003 681	952 258
Speaker	812 867	782 041
Councillors	23 692 387	22 745 713
Chief Whip	765 165	704 201
SDL	205 950	197 988
	<b>26 480 050</b>	<b>25 382 201</b>
<b>In-kind benefits</b>		
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 Infrastructure 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.		
<b>37. Depreciation and amortisation</b>		
Property, plant and equipment	91 644 868	87 696 640
Investment property	91 044	90 795
Intangible assets	2 837 918	3 289 942
	<b>94 573 830</b>	<b>91 077 377</b>
<b>38. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	8 470 785	1 852 217
<b>39. Finance costs</b>		
Interest on late payments	3 122 786	-
Rehabilitation of dumping site	2 112 329	4 568 091
	<b>5 235 115</b>	<b>4 568 091</b>
<b>40. Lease rentals on operating lease</b>		
<b>Equipments</b>		
Contractual amounts	2 011 139	1 910 539
<b>41. Debt impairment</b>		
Traffic fines	679 000	1 289 430
Services	97 231 914	103 464 265
	<b>97 910 914</b>	<b>104 753 695</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>42. Contracted services</b>		
Infrastructure Services	6 108 895	7 421 354
Electrical Services	51 877 630	33 345 378
Business and advisory services	22 984 915	22 663 658
Other Contractors	7 423 154	4 613 982
	<b>88 394 594</b>	<b>68 044 372</b>
<b>43. Transfer and subsidies</b>		
SMME support	1 500 000	1 600 000
<b>44. Loss on assets written off</b>		
Loss on assets written off	2 424 748	4 205 555
<b>45. Repairs and maintenance</b>		
Landscaping	51 500	-
Equipment	59 403	31 076
Cemetries	-	172 000
Vehicles	1 428 649	375 336
Machinery	10 184 776	6 792 882
	<b>11 724 328</b>	<b>7 371 294</b>
<b>46. General expenses</b>		
Accommodations	4 622 374	3 969 975
Advertising	1 513 335	991 019
Auditors remuneration	5 465 477	4 835 617
Bad debts written-off	-	19 881 203
Bank charges	347 554	310 490
Cleaning	1 210 611	911 013
Community development and training	9 114 760	7 056 090
Consumables	7 262 668	9 989 809
Electricity	2 078 360	1 750 739
Free basis electricity	10 879 181	7 432 981
Fuel and oil	8 488 093	6 680 996
Gifts	70 531	129 555
Hire	1 394 224	1 570 762
Insurance	2 237 086	1 931 369
Bursaries	867 658	134 645
IT expenses	2 521 754	2 408 173
Legal services	4 124 926	11 146 878
Mayor's tournament	66 180	-
Motor vehicle expenses	244 728	249 315
Postage and courier	2 322	338 523
Printing and stationery	563 722	587 792
Protective clothing	1 625 634	1 427 477
Seating allowance	3 852 697	1 424 545
Subscriptions and membership fees	3 923 862	3 740 647
Telephone and fax	484 902	425 652
Travel - local	6 426 647	5 927 644
Uniforms	847 680	-
	<b>80 236 966</b>	<b>95 252 909</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>47. Auditors' remuneration</b>		
Fees	5 465 477	4 835 617
<b>48. Cash generated from operations</b>		
Surplus	124 740 486	89 805 615
<b>Adjustments for:</b>		
Depreciation and amortisation	94 573 830	91 077 377
Obsolete and damaged inventory written off	39 553	16 395
Loss on assets written off	2 424 748	4 205 555
Actuarial gains	(2 882 000)	(4 470 000)
Reversal of provisions	(20 494 409)	24 570 764
Donations received	(18 571 592)	(13 871 397)
Reversal of impairments	8 470 785	1 852 217
Debt impairment	97 910 914	14 593 255
Movements in retirement benefit	4 350 000	(646 000)
Contracted services	(49 971 948)	-
PEMA and LSA	6 960 000	-
WCA	1 066 262	-
Gain on asset disposal	(330 927)	-
<b>Changes in working capital:</b>		
Inventories	(513 480)	(21 452)
Receivables from exchange transactions	(17 127 689)	(20 115 256)
Consumer debtors	3 171 252	27 493 767
Other receivables from non-exchange transactions	16 865 446	19 995 939
Payables from exchange transactions	(2 586 746)	9 304 644
VAT	(4 646 469)	4 263 338
Unspent conditional grants and receipts	(3 756 429)	(6 832 971)
Deferred income	239 069	1 671 165
	<b>239 930 656</b>	<b>242 892 955</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

	2024	2023
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### 49. Commitments

