

Greater Tzaneen Municipality
Audited Consolidated Financial Statements
for the year ended 30 June 2021

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

General Information

Nature of business and principal activities

Greater Tzaneen Municipality is a local municipality performing the functions as set out in the constitution (Act no 105 of 1996).

Greater Tzaneen Economic Development Agency (GTEDA) is a municipal entity performing the functions consistent with that of an entity.

The main business operations of the Municipality is to engage in local government activities which includes planning and promotion of integrated development planning, economic and environmental development and provision of the following services to the community.

General services: All types of services rendered by a municipality excluding the provision of housing to the community.

Electricity service: Electricity is bought in bulk from ESKOM and distributed to communities.

Waste management services: The collection and disposal of waste.

Water and sewer services: Greater Tzaneen Municipality acts as service provider for Mopani District Municipality with regards to water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

Greater Tzaneen Economic Development Agency is an entity established by Greater Tzaneen Municipality to drive economic development and attract investments.

Jurisdiction within which the Municipality operates

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province in the Mopani District Municipality Area of Jurisdiction. It extends from Haenertsburg in the west, to Rubbervale in the east, and just south of Modjadjiskloof in the north, to Trichardsdal in the South.

Executive committee

Mayor

Members of the Executive Committee

Councillor M.G. Mangena

Councillor M.G. Mangena

Councillor T.T. Maunatlala (Finance)

Councillor M.M. Letsoalo (Sports, Recreation, Arts and Culture)

Councillor G.E. Ntimbane (Infrastructure)

Councillor M.L. Hlangwane (Health, Environment and Social Development)

Councillor M.S. Tiba (Economic Development, Housing and Spatial Development Plan)

Councillor C. Machimana (Public Transport and Safety and Security)

Councillor N.J. Mbhalati (Corporate Gov. and Share Services)

Councillor M. Prinsloo (Exco)

Councillor D.O. Matemela (Exco)

Councillor D.J. Mmetle

Councillor C.S. Nhemo

Speaker

Chief Whip

Other Councillors

Councillor M.M. Sekhwela

Councillor M.S. Baloyi

Councillor J. Banyini

Councillor O.K. Banyini

Councillor P.W. Cronje

Councillor D.G. Kgafane

Greater Tzaneen Municipality

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General Information

Councillor M.R. Kgatla
Councillor L.K. Lepulana
Councillor M.J. Maake
Councillor M.H. Mafokwane
Councillor M.C. Ramothwala
Councillor J.T. Makhubele
Councillor G.P. Makhubele
Councillor M.M. Makwala
Councillor S.C. Makwala
Councillor M.A. Makwela
Councillor M.M. Makwela
Councillor T.E. Malatji
Councillor G.M. Malatji
Councillor S.M. Mapiitja
Councillor S.P. Masetla
Councillor N.A. Masila
Councillor N.P. Mathebula
Councillor M.M. Mathekgga
Councillor T.L. Matita
Councillor N.G. Maunatlala
Councillor M.F. Mbhalati
Councillor T.J. McClintock
Councillor D.G. Mkhabele (MPAC Chairperson)
Councillor M.F. Mochabela
Councillor F.T. Mohlaba
Councillor S.N. Mohonone
Councillor M.J. Mokgoloboto
Councillor M.C. Morwatshehla
Councillor T. Mpenyana
Councillor N.G. Mukansi
Councillor T.H. Mushwana
Councillor E.T. Ngobeni
Councillor S.E. Ngobeni
Councillor J.L. Ngobeni
Councillor M.C. Nkwashu
Councillor N. Nkwashu
Councillor M.E. Phakula
Councillor R.E. Pohl
Councillor M.L. Pudikabekwa
Councillor M.S. Rakganya
Councillor P.J. Ramodipa
Councillor S.B. Ramoshaba
Councillor M.O. Raolane
Councillor K.I. Rapatsa
Councillor R.S. Rapitsi
Councillor J.M. Ratopola
Councillor C.T. Shisinga
Councillor O. Sithole
Councillor N.H. Zandamela
Councillor M.R. Rikhotso

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

General Information

GTEDA Board of Directors	Councillor P.P. Machethe M.Z Mawasha (Chairperson) M.F. Mushwana M.I. Moakamela B.L. Mathebula
Grading of local authority	Grade 4: High Capacity
Chief Finance Officer (CFO)	Palesa Makhubela
Accounting Officer - GTM	Bartholomew Serapelo Matlala
Accounting Officer - GTEDA	K.J. Maphoto (contract ended 02 May 2021) M.W. Mulaudzi (Acting Chief Executive Officer, Appointed 04 May 2021)
Parent Municipality Representatives in terms of Section 93D (1) MSA - GTEDA	S Tiba B.M Mathebula
Acting Finance and Risk Officer	M.E. Modiba
Registered office - GTM	38 Agatha Street Civic Center Tzaneen 0850
Registered office - GTEDA	Office no.63 Cascades Building Sapekoe Drive Tzaneen 0850
Business address - GTM	38 Agatha Street Civic Center Tzaneen 0850
Business address - GTEDA	Office no.63 Cascades Building Sapekoe Drive Tzaneen 0850
Postal address	PO Box 24 Tzaneen 0850
Bankers	ABSA
Website address - GTM	www.tzaneen.gov.za
Website address - GTEDA	www.gteda.co.za

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

General Information

Audit committee - GTM & GTEDA

S.A.B. Ngobeni (Chairperson)
J.M. Mabuza
N.T. Mabunda
J.M. Mofokeng
N.S. Hoaeane

Level of rounding

Rounding to the nearest Rand

Auditor

Auditor General of South Africa (AGSA)
Polokwane Office
Telephone number: 015 283 9338

Country of Incorporation and domicile

South Africa

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

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DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
GTM	Greater Tzaneen Municipality
IAS	International Accounting Standards
mSCOA	Municipal Standard Chart of Accounts
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
GTEDA	Greater Tzaneen Economic Development Agency
RAL	Roads Agency Limpopo
IDC	Industrial Development Corporation
IPSAS	International Public Sector Accounting Standards
MPAC	Municipal Public Accounts Committees
SARS	South African Revenue Service
SETA	Sector Education and Training Authority
VAT	Value Added Tax

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the consolidated 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 consolidated financial statements and was given unrestricted access to all financial records and related data.

The consolidated 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 consolidated 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 economic entity 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.

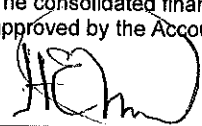
The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal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

The Accounting Officer has reviewed the Municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The audited financial statements are prepared on the basis that the Municipality is a going concern and that the Greater Tzaneen Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the Municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the Municipality, the Municipality's external auditors are responsible for expressing an opinion on the financial statements.

The consolidated financial statements set out on page 9-167, which have been prepared on the going concern basis, were approved by the Accounting Officer on 14 January 2022 and were signed on its behalf by:



Acting
Municipal Manager



Report of the Auditor General

To the Provincial Legislature of Greater Tzaneen Municipality

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 30 June 2021.

1. Introduction

Main business and operations

GTM

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province within the Mopani District Municipal Area of Jurisdiction. It comprises a land area of approximately 3240 km, and extends from Haenertsburg in the West, to Rubbervale in the East, and just South of Modjadjiskloof in the North, to Trichardtsdal in the South.

The long-term goal of Greater Tzaneen Municipality is to ensure that the Municipality is financially sustainable, to stimulate economic growth and to improve the quality of life of all residents in the area of jurisdiction.

To achieve these goals, Council approved the 2020/2021 Budget on 30 May 2020. The Budget, which is informed by the service delivery needs of the community as captured in the Municipality's Integrated Development Plan, demonstrates the Municipality's commitment to improve efforts to limit non-priority spending and direct spending towards the Municipality's Electricity Network. The objectives of combatting electricity service interruptions are high on the Municipality's agenda and the short-term objectives are:

- The upgrading of the Municipality's Electricity Network to ensure the provision of an uninterrupted electricity service.
- Data cleaning and improvement of the Municipality's Revenue Collection.
- A strong administration to ensure a stable working environment through which future development can be established.
- The implementation of a revenue enhancement programme in support of revenue generation and the combatting of losses pertaining to electricity.

GTEDA

Greater Tzaneen Economic Development Agency (Pty) Ltd is a Municipal Entity incorporated in the Republic of South Africa established in terms of the Companies Act by the Greater Tzaneen Municipality (GTM) with the assistance of the Industrial Development Corporation (IDC) in order to project manage urban and rural regeneration of the GTM's territory with a view to promote economic development and investment attraction.

2. The effect of the COVID-19 pandemic

GTM

The economic climate in which South Africa currently finds itself in has seen the shrinking of National, Provincial and local budgets due to actions taken to implement measures to curb the COVID-19 pandemic.

Due to the Covid-19 pandemic, Greater Tzaneen Municipality experienced a reduction of four percent in the payment rate of service charges. The shortfall in revenue has been addressed through the re-allocation of funding in the Adjustment Budget, expenditure management, and special attention to credit control measures to ensure that the required revenue is generated and used for service delivery.

The relieve of Covid-19 restrictions on 1 March 2021 enabled Municipalities to prioritize service delivery whilst fighting against Covid-19. Apart from the general expenses our Municipality could provide services that are essential for the daily lives of residents such as the distribution of water and electricity as well as the collection and disposal of waste.