#### Authorised capital expenditure

##### Contract approved and some services have been rendered

• Infrastructure	64 096 167	95 294 609
• Community	6 840 590	35 833 769
• Buildings	2 539 909	40 191 616
	<b>73 476 666</b>	<b>171 319 994</b>

##### Contract approved but where services have not been rendered

• Infrastructure	1 185 337	192 395
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##### Total capital commitments

Already contracted for but not provided for	73 476 666	171 319 994
Not yet contracted for and authorised by accounting officer	1 185 337	192 395
	<b>74 662 003</b>	<b>171 512 389</b>

##### Total commitments

##### Total commitments

Authorised capital expenditure	74 662 003	171 512 389
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#### 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 (2024) (R 864 065.63 : 2023) for photocopiers and radiophones (R 69 148) (2024) :R 67 280 (2023). Contingent rent is payable on the number of copies made for the month.

#### Rental expenses relating to operating leases

Contractual payments	1 016 957	933 214
Contingent rents	994 922	977 325
	<b>2 011 879</b>	<b>1 910 539</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>50. Contingencies</b>		
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:		
<b>Case Description</b>		
Mpongwa Hesekani Emmanuel vs GGM. The plaintiff is suing the Municipality for damages he suffered as result of rain	1 000 000	1 579 616
Dane Projects vs GGM. The municipality is being sued for outstanding invoices for work done.	7 140 000	9 242 001
Lunnick Base Khoza vs GGM. The municipality is sued for damage to a car accident owing to its failure to fix potholes	66 531	87 458
GGM vs TR construction & plant hire. The municipality is being sued for the claim of payment for the work allegedly done whilst claimant was a subcontractor.	863 598	1 142 871
Botshabelo Consulting Engineers vs GGM. The municipality is being sued for outstanding invoices for work done	-	8 484 794
PGN Civils (Pty) Ltd vs GGM. The municipality is being sued for outstanding invoices for work done	1 186 328	1 548 654
Rev Dr Mafrecha F Chabalala vs GGM Land dispute	1 600 000	1 973 216
Eternity Star Investment 231 CC//GGM - Contractual dispute on poor workmanship and some work not done	-	2 469 590
SIDA Consulting & Projects (Pty) Ltd//GGM - Contractual dispute	1 668 536	321 826
Emeral Fire Investment. Rescission Application	-	111 159
Mashimbye Witness//GGM	400 000	448 537
Kulani Ngoveni vs GGM - Civil suit against GGM	42 923	42 923
MAXWELL MKHACANI CHAUKE// GGM - Civil litigation against former Municipal Manager Mr Maxwel Mkhachani Chauke, in relation to allegations of financial misconduct.	35 000 000	-
Maselesele//GGM The matter arose as a land dispute where Plaintiff is accusing the municipality of trespassing and removing belongings	180 000	-
Moses Tembe vs GGM-The matter arose as a land dispute where plaintiff is occupying municipal land.	-	-
	<b>49 147 916</b>	<b>27 452 645</b>

Like any other institution or sector the legal framework incurs interests with annually, please draw reference from all matters on the register, the amounts for 2022 and 2023 and to be expected interests will be served for the 2024 financial year and will therefore differ where proper pleadings are exchanged, at the beginning of every financial year an amendment to particulars of claim (the application which is used to lodge civil proceedings) is made on every case in accordance with Rule 55A(7) of the High Court rules, see:

1. LUNICK BASE KHOZA // GGM
2. EMERALD FIRE // GGM
3. PGN CIVILS // GGM
4. MASHIMBYE // GGM
5. KULANI NGOBENI // GGM

Matters listed above are amongst others which have accumulated interests, and hence the difference in amounts submitted

The following Matters have been concluded during the financial year:

1. Botshabelo consulting engineers vs GGM
2. PGN Civils vs GGM Eternity star investment vs GGM
3. Emerad fire investment vs GGM

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>50. Contingencies (continued)</b>		
<b>Contingent assets</b>		
GGM vs Former MM. Recovery for fruitless and wasteful expenditure	2 793 037	2 793 037

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 51. Related parties

<p>Relationships Accounting Officer Councillors Members of key personnel Members of key management</p>	<p>Refer to accounting officers' report page 9 Refer to general information on page 1 to 2 Refer to note 35 VD Khoza was the Accounting Officer during the year under review. F Nkuna was the CFO during the year under review. NR Mdaka resigned as the Director Corporate and Shared in December 2023 and MF Rapelego was appointed as the acting Director Corporate and Shared Services in January 2024 RH Mashamba was the Director Technical Services during the year under review. K V Sithole was the Director Strategic Planning and LED during the year under review R T Chabalala was Director Community Services during the year under review.</p>
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#### Related party balances

#### Related party transactions

#### Key management information

#### Remuneration of management

#### Management class: Councillors

#### 2024

Name	Basic salary	Cellphone and Car Allowance Data	SDL	Backpay	Total
Cllr. T Zitha	686 073	46 570	228 691	7 607	1 011 289
Cllr. AE Mboweni	548 859	46 570	182 953	6 185	819 052
Cllr. T Makondo	514 556	46 570	171 519	5 836	771 002
Cllr. RB Ngunyule Mabunda	514 556	46 570	171 519	5 829	770 995
Cllr. TJ Mabunda	514 556	46 570	171 519	5 829	770 995
Cllr. NHP Ndaba	514 556	46 570	171 519	6 537	771 703
Cllr. MR Mashale	287 060	46 570	95 687	3 483	452 286
Cllr. C Baloyi	287 060	46 570	95 687	3 471	452 274
Cllr. GA Maluleke	287 060	46 570	95 687	3 490	452 293
Cllr. TC Zitha	287 060	46 570	95 687	3 871	452 674
Cllr. TC Manganyi	287 060	46 570	95 687	3 471	452 274
Cllr. RE Makondo	504 217	46 570	171 519	5 776	760 010
Cllr. RN Sekgobela	216 492	46 570	72 372	2 776	357 123
Cllr. BA Shibambu	216 492	46 570	72 372	2 742	353 654
Cllr. RC Mabunda	216 492	46 570	72 372	2 742	353 654
Cllr. SS Mavasa	216 492	46 570	72 372	2 742	353 654
Cllr. NN Maswanganyi	216 492	46 570	72 372	2 742	353 654
Cllr. SS Mathebula	216 492	46 570	72 372	3 040	353 952
Cllr. M Shiviti	278 633	46 570	92 882	3 387	440 475
Cllr. GE Kobane	188 305	42 653	66 304	2 432	315 172
Cllr. NP Mlambo	217 117	46 570	72 372	2 746	354 283
Cllr. XL Ngobeni	278 633	44 570	92 882	3 364	438 452
Cllr. NS Monyipote	216 492	46 570	72 372	2 742	353 654
Cllr. VS Makamu	216 492	46 570	72 372	2 742	353 654

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand			2024	2023		
<b>51. Related parties (continued)</b>						
Cllr. MC Machipi	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. MC Chabalala	278 633	46 570	92 882	3 391	19 003	440 479
Cllr. RG Ngunyula	278 633	46 570	92 882	3 384	19 003	440 472
Cllr. PT Mokgobi	278 633	46 570	92 882	3 394	19 003	440 482
Cllr. MA Khosa	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. TE Rikhotso	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. MR Maluleke	216 492	46 570	72 372	2 744	15 478	353 656
Cllr. TE Nkuna	278 633	46 570	92 882	3 419	19 003	440 507
Cllr. S Sambo	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. SC Mahlawule	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. TN Shirinda	278 633	46 570	92 882	3 384	19 003	440 472
Cllr. PH Makhuvele	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. TA Mathonsi	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. NR Shilowa	278 633	46 570	92 882	3 384	19 003	440 472
Cllr. RE Ngoveni	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. KO Maswanganyi	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. P Rikhotso	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. JP Shibambu	216 492	46 570	72 372	2 769	15 478	353 681
Cllr. L Nkuna	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. RT Mabunda	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. E Mahasha	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. A Rabothata	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. JN Mashele	278 633	46 570	92 882	3 384	19 003	440 472
Cllr. CS Rikhotso	278 633	46 570	92 882	3 384	19 003	440 472
Cllr. KS Dlamini	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. MD Hlungwani	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. ML Chauke	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. TI Rikhotso	52 655	11 317	17 760	785	15 478	97 995
Cllr. TN Baloyi	286 354	46 570	95 687	3 432	16 051	448 094
Cllr. S Mongwe	-	-	-	122	12 161	12 283
Cllr. TP Mashaba	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. PP Mkhari	216 492	46 570	72 372	2 746	15 478	353 658
Cllr. MS Hlongwane	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. SM Mhangwane	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. MJ Nkuna	-	-	-	122	12 161	12 283
Cllr. DJ Hlongwane	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. SR Nkuna	202 914	42 870	66 526	3 012	2 211	317 533
Cllr. MM Mathonsi	216 492	44 570	72 372	3 244	5 644	342 322
Cllr. S Ngobeni	145 633	21 600	48 544	3 200	-	218 977
Cllr. KL Ngobeni	216 492	44 570	72 372	3 234	4 422	341 090
Cllr. IN Shivambu	215 360	44 570	72 372	-	3 200	335 502
Cllr. MP Hlungwani	-	-	-	118	11 785	11 903
Cllr. MP Hlungwani	-	-	-	122	12 161	12 283
	<b>16 688 069</b>	<b>2 858 070</b>	<b>5 576 707</b>	<b>205 938</b>	<b>1 151 266</b>	<b>26 480 050</b>