With special attention to Budget and Cash flow management the Municipality managed to align its financial resources with the cost of providing services to its communities as well as the cost to meet the requirements of the Covid-19 pandemic.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

GTEDA

Covid-19 implications and as part of the Government's efforts to flatten the curve and contain the infection and the spread of the global pandemic virus.

Greater Tzaneen Economic Development Agency (Pty) Ltd remains committed and doing its best to support the government's effort to curb the spread of the virus by implementing Covid-19 preventative measures as per guidelines issued by the National Department of Health.

The global spread of coronavirus (COVID-19) negatively affected GTEDA by the unprecedented disruption of working arrangements and business operations. The Covid-19 epidemic has resulted in significant changes, requiring expenditures for which no budgetary preparation had been made. Management had to improvise some budget item to cater for COVID-19 related expenditure, since GTEDA did not receive any additional funds as indicated by the finance minister in the Supplementary Budget Review dated 24 June 2020; that an amount of R20 billion will be made available to the municipalities and entities in response to the COVID-19 pandemic.

3. Implementation of the Municipal Standard Chart of Accounts (MSCOA)

GTM

The implementation of the Municipal Standard Chart of Accounts during the 2020/2021 financial year resulted in the reclassification of the comparative figures, as disclosed in Note 62 of the financial statements.

Towards this end version 6.4 of the mSCOA Chart which is effective from 2020/2021 has been released and implemented by the Municipality.

Greater Tzaneen Municipality has:

- Acquired, upgraded and maintained the hardware, software and licenses required to be mSCOA compliant.
- Budgeted, Transacted and Reported directly on all six (6) legislated mSCOA segments.
- Generate regulated schedules directly from the core Municipal financial system, and
- Compiled the 2020/2021 Annual Financial Statements on version 6.4 of the mSCOA chart to comply with legislative requirements.

4. Operational responsibility

It is the responsibility of the Municipality to present the statement of financial position, statement of financial performance and cash flow statement for the year ended 30 June 2021 in accordance with applicable legislation which includes the standards of GRAP.

In an attempt to obtain a clean audit opinion for the 2020//2021 financial year the Municipality has institutionalised the concept of operation clean audit (OPCA) to the extent that weekly meetings are held by the Municipality's Audit Steering Committee to address previous audit findings and year-end activities.

5. Review of operating results

GTM

The budget of Greater Tzaneen Municipality for the 2020/2021 financial year has been approved by Council on 30 May 2020 for implementation on 1 July 2020, and the adjusted budgets for the financial year were approved as follows:

- 23 December 2020: Special adjustment budget
- 25 February 2021 : Adjustment budget
- 25 March 2021 : Special adjustment budget
- 27 May 2021 : Special adjustment budget

Sustainability the Municipality's finances remains a key priority during the 2020/2021 financial year to ensure that service delivery continues in a sustainable manner and that the strategic objectives of the Municipality were met.

This review highlights the Municipality's performance for the past year but does not in any way attempt to provide detail of the performance. Full details appear in the annual financial statements.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

Overview of the Municipality's results:

The Municipality's overall actual operating results against the corresponding approved budget figures are scheduled in Appendix E1 of the annual financial statements.

Statement of Financial Performance

The Statement of Financial Performance reflects a summary of income and expenditure items, while the segmental operating results per service are shown in appendix D of the annual financial statements. Over the past financial year the operating revenue increased from R 1 322 568 531 to R 1 397 561 361 while the operating expenditure increased from R 1 109 961 420 to R 1 167 417 330.

The operating revenue is mostly generated from assessment rates, electricity sales and government grants and subsidiaries. Revenue from these items represent the following percentage of the total revenue:

- Assessment rates 9.28%
- Service charges 35.74%
- Government grants and subsidies 44.76%

The Municipality's actual operating expenditure amounts to R 1 167 417 330 resulting in a surplus of R 229 727 491.

Employees remuneration as a percentage of the total expenditure, amounts to 30.52% whilst contribution to bad debt impairment provision is 0.22%. Depreciation and amortisation for the year represents 9.12% of the total expenditure. Expenditure on bulk electricity purchases ended on 34.93% of the total expenditure.

The actual expenditure amounts to R 1 167 417 330 compared to the budgeted amount of R 1 289 198 789.

The expenditure amount includes R 356 277 509 for salaries, and R 407 786 362 for the purchase of bulk electricity.

The Municipality reported a net operating surplus of R 229 727 491 for the financial year under review, (2020 R 208 948 844).

The main revenue sources of the Municipality are:

- Property rates;
- Service charges and
- Government grants and subsidies.

Whilst the highest expenditure items are:

- Bulk purchases;
- Employee related costs;
- General Expenditure
- Depreciation and amortisation;

Council has embarked on implementing a range of revenue collecting strategies to optimise the collection of debt owed by consumers. The outstanding consumer debtors as at 30 June 2021 amounts to R 658 549 047 (2020: R 540 686 343) of which R 277 682 415 (2020: R 317 577 296) were provided for impairment. Debtors to the amount of R - (2020: R 4 779 425) have been written off as uncollectable. The total provision for impairment amounts to R 277 682 415 (2020: R 317 577 296).

Unspent conditional grants and receipts decreased from R 5 455 826 in the previous financial year to R 3 502 528 in the current financial year with a 100% spending on the Municipal Infrastructure Grant.

Greater Tzaneen Municipality

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Accounting Officer's Report

The outstanding loans which have been taken-up to finance capital projects amount to R 154 036 001 (2020: R 133 292 869) and the detail of this amount is contained in Note 14 and Appendix A.

GTEDA

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

Greater Tzaneen Municipality approved and allocated a budget of R 8 961 106 to GTEDA as grant funding for the financial year under review, compared to R 8 146 460 that was allocated for prior year. The overall actual expenditure amounts to R 8 163 515 which is 91.1% of the budget in terms of spending pattern; the expenditure includes project costs of R456 621 as compared to R 1 592 690 for prior year. Employee and board member costs amount to R 4 509 728 as compared to R 4 709 049 in the prior year.

The Agency generated a surplus of R (1 008 875) as compared to a surplus of R (446 660) for prior year, this was mainly due to an increase in grants and subsidies.

6. Electricity losses

The electricity losses decreased from 20.91% in the previous financial year to 11.34% in the 2020/2021 financial year. This decrease in electricity loss is mainly the result of a two-year investigation project to address the distribution losses. The project includes the upgrading of infrastructure and the implementation of a revenue enhancement program which is managed and financed by DBSA.

7. Accounting officers interest in contracts

Employees of the Municipality, including the Accounting Officer completed a declaration of interest in contracts and other related transactions to comply with legislative requirements.

8. Corporate Governance

The Accounting Officer is committed to ensure business integrity, transparency and professionalism in all his activities and to comply with the Code of Corporate Practices and conduct laid out in the King Report on Corporate Governance.

9. Remuneration

9.1 Employees

Employees are remunerated according to the salary and wage collective agreement dated 29 June 2018 for the period 2017/2018 to 2020/2021.

9.2 Councillors

The upper limits of the remuneration of the councillors are determined in terms of government notice issued by the Minister of Co-operative Governance and Traditional Affairs as required by the remunerations of public officers' bearers Act No. 20 of 1998. Our Municipality complies with these legislative requirements.

10. Audit and Risk Committee

The members of the audit committee are independent audit committee members which met on a regular basis during the financial year to review matters necessarily to fulfil its role. These members have been appointed by the Municipality in terms of section 166 of the Municipal Finance Management Act.

11. Compliance

11.1 Internal Audit

The Municipality established an internal audit function in terms of section 165 of the Municipal Finance Management Act 2003. The unit reports to the Accounting Officer administratively and functionally to the audit committee.

11.2 Risk management

A risk and compliance management unit has been established in terms of Chapter 8 Section 62, of the Municipal Finance Management Act. The unit reports administratively to the Accounting Officer and functionally to the risk committee.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

12. Going concern

GTM

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.

Due to the provision on financial and other recourses on a special adjustment budget as well as in future budgets to contain the COVID-19 pandemic effectively, our Municipality had no significant financial loss at 30 June 2021.

Continued assessments will be performed to ensure that the COVID-19 pandemic demands are met without interruptions in service delivery.

The ability of the Municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations for the Municipality.

GTEDA

We draw attention to the fact that at 30 June 2021, the Municipal Entity had accumulated deficits of R (1 364 228) and that the Municipal Entity's total liabilities exceed its assets by R (1 364 128).

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.

The ability of the Municipal Entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continues to procure funding for the ongoing operations for the Municipal Entity. Furthermore, the Greater Tzaneen Municipal Council has committed to fund the Entity by approving a multi-year budget for the coming three fiscal years, and GTM has provided a comfort letter as a commitment to fund and assist the entity in paying the VAT liability.

Provision for VAT payable has been made, this is as result of the entity not declaring output VAT on grants receivable from its funders i.e the Greater Tzaneen Municipality and Industrial Development Corporation. VAT returns from 2014 to 2017 financial years were reviewed and objections were lodged on the assessments raised by SARS. Following SARS audit, the entity's VAT liability has been reduced from R6 853 115 to R2 495 629 by SARS. Total liability owed to SARS at year-end is R 2 703 756 (2020: R 2 520 877).

GTEDA continues to work with SARS to resolve the outstanding obligation, an application for a debt compromise for the amount of R 2 495 629 has been submitted to SARS as another alternative for resolving the going concern situation.

13. Subsequent events

The Accounting Officer and Directors are not aware of any matter or circumstance arising since the end of the financial year and confirm that there are no subsequent events that could affect the 2020/2021 annual financial statements.

14. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the Municipal Entity during the year under review. The Authorised ordinary shares are 1000 and the issued ordinary shares are 100.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

15. Late submission of the annual financial statements to the auditor general

GTM

As from 1 July 2020 the Municipality implemented the National Treasury Standard Chart of Accounts (mSCOA). The new chart is compulsory for all Municipalities as it is designed to enhance compatibility between municipalities. With the implementation of the chart and accompanying financial system challenges were experienced to the extent that the system developers had to assist the service provider. The challenges were addressed but the implementation was slow which resulted in the late submission of the annual financial statements.

The late submission of the annual financial statements was reported to National Treasury, the MEC of COGHSTA, the MEC of Provincial Treasury, the Auditor General and the council of Greater Tzaneen Municipality.

16. Change in administration

Accounting Officer

Name	Nationality	Financial Period
BS Matlala	South African	1 July 2020 - 30 June 2021

Mr BS Matlala resigned as Accounting Officer with effect from 20 August 2021 and on the 24th August 2021 Council appointed Mr HA Nkuna as acting Municipal Manager.

17. Controlling entity

The Municipality's controlling entity is Greater Tzaneen Municipality incorporated in South Africa.

18. Economic Entity

The Economic Entity represents consolidated figures of Greater Tzaneen Municipality and GTEDA.

19. Auditors

Auditor General of South Africa will continue in office for the next financial period.

20. Directors

GTEDA

The directors in office at the date of this report are:

M.Z. Mawasha (Chairperson)
M.F. Mushwana
M.I. Moakamela
B.L. Mathebula

GTEDA Board of Directors were appointed on a Fixed Term Contract of five (5) years, effective from 01 July 2016 ending 30 June 2021. Greater Tzaneen Municipal Council resolved to extend their Term of Office to a further six (6) months (ending 31 December 2021) due to the National Lockdown.

21. Fruitless and wasteful expenditure

Except for the fruitless and wasteful expenditure disclosed in Note 26 to the financial statements, the Chief Executive Officer and directors are not aware of any other fruitless and wasteful expenditure which have been incurred during the year under review.

22. Irregular expenditure

The Chief Executive Officer and Directors are not aware of any irregular expenditure incurred during the year under review.

23. Events after the reporting date

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	Economic Entity		Controlling entity	
		2021	2020	2021	2020
Assets					
Current Assets					
Inventories	4	25 047 559	22 981 782	25 047 559	22 981 782
Operating lease asset	7	29 244	50 769	29 244	50 769
Receivables from exchange transactions	8	572 152 040	459 929 587	572 098 072	459 921 163
Receivables from non-exchange transactions	6	203 940 559	123 585 139	203 937 138	123 435 917
Cash and cash equivalents	9	106 025 263	70 319 782	104 790 238	70 215 767
		907 194 665	676 867 059	905 902 251	676 605 398
Non-Current Assets					
Investment property	10	181 586 803	181 586 803	181 586 803	181 586 803
Property, plant and equipment	11	1 527 372 735	1 501 205 241	1 527 095 992	1 501 048 381
Intangible assets	12	471 300	761 298	457 277	744 471
Heritage assets	13	200 958	200 958	200 958	200 958
Other financial assets	5	38 863 416	21 113 398	38 863 416	21 113 398
		1 748 495 212	1 704 867 698	1 748 204 446	1 704 694 011
Total Assets		2 655 689 877	2 381 734 757	2 654 106 697	2 381 299 409
Liabilities					
Current Liabilities					
Other financial liabilities	14	13 050 632	9 301 647	13 050 632	9 301 647
Finance lease obligation	15	2 462 827	3 886 967	2 462 827	3 886 967
Payables from exchange transactions	16	247 626 686	240 701 856	247 200 432	240 231 674
VAT payable	17	51 905 150	46 508 806	49 201 388	43 987 929
Consumer deposits	18	28 049 781	27 396 999	28 049 781	27 396 999
Employee benefit obligation	21	5 906 000	4 957 000	5 906 000	4 957 000
Unspent conditional grants and receipts	19	3 502 528	5 455 826	3 502 528	5 455 826
Provisions	20	970 476	970 476	970 476	970 476
		353 474 080	339 179 577	350 344 064	336 188 518
Non-Current Liabilities					
Other financial liabilities	14	140 985 369	123 991 222	140 985 369	123 991 222
Finance lease obligation	15	1 462 408	3 925 235	1 462 408	3 925 235
Employee benefit obligation	21	86 013 000	71 171 000	86 013 000	71 171 000
Provisions	20	6 157 895	5 598 089	6 157 895	5 598 089
		234 618 672	204 685 546	234 618 672	204 685 546
Total Liabilities		588 092 752	543 865 123	584 962 736	540 874 064
Net Assets		2 067 597 125	1 837 869 634	2 069 143 961	1 840 425 345
Accumulated surplus		2 067 597 125	1 837 869 634	2 069 143 961	1 840 425 345
Total Net Assets		2 067 597 125	1 837 869 634	2 069 143 961	1 840 425 345

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	Economic Entity		Controlling entity	
		2021	2020	2021	2020
Revenue					
Revenue from exchange transactions					
Agency services	54	10 763 364	9 118 576	10 763 364	9 118 576
Interest revenue	56	29 687 098	27 942 632	29 667 610	27 911 932
Licences and permits	55	210 997	1 231 992	210 997	1 231 992
Other income	23	63 289 276	64 637 530	63 245 680	64 637 630
Rental of facilities and equipment		222 530	1 152 233	222 530	1 152 233
Service charges	22	499 551 898	553 199 622	499 551 898	553 199 622
Total revenue from exchange transactions		603 725 163	657 282 585	603 662 079	657 251 985
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	24	129 625 627	114 668 959	129 625 627	114 668 959
Transfer revenue					
Government grants & subsidies	25	625 490 756	512 408 907	625 490 756	512 408 907
Discretionary grant received from Services SETA (conditional grant)		-	903 261	-	-
Public contributions and donations	26	13 508 391	80 000	13 508 391	80 000
Fines, Penalties and Forfeits	57	25 063 224	37 082 842	25 063 224	37 082 842
Administration and project management costs from Services SETA	66	-	73 237	-	-
Grant received - LG SETA		148 200	68 640	-	-
Total revenue from non-exchange transactions		793 836 198	665 285 846	793 687 998	664 240 708
Total revenue	27	1 397 561 361	1 322 568 431	1 397 350 077	1 321 492 693
Expenditure					
Employee related costs	28	(356 277 509)	(315 326 594)	(352 143 975)	(311 114 596)
Remuneration of councillors and board members	29	(27 412 736)	(27 339 556)	(27 036 544)	(26 842 506)
Depreciation and amortisation	59	(106 484 792)	(99 114 252)	(106 431 092)	(99 048 162)
Impairment of assets	30	(2 905 950)	(9 236 673)	(2 905 950)	(9 236 673)
Finance costs	31	(19 962 159)	(14 906 809)	(19 962 159)	(14 906 809)
Lease rentals on operating lease		(707 105)	(607 657)		
Debt Impairment	60	(2 587 061)	(22 971 747)	(2 587 061)	(22 971 747)
Bulk purchases	33	(407 786 362)	(389 694 217)	(407 786 362)	(389 694 217)
Contracted services	34	(106 891 920)	(85 049 006)	(106 333 796)	(84 588 244)
Transfers and Subsidies	35	(26 016 111)	(34 772 798)	(34 977 217)	(42 736 650)
Loss on scrapping of assets	58	(6 332)			
Inventory consumed	32	(14 970 826)	(13 363 522)	(14 954 240)	(13 332 739)
General Expenses	36	(95 408 467)	(97 578 589)	(93 096 525)	(94 677 391)
Total expenditure		(1 167 417 330)	(1 109 961 420)	(1 168 214 921)	(1 109 149 734)
Operating surplus/ (deficit)		230 144 031	212 607 011	229 135 156	212 342 959
Fair value adjustments	53		(50 000)		(50 000)
(Loss) / Gain on disposal / write off of assets	58	(416 540)	(3 608 167)	(416 540)	(3 608 167)
		(416 540)	(3 658 167)	(416 540)	(3 658 167)
Surplus for the year		229 727 491	208 948 844	228 718 616	208 684 792

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus	Total net assets
Economic Entity			
Opening balance as previously reported		1 614 991 614	1 614 991 614
Adjustments			
Prior year adjustments	62	13 929 176	13 929 176
Balance at 01 July 2019 as restated*		1 628 920 790	1 628 920 790
Changes in net assets			
Surplus for the year		208 948 844	208 948 844
Total changes		208 948 844	208 948 844
Balance at 01 July 2020 as restated*		1 837 869 634	1 837 869 634
Changes in net assets			
Surplus for the year		229 727 491	229 727 491
Total changes		229 727 491	229 727 491
Balance at 30 June 2021		2 067 597 125	2 067 597 125
Controlling entity			
Opening balance as previously reported		1 617 811 387	1 617 811 387
Adjustments			
Prior year adjustments	62	13 929 166	13 929 166
Balance at 01 July 2019 as restated*		1 631 740 553	1 631 740 553
Changes in net assets			
Surplus for the year		208 684 792	208 684 792
Total changes		208 684 792	208 684 792
Balance at 01 July 2020 as restated*		1 840 425 345	1 840 425 345
Changes in net assets			
Surplus for the year		228 718 616	228 718 616
Total changes		228 718 616	228 718 616
Balance at 30 June 2021		2 069 143 961	2 069 143 961