### 2023

Name	Basic salary	Cellphone and Data	Car allowance	SDL	Backpay	Total
Cllr. T Zitha	663 400	43 200	221 133	7 173	24 525	959 431
Cllr. AE Mboweni	530 721	43 200	176 907	5 851	22 194	778 873
Cllr. T Makondo	497 551	43 200	165 850	5 509	15 938	728 048
Cllr. RB Ngunyule Mabunda	497 551	43 200	165 850	5 453	14 899	726 953
Cllr. TJ Mabunda	497 551	43 200	165 850	5 528	15 938	728 067
Cllr. NHP Ndaba	497 551	43 200	165 850	6 348	24 488	737 437
Cllr. MR Mashale	277 574	43 200	92 525	3 446	23 755	440 500
Cllr. C Baloyi	277 574	43 200	92 525	3 333	10 483	427 115
Cllr. GA Maluleke	277 574	43 200	92 525	3 337	10 483	427 119

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand			2024	2023
<b>51. Related parties (continued)</b>				
Cllr. TC Zitha	277 574	43 200	92 525	3 757
Cllr. TC Manganyi	277 574	43 200	92 525	3 560
Cllr. RE Makondo	487 554	43 200	165 850	5 650
Cllr. RN Sekgobela	277 574	43 200	92 525	3 319
Cllr. BA Shibambu	209 941	43 200	69 981	2 687
Cllr. RC Mabunda	209 941	43 200	69 981	2 576
Cllr. SS Mavasa	209 941	43 200	69 981	2 577
Cllr. NN Maswanganyi	209 941	43 200	69 981	2 590
Cllr. SS Mathebula	209 941	43 200	69 981	2 957
Cllr. M Shiviti	269 425	43 200	89 808	3 263
Cllr. GE Kobane	209 941	43 200	69 981	2 629
Cllr. NP Mlambo	209 941	43 200	69 981	2 576
Cllr. XL Ngobeni	269 425	43 200	89 808	3 173
Cllr. NS Monyipote	209 941	43 200	69 981	2 576
Cllr. VS Makamu	209 941	43 200	69 981	2 576
Cllr. MC Machipi	209 941	43 200	69 981	2 580
Cllr. NC Chabalala	269 425	43 200	89 808	3 230
Cllr. RG Ngunyula	269 425	43 200	89 808	3 173
Cllr. PT Mokgobi	269 425	43 200	89 808	3 285
Cllr. MA Khosa	209 941	43 200	69 981	2 606
Cllr. TE Rikhotso	209 941	43 200	69 981	2 584
Cllr. MR Maluleke	209 941	43 200	69 981	2 678
Cllr. TE Nkuna	269 425	43 200	89 808	3 300
Cllr. S Sambo	209 941	43 200	69 981	2 929
Cllr. SC Mahlawule	209 941	43 200	69 981	2 643
Cllr. TN Shirinda	269 425	43 200	89 808	3 205
Cllr. PH Makhuvela	209 941	43 200	69 981	2 578
Cllr. TA Mathosi	209 941	43 200	69 981	2 582
Cllr. NR Shilowa	269 425	43 200	89 808	2 944
Cllr. RE Ngoveni	209 941	43 200	69 981	2 605
Cllr. KO Maswanganyi	209 941	43 200	69 981	2 576
Cllr. P Rikhotso	209 941	43 200	69 981	2 576
Cllr. JP Shibambu	209 941	43 200	69 981	2 587
Cllr. L Nkuna	209 941	43 200	69 981	2 576
Cllr. RT Mabunda	209 941	43 200	69 981	2 594
Cllr. E Mahasha	209 941	43 200	69 981	2 578
Cllr. A Rabothata	209 941	43 200	69 981	2 576
Cllr. JN Mashele	269 425	43 200	89 808	3 174
Cllr. CS Rikhotso	269 425	43 200	89 808	3 158
Cllr. KS Dlamini	209 941	43 200	69 981	2 586
Cllr. MD Hlungwani	209 941	43 200	69 981	2 576
Cllr. ML Chauke	209 941	43 200	69 981	2 576
Cllr. TI Rikhotso	209 941	43 200	69 981	2 580
Cllr. TN Baloyi	209 941	43 200	69 981	2 576
Cllr. S Mongwe	192 404	39 500	64 135	2 389
Cllr. TP Mashaba	209 941	43 200	69 981	2 576
Cllr. PP Mkhari	209 941	43 200	69 981	2 622
Cllr. MS Hlongwane	209 941	43 200	69 981	2 584
Cllr. SM Mahangwane	209 941	43 200	69 981	2 576
Cllr. MJ Nkuna	192 404	39 500	64 135	2 367
Cllr. MP Mathevula	122 264	24 700	40 751	1 592
Cllr. MP Hlungwani	192 404	39 500	64 118	2 367
Cllr. DJ Hlongwane	209 941	43 200	69 981	2 576
Cllr. TE Baloyi	-	-	-	86
Cllr. DE Baloyi	-	-	-	53
Cllr. B Gaveni	-	-	-	53
Cllr. E Malungana	-	-	-	15
Cllr. MI Shimange Fazi	-	-	-	45
Cllr. RO Mabasa	-	-	-	84
Cllr. S Makhubele	-	-	-	53

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand				2024	2023	
<b>51. Related parties (continued)</b>						
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 Makhubele	-	-	-	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	9 268	42 595
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	-	-	-	52	5 433	5 485
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
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 Madzunya	-	-	-	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
	<b>16 173 650</b>	<b>2 667 300</b>	<b>5 392 224</b>	<b>197 988</b>	<b>951 039</b>	<b>25 382 201</b>

## 52. Accounting by principals and agents

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

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 52. Accounting by principals and agents (continued)

#### Mopani District Municipality 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.

Agency fee @ (Water 20% and Sewer 5%)	557 560	650 644
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#### Inter municipal Account Mopani District Municipality

	39 328 586	22 591 467
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#### 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.

#### Agency fee

Total collection on behalf of the principal	25 057 232	23 907 350
Total amount paid or transferred to the principal	(17 892 829)	(16 865 568)
	<b>7 164 403</b>	<b>7 041 782</b>

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

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.

#### Agency Expense

Root - X - Auctioneers (Pty) Ltd	235 175	-
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The municipality has appointed Root X Auctioneers (Pty) Ltd to render auction services to auction the assets of the municipality on the 3 years basis, through a tender process. The commencement of the is 25 January 2024.

The auctioneer is liable for the expenses incurred such as security, advertisement and etc.

Commision expense / Agency fee expense is 11.5%

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 53. 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.

Payables from exchange transactions	82 427 966	84 797 413
Deferred income	25 031 317	24 792 248
Bank overdraft	1 684 163	-
	<b>109 143 446</b>	<b>109 589 661</b>

#### 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.-performance by these counterparties.

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

Financial instrument	2024	2023
Cash and cash equivalents	250 549 884	248 013 459
Receivables from exchange transactions	50 325 509	32 099 563
Other receivables from exchange transactions	11 296 128	14 467 380
VAT	20 823 570	16 177 101

#### 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.

### 54. Deviations

Bowmans	128 022	772 828
MM Baloyi Arttoneys	-	470 979
Isaaih Nyathi	855 250	1 056 053
Accomodations	-	6 715 612
Mvuri Business Eenterprise	239 020	-
<b>Closing balance</b>	<b>1 222 292</b>	<b>9 015 472</b>

### 55. Fruitless and wasteful expenditure

Opening balance as previously reported	7 526 790	7 236 461
Add: Fruitless and wasteful expenditure identified - current	3 125 043	290 329
Less: Amount written off - current	(267 874)	-
<b>Closing balance</b>	<b>10 383 959</b>	<b>7 526 790</b>

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

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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Figures in Rand	2024	2023
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**55. Fruitless and wasteful expenditure (continued)**

An amount of R 22 455.00 is still under investigation by MPAC.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 55. Fruitless and wasteful expenditure (continued)

#### Details of fruitless and wasteful expenditure

Interest incurred for late payment of FBE	493	35 761
Interest incurred for late payment payment certificate	1 992 979	162 866
Interest incurred for late payment payment certificate	102 193	4 600
High Court order and interest	11 635	87 012
Interest for late payment of court award	2 257	-
Interest incurred for late payment of retention claimed/court award	1 013 617	-
Interest incurred for taxed costs - court award relating to Botshabelo Consulting Engineers	1 869	-
	<b>3 125 043</b>	<b>290 239</b>

### 56. Irregular expenditure

Opening balance as previously reported	28 502 602	15 922 713
Add: Irregular expenditure - current	7 981 274	14 363 302
Add: Irregular expenditure - prior period	-	(1 783 413)
Less: Amount written off - current	(12 289 827)	-
<b>Closing balance</b>	<b>24 194 049</b>	<b>28 502 602</b>

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.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

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### 56. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