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Cash Flow Statement

Figures in Rand	Note(s)	Economic Entity		Controlling entity	
		2021	2020	2021	2020
Cash flows from operating activities					
Receipts					
Taxation		129 625 627	114 668 959	129 625 627	114 668 959
Sale of goods and services		519 549 009	526 219 018	519 550 957	526 220 962
Grants		581 901 865	473 343 454	581 607 852	471 727 538
Interest income		29 687 098	38 825 644	29 667 610	38 794 944
		<u>1 260 763 599</u>	<u>1 153 057 075</u>	<u>1 260 452 046</u>	<u>1 151 412 403</u>
Payments					
Employee costs		(367 899 243)	(348 012 824)	(363 389 516)	(343 303 780)
Suppliers		(700 611 750)	(631 300 113)	(706 118 047)	(634 155 724)
Finance costs		(18 201 543)	(13 571 398)	(18 201 543)	(13 571 398)
Transfer of property, plant and equipment		116 662 541	34 036 003	116 662 541	34 036 003
		<u>(970 049 995)</u>	<u>(958 848 332)</u>	<u>(971 046 565)</u>	<u>(956 994 899)</u>
Net cash flows from operating activities	37	<u>290 713 604</u>	<u>194 208 743</u>	<u>289 405 481</u>	<u>194 417 504</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(252 353 651)	(176 326 408)	(252 176 540)	(176 221 955)
Proceeds from sale of property, plant and equipment	11	-	(109 999)	-	(109 999)
Proceeds from sale of investment property	10	-	110 000	-	110 000
Purchase of other intangible assets	12	-	(202 341)	-	(202 341)
Purchase of heritage assets	13	-	(5 958)	-	(5 958)
Movement of financial assets		(17 750 019)	10 411 685	(17 750 018)	10 411 686
Net cash flows from investing activities		<u>(270 103 670)</u>	<u>(166 123 021)</u>	<u>(269 926 558)</u>	<u>(166 018 567)</u>
Cash flows from financing activities					
Repayment of other financial liabilities		20 743 130	(162 948)	20 743 132	(162 948)
Finance lease payments		(5 647 583)	(53 233)	(5 647 583)	(53 234)
Net cash flows from financing activities		<u>15 095 547</u>	<u>(216 181)</u>	<u>15 095 549</u>	<u>(216 182)</u>
Net increase/(decrease) in cash and cash equivalents		<u>35 705 481</u>	<u>27 869 541</u>	<u>34 574 472</u>	<u>28 182 755</u>
Cash and cash equivalents at the beginning of the year		70 319 782	42 450 241	70 215 766	42 033 011
Cash and cash equivalents at the end of the year	9	<u>106 025 263</u>	<u>70 319 782</u>	<u>104 790 238</u>	<u>70 215 766</u>

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Economic Entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	606 617 132	9 542 000	616 159 132	499 551 898	(116 607 234)	Note 52
Rental of facilities and equipment	1 170 100	1 158 000	2 328 100	222 530	(2 105 570)	Note 52
Interest received - outstanding receivables	23 600 000	(23 600 000)	-	-	-	
Income from agency services	58 664 291	(36 000 000)	22 664 291	10 763 364	(11 900 927)	Note 52
Licences and permits	917 000	-	917 000	210 997	(706 003)	Note 52
Other income	6 472 573	1 230 132	7 702 705	63 289 276	55 586 571	Note 52
Interest revenue	4 301 000	23 600 000	27 901 000	29 687 098	1 786 098	
Total revenue from exchange transactions	701 742 096	(24 069 868)	677 672 228	603 725 163	(73 947 065)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	120 000 000	-	120 000 000	129 625 627	9 625 627	
Property rates - penalties imposed	12 500 000	(12 500 000)	-	-	-	
Transfer revenue						
Government grants & subsidies	532 902 000	96 500 000	629 402 000	625 490 756	(3 911 244)	
Public contributions and donations	-	-	-	13 508 391	13 508 391	Note 52
Fines, Penalties and Forfeits	38 501 137	12 500 000	51 001 137	25 063 224	(25 937 913)	Note 52
Grant received - LG SETA	-	-	-	148 200	148 200	Note 52
Total revenue from non-exchange transactions	703 903 137	96 500 000	800 403 137	793 836 198	(6 566 939)	
Total revenue	1 405 645 233	72 430 132	1 478 075 365	1 397 561 361	(80 514 004)	
Expenditure						
Employee related costs	(349 925 517)	5 949 721	(343 975 796)	(356 277 509)	(12 301 713)	
Remuneration of councillors and board members	(29 709 083)	288 896	(29 420 187)	(27 412 736)	2 007 451	
Depreciation and amortisation	(133 058 362)	-	(133 058 362)	(106 484 792)	26 573 570	Note 52
Impairment of assets	-	-	-	(2 905 950)	(2 905 950)	Note 52
Finance costs	(15 733 332)	(2 653 516)	(18 386 848)	(19 962 159)	(1 575 311)	
Lease rentals on operating lease	(894 808)	(177 252)	(1 072 060)	(707 105)	364 955	Note 52
Debt Impairment	(70 035 699)	-	(70 035 699)	(2 587 061)	67 448 638	Note 52
Bulk purchases	(406 187 500)	(1 476 000)	(407 663 500)	(407 786 362)	(122 862)	
Contracted Services	(71 945 783)	10 311 003	(61 634 780)	(106 891 920)	(45 257 140)	Note 52
Transfers and Subsidies	(21 957 894)	(432 814)	(22 390 708)	(26 016 111)	(3 625 403)	Note 52
Inventory consumed	(57 326 585)	(8 856 168)	(66 182 753)	(14 970 826)	51 211 927	Note 52
General Expenses	(131 393 264)	(3 984 832)	(135 378 096)	(95 408 467)	39 969 629	Note 52
Total expenditure	(1 288 167 827)	(1 030 962)	(1 289 198 789)	(1 167 410 998)	121 787 791	

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Operating surplus	117 477 406	71 399 170	188 876 576	230 150 363	41 273 787	
Loss on disposal of assets and liabilities	-	-	-	(416 540)	(416 540)	Note 52
Impairment loss	-	-	-	(6 332)	(6 332)	Note 52
	-	-	-	(422 872)	(422 872)	
Surplus before taxation	117 477 406	71 399 170	188 876 576	229 727 491	40 850 915	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	117 477 406	71 399 170	188 876 576	229 727 491	40 850 915	

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	119 250 000	-	119 250 000	129 625 627	10 375 627	
Sale of goods and services	545 955 418	(10 258 000)	535 697 418	519 549 009	(16 148 409)	
Grants	532 902 000	(15 814 399)	517 087 601	581 901 865	64 814 264	
Interest income	4 301 000	-	4 301 000	29 687 098	25 386 098	Note 52
	1 202 408 418	(26 072 399)	1 176 336 019	1 260 763 599	84 427 580	
Payments						
Employee costs	(345 564 119)	26 458 443	(319 105 676)	(367 899 243)	(48 793 567)	Note 52
Suppliers	(869 415 636)	179 246 215	(690 169 421)	(700 611 750)	(10 442 329)	
Finance costs	(15 728 808)	-	(15 728 808)	(18 201 543)	(2 472 735)	Note 52
Transfer of property, plant and equipment	-	-	-	116 662 541	116 662 541	Note 52
	(1 230 708 563)	205 704 658	(1 025 003 905)	(970 049 995)	54 953 910	
Net cash flows from operating activities	(28 300 145)	179 632 259	151 332 114	290 713 604	139 381 490	
Additions to property, plant and equipment and intangible assets	(128 938 050)	(15 883 000)	(144 821 050)	(252 353 651)	(107 532 601)	
Proceeds on disposal of property, plant and equipment and intangible assets	1 500 000	-	1 500 000	-	(1 500 000)	
Movement in financial assets	(1 262 784)	(500 000)	(1 762 784)	(17 750 019)	(15 987 235)	Note 52
Net cash flows from investing activities	(128 700 834)	(16 383 000)	(145 083 834)	(270 103 670)	(125 019 836)	
Cash flows from financing activities						
Repayment of other financial liabilities	(324 045)	-	(324 045)	20 743 130	21 067 175	Note 52
Finance lease payments	-	-	-	(5 647 583)	(5 647 583)	Note 52
Net cash flows from financing activities	(324 045)	-	(324 045)	15 095 547	15 419 592	
Net increase/(decrease) in cash and cash equivalents	(157 325 024)	163 249 259	5 924 235	35 705 481	29 781 246	
Cash and cash equivalents at the beginning of the year	43 510 852	30 575 521	74 086 373	70 319 782	(3 766 591)	
Cash and cash equivalents at the end of the year	(113 814 172)	193 824 780	80 010 608	106 025 263	26 014 655	

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	606 617 132	9 542 000	616 159 132	499 551 898	(116 607 234)	Note 52
Rental of facilities and equipment	1 170 100	1 158 000	2 328 100	222 530	(2 105 570)	Note 52
Interest received- outstanding receivables	23 600 000	(23 600 000)	-	-	-	
Income from agency services	58 664 291	(36 000 000)	22 664 291	10 763 364	(11 900 927)	Note 52
Licences and permits	917 000	-	917 000	210 997	(706 003)	Note 52
Other income	6 472 573	1 230 132	7 702 705	63 245 680	55 542 975	Note 52
Interest revenue	4 301 000	23 600 000	27 901 000	29 667 610	1 766 610	
Total revenue from exchange transactions	701 742 096	(24 069 868)	677 672 228	603 662 079	(74 010 149)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	120 000 000	-	120 000 000	129 625 627	9 625 627	
Property rates - penalties imposed	12 500 000	(12 500 000)	-	-	-	
Transfer revenue						
Government grants & subsidies	532 902 000	96 500 000	629 402 000	625 490 756	(3 911 244)	
Public contributions and donations	-	-	-	13 508 391	13 508 391	Note 52
Fines, penalties and forfeits	38 501 137	12 500 000	51 001 137	25 063 224	(25 937 913)	Note 52
Total revenue from non-exchange transactions	703 903 137	96 500 000	800 403 137	793 687 998	(6 715 139)	
Total revenue	1 405 645 233	72 430 132	1 478 075 365	1 397 350 077	(80 725 288)	
Expenditure						
Employee costs	(345 564 119)	5 925 001	(339 639 118)	(352 143 975)	(12 504 857)	
Remuneration of councillors	(29 034 983)	-	(29 034 983)	(27 036 544)	1 998 439	
Depreciation and amortisation	(132 970 807)	-	(132 970 807)	(106 431 092)	26 539 715	Note 52
Impairment of assets	-	-	-	(2 905 950)	(2 905 950)	Note 52
Finance costs	(15 728 808)	(2 656 516)	(18 385 324)	(19 962 159)	(1 576 835)	
Debt Impairment	(70 035 699)	-	(70 035 699)	(2 587 061)	67 448 638	Note 52
Bulk purchases	(406 187 500)	(1 476 000)	(407 663 500)	(407 786 362)	(122 862)	
Contracted Services	(71 525 209)	10 330 300	(61 194 909)	(106 333 796)	(45 138 887)	Note 52
Grants and subsidies paid	(30 919 000)	(432 814)	(31 351 814)	(34 977 217)	(3 625 403)	Note 52
Inventory consumed	(57 321 085)	(8 859 168)	(66 180 253)	(14 954 240)	51 226 013	Note 52
General Expenses	(128 067 831)	(3 553 324)	(131 621 155)	(93 096 525)	38 524 630	Note 52
Total expenditure	(1 287 355 041)	(722 521)	(1 288 077 562)	(1 168 214 921)	119 862 641	
Operating surplus	118 290 192	71 707 611	189 997 803	229 135 156	39 137 353	
Loss on disposal of assets and liabilities	-	-	-	(416 540)	(416 540)	Note 52
Surplus before taxation	118 290 192	71 707 611	189 997 803	228 718 616	38 720 813	

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	118 290 192	71 707 611	189 997 803	228 718 616	38 720 813	

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Economic Entity						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	19 488 796	1 639 977	21 128 773	25 047 559	3 918 786	Note 52
Operating lease asset	154 761	-	154 761	29 244	(125 517)	Note 52
Receivables from exchange transactions	314 435 056	-	314 435 056	572 152 040	257 716 984	Note 52
Receivables from non-exchange transactions	82 089 294	-	82 089 294	203 940 559	121 851 265	Note 52
Cash and cash equivalents	44 000 000	36 010 608	80 010 608	106 025 263	26 014 655	Note 52
	460 167 907	37 650 585	497 818 492	907 194 665	409 376 173	
Non-Current Assets						
Investment property	187 377 053	1 680 000	189 057 053	181 586 803	(7 470 250)	
Property, plant and equipment	1 767 195 930	(135 325 193)	1 631 870 737	1 527 372 735	(104 498 002)	
Intangible assets	1 003 005	413 819	1 416 824	471 300	(945 524)	Note 52
Heritage assets	200 155	-	200 155	200 958	803	
Other financial assets	21 995 950	11 882 673	33 878 623	38 863 416	4 984 793	Note 52
	1 977 772 093	(121 348 701)	1 856 423 392	1 748 495 212	(107 928 180)	
Total Assets	2 437 940 000	(83 698 116)	2 354 241 884	2 655 689 877	301 447 993	
Liabilities						
Current Liabilities						
Other financial liabilities	12 994 722	(560 784)	12 433 938	13 050 632	616 694	
Finance lease obligation	4 000 000	-	4 000 000	2 462 827	(1 537 173)	Note 52
Payables from exchange transactions	277 304 930	(70 231 382)	207 073 548	247 626 686	40 553 138	Note 52
VAT payable	37 821 747	-	37 821 747	51 905 150	14 083 403	Note 52
Consumer deposits	27 487 095	1 571 368	29 058 463	28 049 781	(1 008 682)	
Employee benefit obligation	-	-	-	5 906 000	5 906 000	Note 52
Unspent conditional grants and receipts	-	-	-	3 502 528	3 502 528	Note 52
Provisions	1 065 926	(565 111)	500 815	970 476	469 661	Note 52
	360 674 420	(69 785 909)	290 888 511	353 474 080	62 585 569	
Non-Current Liabilities						
Other financial liabilities	145 477 166	(45 090 355)	100 386 811	140 985 369	40 598 558	Note 52
Finance lease obligation	8 951 000	-	8 951 000	1 462 408	(7 488 592)	Note 52
Employee benefit obligation	80 444 568	340 696	80 785 264	86 013 000	5 227 736	
Provisions	6 156 535	(558 446)	5 598 089	6 157 895	559 806	Note 52
	241 029 269	(45 308 105)	195 721 164	234 618 672	38 897 508	
Total Liabilities	601 703 689	(115 094 014)	486 609 675	588 092 752	101 483 077	
Net Assets	1 836 236 311	31 395 898	1 867 632 209	2 067 597 125	199 964 916	

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 836 236 311	72 769 784	1 867 632 209	2 067 597 125	199 964 916	

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling Entity						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	19 488 796	1 639 977	21 128 773	25 047 559	3 918 786	Note 52
Operating lease asset	154 761	-	154 761	29 244	(125 517)	Note 52
Receivables from exchange transactions	314 435 056	-	314 435 056	572 098 072	257 663 016	Note 52
Receivables from non-exchange transactions	82 089 294	-	82 089 294	203 937 138	121 847 844	Note 52
Cash and cash equivalents	44 000 000	36 010 608	80 010 608	104 790 238	24 779 630	Note 52
	460 167 907	37 650 585	497 818 492	905 902 251	408 083 759	
Non-Current Assets						
Investment property	187 377 053	1 680 000	189 057 053	181 586 803	(7 470 250)	
Property, plant and equipment	1 766 960 930	(135 325 193)	1 631 635 737	1 527 095 992	(104 539 745)	
Intangible assets	1 003 005	413 819	1 416 824	457 277	(959 547)	Note 52
Heritage assets	200 155	-	200 155	200 958	803	
Other financial assets	21 995 950	11 882 673	33 878 623	38 863 416	4 984 793	Note 52
	1 977 537 093	(121 348 701)	1 856 188 392	1 748 204 446	(107 983 946)	
Total Assets	2 437 705 000	(83 698 116)	2 354 006 884	2 654 106 697	300 099 813	
Liabilities						
Current Liabilities						
Other financial liabilities	12 994 722	(560 784)	12 433 938	13 050 632	616 694	
Finance lease obligation	4 000 000	-	4 000 000	2 462 827	(1 537 173)	Note 52
Payables from exchange transactions	277 304 930	(70 231 382)	207 073 548	247 200 432	40 126 884	Note 52
VAT payable	37 821 747	-	37 821 747	49 201 388	11 379 641	Note 52
Consumer deposits	27 487 095	1 571 368	29 058 463	28 049 781	(1 008 682)	
Employee benefit obligation	-	-	-	5 906 000	5 906 000	Note 52
Unspent conditional grants and receipts	-	-	-	3 502 528	3 502 528	Note 52
Provisions	1 065 926	(565 111)	500 815	970 476	469 661	Note 52
	360 674 420	(69 785 909)	290 888 511	350 344 064	59 455 553	
Non-Current Liabilities						
Other financial liabilities	145 477 166	(45 090 355)	100 386 811	140 985 369	40 598 558	Note 52
Finance lease obligation	8 951 000	-	8 951 000	1 462 408	(7 488 592)	Note 52
Employee benefit obligation	80 444 568	340 696	80 785 264	86 013 000	5 227 736	
Provisions	6 156 535	(558 446)	5 598 089	6 157 895	559 806	Note 52
	241 029 269	(45 308 105)	195 721 164	234 618 672	38 897 508	
Total Liabilities	601 703 689	(115 094 014)	486 609 675	584 962 736	98 353 061	
Net Assets	1 836 001 311	31 395 898	1 867 397 209	2 069 143 961	201 746 752	

Greater Tzaneen Municipality

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 836 001 311	31 395 898	1 867 397 209	2 069 143 961	201 746 752	