PPR implementation on specific goals	1 257 575	5 963 115
7 days advertisement was not done for this procurement	5 539 029	4 023 796
The threshold for this service is above R200 000 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 and it was not declared in the service of the state.	92 860	1 684 576
Bidders unfairly disqualified	1 030 235	-
Evaluation criteria was not the same	61 575	-
	<b>7 981 274</b>	<b>14 363 302</b>

### 57. Unauthorised expenditure

Opening balance as previously reported	167 974 610	49 095 505
Add: Unauthorised expenditure - current	-	118 879 105
Less: Amount written off by council - current	(167 974 610)	-
<b>Closing balance</b>	<b>-</b>	<b>167 974 610</b>

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

Non-cash	-	118 879 105
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# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>57. Unauthorised expenditure (continued)</b>		
<b>Analysed as follows: non-cash</b>		
Depreciation and amortisation	-	77 377
Finance costs	-	4 568 091
Impairment loss	-	1 852 217
Debt impairment	-	88 278 267
Loss on assets written off	-	4 205 555
Obsolete inventory written off	-	16 395
Bad debts written off	-	19 881 203
	-	<b>118 879 105</b>
<b>Analysed as follows: cash</b>		
Finance and administration	-	118 878 105
<b>58. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>SALGA</b>		
Current year subscription / fee	42 549	40 510
Amount paid - current year	(42 549)	(40 510)
	-	-
<b>Audit fees</b>		
Current year subscription / fee	5 463 621	4 835 617
Amount paid - current year	(5 461 765)	(4 835 617)
	<b>1 856</b>	-
<b>PAYE and UIF</b>		
Current year subscription / fee	28 626 903	25 189 695
Amount paid - current year	(28 626 903)	(25 189 695)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	30 553 622	29 407 828
Amount paid - current year	(30 553 622)	(29 407 828)
	-	-
<b>VAT</b>		
VAT receivable	20 823 570	16 177 101

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

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

# Greater Giyani Municipality

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### 58. 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 at 30 June 2024:

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. Dlamini Khanyisa Sylvia	2 734	24 824	27 558
<hr/>			
30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. Rikhotso Tsakane Idah	1 557	42 152	43 709
Cllr Shibambu Basani Agnes	1 650	1 502	3 152
	<b>3 207</b>	<b>43 654</b>	<b>46 861</b>

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

### 59. Prior-year adjustments

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

**1. Receivables from non exchange transactions** - In prior year some customers amounting to R 23 030 240 were impaired based on the assesment made and in the current year the situation of those customers have changed, therefore impairment has since been reversed, as per GRAP 108 paragraph 36

**2. VAT receivable** - Prior period error arised as a result of adjustment of incorrect declaration made to SARS whereby GGM declared vat on water transactions amounting to R 3 971 669 on behalf of Mopani district municipality.

**3. Other receivables from exchange transactions** - In prior year some customers with an amount of R 4 561 474 were impaired based on the assesment made and in the current year the situation of those customers have changed, therefore impairment has since been reversed, as per GRAP 108 paragraph 36

**4 Cash in transist** - Reclassification of transactions with an amount of R 82 819 were posted in the cash in transist control account which were not cleared in the prior year.

**5. Payables from exchange transactions**--Prior period error arised as a result of adjustment of incorrect declaration for VAT amounting R 3 971 668 was made to SARS whereby GGM declared vat on water transactions on behalf of Mopani district municipality.

**6. Debt impairment reversal**-- In prior year some customers with an amount of R 14 984 324 were impaired based on the assesment made and in the current year the situation of those customers have changed, therefore impairment has since been reversed, as per GRAP 108 paragraph 36.

**7. Employee related costs**- Incidental cost (R63 939), Km travel (R2 105 593), daily allowance (R811 400) and food allowance (R139 850) were previously reported as employee cost

**8. Remuneration of councillors**- Incidental cost (R9 222), Km travel (R673 424), daily allowance (R63 319) and food allowance (R14 260) were previously reported as remuneration of councillors and related parties.

**9. Debt impairment** -- In prior year some customers with an amount of R 12 524 572 were impaired based on the assesment made and in the current year the situation of those customers have changed, therefore impairment has since been reversed, as per GRAP 108 paragraph 36.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 59. Prior-year adjustments (continued)

**10. General expenses**-employee related costs and remuneration of councillors costs totalling to (R3 881 006) are reclassified to general expenses.

**11. Irregular expenditure** - Irregular expenditure of R 1 783 413 was overstated in the prior year.

12. Rehabilitation of dumping site- The provision for rehabilitation of dumping site has been revised from R 43 374 304 to R22 779 904 relatively with the interest charge from R 4 568 091 to R1 985 370

### Statement of financial position

#### 2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from non exchange transactions	10	44 148 641	23 030 240	-	67 178 881
VAT Receivables	12	15 904 882	272 219	-	16 177 101
Other receivables from exchange transactions	13	9 905 906	4 478 655	82 819	14 467 380
Cash and cash equivalents	14	248 096 278	-	(82 819)	248 013 459
Property, plant and equipment	4	1 091 178 641	2 979	-	1 091 181 620
Payables from exchange transactions		112 569 600	2 444 109	-	115 013 709
Current portion - rehabilitation of dumping site		5 473 837	-	-	5 473 837
Rehabilitation of dumping site		37 900 467	-	-	37 900 467
		<b>1 565 178 252</b>	<b>30 228 202</b>	<b>-</b>	<b>1 595 406 454</b>

### Statement of financial performance

#### 2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Debt impairment reversal	22	12 607 391	14 984 324	-	27 591 715
Employee related costs	35	(170 585 180)	-	3 120 781	(167 464 399)
Remuneration of councillors	36	(26 142 426)	-	760 225	(25 382 201)
Finance costs	39	(4 568 091)	-	-	(4 568 091)
Debt impairment	41	(117 278 267)	12 524 572	-	(104 753 695)
Contracted services	42	(68 044 372)	-	-	(68 044 372)
General expenditure	46	(89 208 996)	(2 162 907)	(3 881 006)	(95 252 909)
<b>Surplus for the year</b>		<b>(463 219 941)</b>	<b>25 345 989</b>	<b>-</b>	<b>(437 873 952)</b>

### Disclosure

#### 2023

	Note	As previously reported	Correction of error	Restated
Irregular expenditure		14 363 302	(1 783 413)	12 579 889
Related parties		26 142 426	(760 225)	25 382 201

### 60. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of R 1 443 155 531 and that the municipality's total assets exceed its liabilities by R 1 443 155 531.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 61. Segment information

#### General information

#### Identification of segments

The municipality is organised and reports to Council on the basis of Three (3) major functional areas or segments. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Revenue and expenditure relating to these segments are allocated at a transactional level income relating to governance and administration of municipality are not allocated to these business units.

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

#### The three key segment units comprise of:

- Finance and administration which include property rates, supply chain management, agency services and investments.
- Community & public safety which include traffic management, library services, cementry management, solid waste management and facility management
- Planning & economic development which include, outdoor advertisement, property transfers and registrations

#### Aggregated segments

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 61. Segment information (continued)

#### Segment surplus or deficit, assets and liabilities

2024

	Finance and administration	Community and Public Safety	Planning and economic development	Total
<b>Revenue</b>				
Service charges	-	9 321 962	-	9 321 962
Rental of facilities and equipment	-	273 811	-	273 811
Interest received on overdue accounts (other services)	-	3 992 553	-	3 992 553
Agency services	557 560	-	-	557 560
Licences and permits	-	7 307 730	-	7 307 730
Gains on provisions	983 008	-	-	983 008
Actuarial gains	2 882 000	-	-	2 882 000
Gain on assets disposal	19 511 401	-	-	19 511 401
Other income	1 973 874	204 448	678 139	2 856 461
Interest received - investment	25 579 179	-	-	25 579 179
Property rates	86 839 750	-	-	86 839 750
Traffic fines	-	753 642	-	753 642
Interest-overdue accounts (property rates)	40 708 966	-	-	40 708 966
Donations received	-	-	18 571 592	18 571 592
<b>Total segment revenue</b>	<b>179 035 738</b>	<b>21 854 146</b>	<b>19 249 731</b>	<b>220 139 615</b>
<b>Entity's revenue</b>				<b>220 139 615</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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	Finance and administration	Community and Public Safety	Planning and economic development	Total
<b>61. Segment information (continued)</b>				
<b>Expenditure</b>				
Employee related costs	4 290 138	51 688 208	7 309 220	63 287 566
Depreciation and amortisation	71 817	1 098 507	18 407	1 188 731
Finance cost	3 122 786	2 430 980	-	5 553 766
Debt impairment	97 231 914	679 000	-	97 910 914
Contracted services	25 097 244	-	-	25 097 244
Transfers and subsidies	-	-	1 500 000	1 500 000
General expenses	11 226 735	9 114 760	-	20 341 495
<b>Total segment expenditure</b>	<b>141 040 634</b>	<b>65 011 455</b>	<b>8 827 627</b>	<b>214 879 716</b>
<b>Total segmental surplus/(deficit)</b>	<b>37 995 104</b>	<b>(43 157 309)</b>	<b>10 422 104</b>	<b>5 259 899</b>
<b>Assets</b>				
Inventory	2 432 017	-	-	2 432 017
Receivables from non-exchange transactions	50 347 312	(33 877)	-	50 313 435
Other receivables from exchange transactions	-	9 424 414	-	9 424 414
Investment property	-	-	44 207 157	44 207 157
Property, Plant and Equipment	490 454	178 567 820	2 682 198	181 740 472
<b>Total segment assets</b>	<b>53 269 783</b>	<b>187 958 357</b>	<b>46 889 355</b>	<b>288 117 495</b>
<b>Total assets as per Statement of financial Position</b>				<b>288 117 495</b>
<b>Liabilities</b>				
Deferred income	-	-	25 031 317	25 031 317
<b>Total liabilities as per Statement of financial Position</b>				<b>25 031 317</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 62. Budget differences