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling Entity						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	119 250 000	-	119 250 000	129 625 627	10 375 627	
Sale of goods and services	545 955 418	(10 258 000)	535 697 418	519 550 957	(16 146 461)	
Grants	532 902 000	(15 814 399)	517 087 601	581 607 852	64 520 251	
Interest income	4 301 000	-	4 301 000	29 667 610	25 366 610	Note 52
	1 202 408 418	(26 072 399)	1 176 336 019	1 260 452 046	84 116 027	
Payments						
Employee costs	(345 564 119)	26 458 443	(319 105 676)	(363 389 515)	(44 283 839)	Note 52
Suppliers	(869 415 636)	179 246 215	(690 169 421)	(706 118 048)	(15 948 627)	
Finance costs	(15 728 808)	-	(15 728 808)	(18 201 543)	(2 472 735)	Note 52
Transfer of property, plant and equipment	-	-	-	116 662 541	116 662 541	Note 52
	(1 230 708 563)	205 704 658	(1 025 003 905)	(971 046 565)	53 957 340	
Net cash flows from operating activities	(28 300 145)	179 632 259	151 332 114	289 405 481	138 073 367	
Cash flows from investing activities						
Additions property, plant and equipment and intangible assets	(128 938 050)	(15 883 000)	(144 821 050)	(252 176 540)	(107 355 490)	
Proceeds on disposal of property, plant and equipment and intangible assets	1 500 000	-	1 500 000	-	(1 500 000)	
Movement in financial assets	(1 262 784)	(500 000)	(1 762 784)	(17 750 018)	(15 987 234)	Note 52
Net cash flows from investing activities	(128 700 834)	(16 383 000)	(145 083 834)	(269 926 558)	(124 842 724)	
Cash flows from financing activities						
Repayment of other financial liabilities	(324 045)	-	(324 045)	20 743 132	21 067 177	Note 52
Finance lease payments	-	-	-	(5 647 583)	(5 647 583)	Note 52
Net cash flows from financing activities	(324 045)	-	(324 045)	15 095 549	15 419 594	
Net increase/(decrease) in cash and cash equivalents	(157 325 024)	163 249 259	5 924 235	34 574 472	28 650 237	
Cash and cash equivalents at the beginning of the year	43 510 852	30 575 521	74 086 373	70 215 766	(3 870 607)	
Cash and cash equivalents at the end of the year	(113 814 172)	193 824 780	80 010 608	104 790 238	24 779 630	

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Financial Statements: Accounting Policies

1. Basis of preparation

The consolidated 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 consolidated 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.

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

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

The Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2021 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

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

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

1.1 Presentation currency

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

1.2 Rounding

All figures have been rounded off to the nearest Rand.

1.3 Going concern assumption

These audited consolidated 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 Significant judgements and sources of estimation uncertainty

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

Trade receivables and loans and receivables

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

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

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

1.4 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

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.

Subsequent to initial measurement, investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date, determined by the external valuator.

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. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as inflation interest and economic conditions.

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 20 - 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.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 21.

Effective interest rate

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

Allowance for doubtful debts

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

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

1.5 Investment property (continued)

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Derecognition

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.

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

1.6 Property, plant and equipment (continued)

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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment , where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

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

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

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 which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

1.6 Property, plant and equipment (continued)

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

Item	Depreciation method	Average useful life in years
Infrastructure	Straight line	
• Roads and road furniture		10 - 30
• Bridges, Culverts and Gabions		30
• Car Parks		20
• Airports		10 - 20
• Traffic Lights		20
• Electricity :		
- Transformers, Meters & Reticulation Networks		10 - 65
- Substations & switchgears		15 - 40
- Other Electricity Components		10 - 40
• Water		10 - 20
• Refuse Sites		15 - 30
• Buildings		30
• Security Fencing and Lighting		10 - 30
Community Assets	Straight line	
• Parks Improvements		30
• Community Buildings		30
• Recreational facilities		20
Other Assets	Straight line	
• Buildings		30
• Specialist vehicles		20
• Other vehicles		5 - 7
• Office equipment		3 - 10
• Furniture and fittings		3 - 10
• Bins and containers		5 - 10
• Plant and equipment		5 - 15
• Emergency and Health Equipment		5 - 10
• Security Access and Control		5

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

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

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

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

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

1.6 Property, plant and equipment (continued)

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.

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

The Municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit as part of inventory consumed and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

Item	Average useful life
Computer software, other	3-5 years

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

1.7 Intangible assets (continued)

The Municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12).

Derecognition

Intangible assets are derecognised:

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

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

1.8 Heritage assets

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

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.

Subsequent measurement

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

Impairment

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

Derecognition

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

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

1.9 Financial instruments

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

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

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

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

1.9 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Consumer debtors	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

1.9 Financial Instruments (continued)

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, 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 fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

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

Reclassification

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

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

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1.9 Financial instruments (continued)

financial assets is impaired.

The Municipalities expenditure pattern must be structured in line with the available cash resources.

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part

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1.9 Financial instruments (continued)

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

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

Financial liabilities

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

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

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

Presentation

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

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

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

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

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

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

1.10 Leases

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

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

Finance leases - lessee

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

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Notes to the Audited Consolidated Financial Statements

1.10 Leases (continued)

The discount rate used in calculating the present value of the minimum lease payments is the Municipality's incremental borrowing rate.

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

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

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

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

Operating leases - lessee

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

1.11 Inventories

Consumable and stands inventories consist of work in progress, consumables and finished goods. Inventory is measured at lower of cost, or net realisable value. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at cost.

The cost of consumable inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Redundant and slow-moving inventories are identified and written down with regard to their cost. Consumables are written down according to their age, condition and utility.

Stands available for sale during the next 12 months are recognised as inventory.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the Municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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.

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.

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Notes to the Audited Consolidated Financial Statements

1.12 Impairment of cash-generating assets (continued)

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

Basis for estimates of future cash flows

In measuring value in use the Municipality:

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

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

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.

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

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

Cash-generating units

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

1.12 Impairment of cash-generating assets (continued)

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.

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.

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.

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Notes to the Audited Consolidated Financial Statements

1.12 Impairment of cash-generating assets (continued)

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.

1.13 Impairment of non-cash-generating assets

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

Identification

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

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

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 oversized or overcapacity asset. Oversized 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.

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

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.

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.

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.

1.14 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an Municipality after deducting all of its liabilities.

1.15 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

Post-employment benefits

Post-employment benefits are benefits (other than termination benefits) which a Municipality pays fixed contributions into a separate Municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to the employee services in the current and prior periods.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Greater Tzaneen Municipality

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1.15 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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1.16 Provisions and contingencies (continued)

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

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

1.17 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 Revenue from exchange transactions

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

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

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

Measurement

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

Rendering of services

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and revenue is recognized when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period.

Revenue arising from application of the approved tariff of changes in recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licenses and permits.

Service charges relating to solid waste, sanitation and sewerage are levied monthly in terms of the approved tariffs.

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 entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest method.

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

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

1.19 Revenue from non-exchange transactions

Revenue from non-exchange transaction refers to transaction where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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

The Municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

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 Municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

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

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

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

Transfers

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

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

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

1.19 Financial instruments (continued)

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.

Gifts and donations, including goods in-kind

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

1.20 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

1.21 Comparative figures

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

1.22 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

1.23 Fruitless and wasteful expenditure

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

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

1.24 Irregular expenditure

Irregular expenditure 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.

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Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

1.25 Departmental information

A departmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendixes C and D. The Municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Departmental information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.26 Budget information

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

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

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

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

The budget of Greater Tzaneen Municipality for the 2020/2021 financial year has been approved by Council on 30 May 2020 for implementation on 1 July 2020, and the adjusted budgets for the financial year were approved as follows:

- 23 December 2020: Special adjustment budget
- 25 February 2021 : Adjustment budget
- 25 March 2021 : Special adjustment budget
- 27 May 2021 : Special adjustment budget

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

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

Comparative information is not required.

1.27 Related parties

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

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

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

1.28 Events after reporting date

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

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

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

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

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

1.29 Value Added Tax (VAT)

The Municipality accounts for VAT on the payment basis. Output VAT is only payable as and when the purchase consideration is received and input tax can be claimed as and when payments are made.

1.30 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. The liability is transferred to revenue as and when the conditions attached to the grants are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

2. Changes in accounting policy

The audited consolidated financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

With the adoption of mSCOA the Municipality reclassified certain balances in order to comply with the instruction notes issued.

The result of the reclassification is set out in Note 62 in the Annual Financial Statements.

The aggregate effect of the changes in accounting policy on the audited consolidated financial statements for the year ended 30 June 2021 is as follows:

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

3. New standards and interpretations

3.1 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 2021 or later periods but are not relevant to its operations:

GRAP 104 (amended): 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

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

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

Guideline: Guideline on Accounting for Landfill Sites

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

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

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

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

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

3. New standards and interpretations (continued)

GRAP 25 Employee benefits (revised Standard)

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.

This Standard requires an entity to recognise:

- (a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- (b) an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

This Standard issued in April 2021 shall be applied by an employer in accounting for all employee benefits, except share based payment transactions (see the International Financial Reporting Standard® on Share-based Payment), and to the initial recognition and initial measurement of assets and liabilities acquired in a transfer of functions between entities under common control (see the Standard of GRAP on Transfer of Functions Between Entities Under Common Control), a transfer of functions between entities not under common control (see the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control) or a merger.

Transitional provisions

Initial adoption of the Standards of GRAP .

The transitional provisions to be applied by entities on the initial adoption of this Standard are prescribed in a directive(s). The provisions of this Standard should be read in conjunction with each applicable directive. Effective date Initial adoption of the Standards of GRAP.

An entity shall apply this Standard for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the Public Finance Management Act, Act No. 1 of 1999, as amended. If an entity elects to apply this Standard earlier, it shall disclose this fact.

Withdrawal of the Standard of GRAP on Employee Benefits (2009) .

This Standard supersedes the Standard of GRAP on Employee Benefits issued in 2009.

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

IGRAP 7: The limit on a defined benefit asset, minimum funding requirements and their interaction

This Interpretation issued in April 2021 applies to all post-employment defined benefits and other long term employee defined benefits. For the purpose of this Interpretation, minimum funding requirements are any requirements to fund a post-employment or other long-term defined benefit plan.