#### Material differences between budget and actual amounts

##### 1. 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.

##### 2. Agency Services

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

##### 3. Gain on provisions

The increase is due to the gain on provision of rehabilitation of landfill site.

**4. Actuarial gain** is attributable to membership changes arising primarily due to the exit of several in-service members aged 59 or older, none of whom continued with the medical aid subsidy.

**5. License and permits** is a commission which is received for services rendered on behalf of department of transport therefore the municipality collected less than the anticipated budget hence the decrease when compared to the previous year.

##### 6. 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

##### 7. 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.

##### 8. Interest Received overdue accounts (Other services)

Interest is calculated on the receivable balances which it has increased compared to the prior year.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 62. Budget differences (continued)

#### 9. Traffic fines

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

#### 10. Proceed on sale of assets

The increase is due to results of the Asset Auction and which were stolen and insurance settlements which was performed during the current year under review

#### 11. Interest on overdue account (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

#### 12. Donations Received

During the year three properties were registered in the name of the Municipality

#### 13. Reversal of impairments

It's due to more disposal of Assets as the results of Auction which was conducted in the current year.

#### 14. Finance costs

This is due to the interest on the provision for rehabilitation of dumping site

#### 15. Lease rentals on operating lease

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

#### 16. Repairs & Maintenance

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

#### 17. Contracted Service

There was an increase in the professional fees' expenditure.

#### 18. Loss on Assets written off

Due to the pavement milling projects undertaken by the municipality, the old tar roads and removal of Road Furniture derecognised resulted in the loss on asset written off.

#### 19. Damaged and obsolete inventory written off

The increase is due to some of the wooden doors that were damaged by termites and damp course damaged by heat.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

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### 62. Budget differences (continued)

#### EXPLANATION OF DIFFERENCES BETWEEN APPROVED BUDGET AND FINAL ADJUSTED BUDGET

##### 1. Rental of facilities and equipment

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

##### 2. Agency Services

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

##### 3. 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.

##### 4. 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.

##### 5. Interest received overdue account (other services)

A downward adjustment is based on actual performance of during mid-year budget assessment. The municipality had projected an increase in the payment of services which could have resulted in a decrease of receivables balances

##### 6. Proceed on sale of assets

The increase is due to results of the Asset Auction and which were stolen and insurance settlements which was performed during the current year under review.

##### 7. Traffic fines

This was due to less roadblocks and enforcement measures conducted by the municipality during the first half of the financial year.

##### 8. 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.

##### 9. Repairs and maintenance

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

##### 10. Debt impairment

Debt impairment was adjusted based on the actual impairment in the prior year signed annual financial statements

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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<b>63. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2024</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Trade and other receivables from exchange transactions	50 325 509	50 325 509
Other receivables from exchange transactions	11 296 128	11 296 128
Cash and cash equivalents	250 549 884	250 549 884
	<b>312 171 521</b>	<b>312 171 521</b>
<b>Financial liabilities</b>		
	At amortised cost	Total
Trade and other payables from exchange transactions	82 427 966	82 427 966
<b>2023</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Trade and other receivables from exchange transactions	32 099 563	32 099 563
Other receivables from exchange transactions	14 467 380	14 467 380
Cash and cash equivalents	248 013 459	248 013 459
	<b>294 580 402</b>	<b>294 580 402</b>
<b>Financial liabilities</b>		
	At amortised cost	Total
Trade and other payables from exchange transactions	84 797 413	84 797 413
<b>Financial instruments in Statement of financial performance</b>		
<b>2024</b>		
	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	70 280 698	70 280 698
Receivables Impairment for the year	(97 910 914)	(97 910 914)
	<b>(27 630 216)</b>	<b>(27 630 216)</b>
<b>2023</b>		
	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	53 053 369	53 053 369
Receivables Impairment for the year	(104 753 695)	(104 753 695)
	<b>(51 700 326)</b>	<b>(51 700 326)</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2024

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**63. Financial instruments disclosure (continued)**

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