Issues

The issues addressed in this Interpretation are: (a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling in paragraph .08 of GRAP 25. (b) How a minimum funding requirement might affect the availability of reductions in future contributions.

Transitional provisions

The provisions of this Interpretation shall be applied in conjunction with the transitional provisions on the initial adoption of GRAP 25 (2021) as prescribed in a directive(s).

Effective date

An entity shall apply this Interpretation in conjunction with the effective date of GRAP 25 (2021) to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the Public Finance Management Act, Act No. 1 of 1999, as amended

Withdrawal of the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (2010) .

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

3. New standards and interpretations (continued)

This Interpretation supersedes the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction issued in 2010.

The Municipality does not envisage the adoption of the interpretation note until such time as it becomes applicable to the Municipality's operations.

IGRAP 21: The Effect of Past Decisions on Materiality

Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This Interpretation explains the implications of adopting accounting policies for material items based on Standards of GRAP as well as applying alternative accounting treatments for immaterial items.

This Interpretation issued in June 2021 applies to accounting policies and alternative accounting treatments related to the recognition and measurement of items. The presentation and disclosure of items is dealt with in the Standard of GRAP on Presentation of Financial Statements (GRAP 1).

Issues

This Interpretation addresses the following issues:

- (a) Whether past decisions about materiality affect subsequent reporting periods.
- (b) Whether applying alternative accounting treatments based on materiality is a departure from the Standards of GRAP or an error.

Transitional provisions

This Interpretation shall be applied prospectively. Entities are not required to reassess the application of past decisions on materiality.

Effective date

An entity shall apply this Interpretation for annual financial statements covering periods beginning on or after 1 April 2023. Earlier application is encouraged.

The Municipality does not envisage the adoption of the interpretation note until such time as it becomes applicable to the Municipality's operations.

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
4. Inventories				
Stands	6 070 000	6 070 000	6 070 000	6 070 000
Consumables	18 977 559	16 911 782	18 977 559	16 911 782
	<u>25 047 559</u>	<u>22 981 782</u>	<u>25 047 559</u>	<u>22 981 782</u>

The carrying value of inventories is disclosed at lower of cost or net realisable value.

Stands not yet transferred

Stands to the value of R 4 180 000 (2020: R 7 770 000) have been sold in previous financial periods, however the transfers are still in progress.

In some instances the delays were caused by litigation.

Details of stands not yet transferred attached as Appendix G6.

Inventory pledged as security

No inventory was pledged as security for any financial liability.

5. Other financial assets

At amortised cost				
Fixed deposit- listed	<u>38 863 416</u>	<u>21 113 398</u>	<u>38 863 416</u>	<u>21 113 398</u>
Non-current assets				
At amortised cost	<u>38 863 416</u>	<u>21 113 398</u>	<u>38 863 416</u>	<u>21 113 398</u>
Council's valuation of listed investments				
Standard Bank	22 269 102	21 113 398	22 269 102	21 113 398
ABSA	<u>16 594 314</u>	<u>-</u>	<u>16 594 314</u>	<u>-</u>
	<u>38 863 416</u>	<u>21 113 398</u>	<u>38 863 416</u>	<u>21 113 398</u>

Fair value of investments are at book value as at 30 June 2021.

No non-current investments defaulted and no terms of any of the non-current investments were re-negotiated.

The maximum exposure to credit risk at the reporting date is the fair value of each class of financial asset mentioned above.

A fixed deposit of R 22 269 102 has been made with Standard Bank of South Africa to repay a loan of R 30 000 000 on maturity date.

A fixed deposit was made with ABSA to secure a loan of R 90 million taken up with DBSA. The Municipality established a debt service account of R16 594 314 to cover the debt service repayment obligation, under the agreement for 12 (twelve) months.

Loans to staff and the public

To comply with the requirements of the MFMA, no loan has been made after 1 March 2004.

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
6. Receivables from non-exchange transactions				
Fines	55 232 680	44 884 439	55 232 680	44 884 439
Discretionary grant receivable from SETA	3 421	149 222	-	-
Consumer debtors - Rates	148 704 458	78 551 478	148 704 458	78 551 478
	<u>203 940 559</u>	<u>123 585 139</u>	<u>203 937 138</u>	<u>123 435 917</u>
6.1) Fines				
Reconciliation of traffic fines				
Opening balance	56 105 548	164 792 468	56 105 548	164 792 468
New fines issued	14 325 700	25 952 000	14 325 700	25 952 000
Less: Fines reversed	(337 440)	(395 555)	(337 440)	(395 555)
Less: Fines paid	(1 052 958)	(1 158 855)	(1 052 958)	(1 158 855)
Less: Fines written off	-	(133 084 510)	-	(133 084 510)
	<u>69 040 850</u>	<u>56 105 548</u>	<u>69 040 850</u>	<u>56 105 548</u>
Less: Provision for impairment	(13 808 170)	(11 221 109)	(13 808 170)	(11 221 109)
Net outstanding fines receivable	<u>55 232 680</u>	<u>44 884 439</u>	<u>55 232 680</u>	<u>44 884 439</u>
Reconciliation of provision for impairment of traffic fines				
Less: Provision for impairment				
Opening balance	11 221 109	127 930 927	11 221 109	127 930 927
Additionally provided	2 587 061	16 374 692	2 587 061	16 374 692
Less: Fines reduced or cancelled	-	(133 084 510)	-	(133 084 510)
	<u>13 808 170</u>	<u>11 221 109</u>	<u>13 808 170</u>	<u>11 221 109</u>

Pledged as security

No receivables from non-exchanged transactions has been pledged as security for any financial liability.

Receivables from non-exchange transactions

The Accounting Standard Board amended GRAP 1 applying the Probability Test on the Initial Recognition of Revenue to include revenue from non-exchange transactions. This amendment is applicable to municipalities from 1 July 2013. GRAP 1 indicates that entities should not consider the probability of non-payment on the initial recognition of revenue. This should be considered as a subsequent event when assessing impairment.

Fine revenue of all traffic fines issued during the current year amounted to R 13 988 260 (2020: R 25 556 445). The outstanding fines were assessed for impairment based on the payment history of fines issued and measures put in place to recover the outstanding amount.

The recovery of traffic fines is a protracted process due to the administrative and court procedures.

Credit quality of receivables from non-exchange transactions

Traffic fines are payable as determined by the fine. The credit period granted is considered to be consistent with the established practices and legislation.

The Municipality's historical experience in collection of traffic fines fall within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's receivables from non-exchange transactions.

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

6. Receivables from non-exchange transactions (continued)

6.2) Reconciliation of consumer debtors - rates

Gross balance - rates	267 977 249	222 266 603	267 977 256	222 266 603
Less: Allowance for impairment	<u>(119 272 791)</u>	<u>(143 715 125)</u>	<u>(119 272 791)</u>	<u>(143 715 125)</u>
Net balance	<u>148 704 458</u>	<u>78 551 478</u>	<u>148 704 465</u>	<u>78 551 478</u>

Consumer debtors - rates pledged as security

No portion of accounts receivables was pledged as security for any financial liabilities.

Credit quality of consumer debtors - rates

The credit quality of consumer debtors - rates that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

Consumer debtors - rates are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors - rates are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's consumer debtors.

Consumer debtors- rates impairment

As of 30 June 2021, debtors rates of R 119 272 791 (2020: R 143 715 125) were impaired and provided for. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancements.

The impact of the COVID-19 pandemic on councils consumer debtors during the current financial year was assessed and no significant financial loss needs to be provided for. Continuous assessments will be performed.

Reconciliation of allowance for impairment of consumer debtors- rates

Opening balance	143 715 125	170 651 560	143 715 125	170 651 560
Allowance for impairment	<u>(24 442 334)</u>	<u>(26 936 435)</u>	<u>(24 442 334)</u>	<u>(26 936 435)</u>
Total	<u>119 272 791</u>	<u>143 715 125</u>	<u>119 272 791</u>	<u>143 715 125</u>

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
7. Operating lease asset				
Current assets	29 244	50 769	29 244	50 769
Municipality as lessor: Future minimum lease repayments receivable				
Less than one year	26 572	44 819	26 572	44 819
Between one year and five years	34 591	59 217	34 591	59 217
More than five years	104 659	106 605	104 659	106 605
	<u>165 822</u>	<u>210 641</u>	<u>165 822</u>	<u>210 641</u>

Operating leases relate to property owned by the Municipality with lease terms of between one (1) and twenty (20) years, with an option to extend the lease. The lessee does not have an option to purchase the property at the expiry of the lease period. The properties are maintained by the tenant, at their cost.

The Municipality has operating lease agreements for the following classes of assets which are only significant collectively.

- Municipal buildings
- Vacant land

Operating lease income and expenditure have been recognised on a straight-line basis over the lease term. The effect of accounting for operating leases on the straight-line basis had the above effect.

No restrictions have been imposed on the Municipality in terms of the operating lease agreements

8. Receivables from exchange transactions

Prepayments	6 987	5 038	-	-
Bursary loans	440 762	341 351	440 763	341 351
Consumer debtors - Electricity	284 378 806	224 601 925	284 378 806	224 601 925
Consumer debtors - Refuse	106 192 992	93 817 815	106 192 992	93 817 815
Rental deposits	3 386	3 386	-	-
Other receivables	43 596	-	-	-
Trade debtors	368 580 965	349 070 087	368 580 965	349 070 087
	<u>759 647 494</u>	<u>667 839 602</u>	<u>759 593 526</u>	<u>667 831 178</u>
Less: provision for impairment of receivables	<u>(187 495 454)</u>	<u>(207 910 015)</u>	<u>(187 495 454)</u>	<u>(207 910 015)</u>
	<u>572 152 040</u>	<u>459 929 587</u>	<u>572 098 072</u>	<u>459 921 163</u>

Reconciliation of provision for impairment of trade and other receivables

Opening Balance	207 910 015	33 200 687	207 910 015	33 200 687
Provision for impairment- other debtors	(4 962 015)	2 161 164	(4 962 015)	2 161 164
Amounts written off as uncollectible	-	(1 314 007)	-	(1 314 007)
Provision for impairment- consumer debtors	<u>(15 452 546)</u>	<u>173 862 171</u>	<u>(15 452 546)</u>	<u>173 862 171</u>
	<u>187 495 454</u>	<u>207 910 015</u>	<u>187 495 454</u>	<u>207 910 015</u>

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

8. Receivables from exchange transactions (continued)

Other receivables relates to an amount of R43 596 receivable originating from a court order in favour of GTEDA.

The comparative figures of "receivables from exchange transactions and reconciliation of provision for impairment of trade and other receivables" have been reclassified to conform to changes in presentation in the current year.

With the adoption of mSCOA the Municipality reclassified certain balances in order to comply with the instruction notes issued.

The result of the reclassification is set out in Note 64 in the annual financial statements.

Impairment Allowance

The impairment allowance mainly represents the outstanding amounts due to the Municipality in respect of indigent consumables, rental hawkers stalls, private dumping, etc.

Credit quality of receivables from exchange transactions for trade and other debtors

Trade and other debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivable on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to other receivables are limited due to the Municipality's large number of customers. the Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

Consumer debtors disclosure

Gross balances				
Consumer debtors - Rates	267 977 249	222 266 603	267 977 249	222 266 603
Consumer debtors - Electricity	284 378 806	224 601 925	284 378 806	224 601 925
Consumer debtors - Refuse	106 192 992	93 817 815	106 192 992	93 817 815
	658 549 047	540 686 343	658 549 047	540 686 343
Less: Allowance for impairment				
Consumer debtors - Rates	(119 272 791)	(143 715 125)	(119 272 791)	(143 715 125)
Consumer debtors - Electricity	(97 174 206)	(100 832 287)	(97 174 206)	(100 832 287)
Consumer debtors - Refuse	(61 235 418)	(73 029 884)	(61 235 418)	(73 029 884)
	(277 682 415)	(317 577 296)	(277 682 415)	(317 577 296)
Net balance				
Consumer debtors - Rates	148 704 458	78 551 478	148 704 458	78 551 478
Consumer debtors - Electricity	187 204 600	123 769 638	187 204 600	123 769 638
Consumer debtors - Refuse	44 957 573	20 787 931	44 957 574	20 787 931
	380 866 631	223 109 047	380 866 632	223 109 047
Included in above is receivables from exchange transactions				
Electricity	187 204 600	123 769 638	187 204 600	123 769 638
Refuse	44 957 574	20 787 931	44 957 574	20 787 931
	232 162 174	144 557 569	232 162 174	144 557 569

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
Receivables from exchange transactions (continued)				
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates (Note 6)	148 704 465	78 551 478	148 704 465	78 551 478
Net balance	380 866 639	223 109 047	380 866 639	223 109 047
Rates				
Current (0 -30 days)	14 632 475	10 679 256	14 632 475	10 679 256
31 - 60 days	8 790 879	6 069 854	8 790 879	6 069 854
61 - 90 days	6 570 039	4 978 668	6 570 039	4 978 668
91 - 120 days	5 803 023	4 669 614	5 803 023	4 669 614
121 - 365 days	232 180 833	195 869 211	232 180 833	195 869 211
	267 977 249	222 266 603	267 977 249	222 266 603
Electricity				
Current (0 -30 days)	47 180 581	42 926 975	47 180 581	42 926 975
31 - 60 days	36 390 496	16 681 414	36 390 496	16 681 414
61 - 90 days	10 171 785	9 173 735	10 171 785	9 173 735
91 - 120 days	8 063 516	6 069 764	8 063 516	6 069 764
121 - 365 days	182 572 428	149 750 037	182 572 428	149 750 037
	284 378 806	224 601 925	284 378 806	224 601 925
Refuse				
Current (0 -30 days)	3 101 473	3 252 332	3 101 473	3 252 332
31 - 60 days	2 281 628	2 000 466	2 281 628	2 000 466
61 - 90 days	2 124 108	2 020 877	2 124 108	2 020 877
91 - 120 days	1 999 947	1 879 670	1 999 947	1 879 670
121 - 365 days	96 685 836	84 664 470	96 685 836	84 664 470
	106 192 992	93 817 815	106 192 992	93 817 815
Total	658 549 047	540 686 343	658 549 047	540 686 343
Summary of debtors by customer classification				
Residential property				
31 - 60 days	27 300 940	20 089 964	27 300 940	20 089 964
61 - 90 days	15 153 942	9 017 936	15 153 942	9 017 936
91 - 120 days	10 444 827	9 626 249	10 444 827	9 626 249
121 - 365 days	9 472 207	6 193 470	9 472 207	6 193 470
121 - days and older	290 138 784	257 505 955	290 138 784	257 505 955
	352 510 700	302 433 574	352 510 700	302 433 574
Industrial/ commercial				
Current (0 -30 days)	56 858 230	42 039 044	56 858 230	42 039 044
31 - 60 days	11 306 403	6 869 551	11 306 403	6 869 551
61 - 90 days	7 688 778	5 790 935	7 688 778	5 790 935
91 - 120 days	5 708 760	4 094 537	5 708 760	4 094 537
121 - days and older	156 477 725	130 614 025	156 477 725	130 614 025
	238 039 896	189 408 092	238 039 896	189 408 092

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
Receivables from exchange transactions (continued)				
National and provincial government				
Current (0 -30 days)	1 651 777	1 747 608	1 651 777	1 747 608
31 - 60 days	1 246 111	994 789	1 246 111	994 789
61 - 90 days	896 512	898 872	896 512	898 872
91 - 120 days	787 384	549 052	787 384	549 052
121 - days and older	19 931 861	13 352 503	19 931 861	13 352 503
	<u>24 513 645</u>	<u>17 542 824</u>	<u>24 513 645</u>	<u>17 542 824</u>
Other				
Current (0-30 days)	2 656 159	3 252 354	2 656 159	3 252 354
31 - 60 days	1 032 387	3 434 713	1 032 387	3 434 713
61 - 90 days	556 767	2 138 592	556 767	2 138 592
91 - 120 days	552 613	2 270 504	552 613	2 270 504
121 - days and older	38 686 880	20 205 690	38 686 880	20 205 690
	<u>43 484 806</u>	<u>31 301 853</u>	<u>43 484 806</u>	<u>31 301 853</u>
Total	<u>658 549 047</u>	<u>540 686 343</u>	<u>658 549 047</u>	<u>540 686 343</u>

Consumer debtors pledged as security

No portion of accounts receivables was pledged as security for any financial liabilities.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

Consumer debtors are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's consumer debtors.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

Receivables from exchange transactions (continued)

Fair value of consumer debtors

The fair value of accounts receivable approximates their carrying amounts.

Consumer debtors

No security is held for any of the accounts receivable.

Consumer debtors impaired

As of 30 June 2021, debtors including rates of R 277 682 416 (2020: R 317 577 296) were impaired and provided for. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired. An amount of R- (2020: R 4 779 425) was written off during the year as uncollectable.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancements.

The impact of the COVID-19 pandemic on councils consumer debtors during the current financial year was assessed and no significant financial loss needs to be provided for. Continuous assessments will be performed.

Reconciliation of allowance for impairment of consumer debtors

Opening balance	173 862 171	368 974 237	173 862 171	368 974 237
Allowance for impairment	(15 452 547)	(46 617 516)	(15 452 547)	(46 617 516)
Amounts written off as uncollectible	-	(4 779 425)	-	(4 779 425)
Total Consumer Debtors	158 409 624	317 577 296	158 409 624	317 577 296
Less: Consumer debtors rates (note 6.2)	-	(143 715 125)	-	(143 715 125)
	158 409 624	173 862 171	158 409 624	173 862 171

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Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
9. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	176	176	-	-
Bank balances	104 960 852	70 227 155	104 790 238	70 215 767
Other cash and cash equivalents	1 064 235	92 451	-	-
	106 025 263	70 319 782	104 790 238	70 215 767

No cash and cash equivalents, or portion thereof, was pledged as security for any financial liabilities.

The balance of unspent conditional grants as per Note 19 can only be used for the purpose as set out in the different grant conditions and is not available to the Municipality to use in its normal business operations.

The Municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
Cash book balance ABSA Bank	-	-	-	104 790 238	70 215 767	42 033 011
Cheque Account number 126 085 0527 Primary	-	-	-	-	-	-
ABSA BANK - Cheque Account number 404 896 4222	42 288 682	13 862 265	7 714 245	-	-	-
ABSA BANK - Cheque Account number 908 197 4990	307 787	2 129 691	245 207	-	-	-
ABSA BANK - Liquidity plus account - 9312433930(MIG)	1 295 952	2 152 224	5 141 834	-	-	-
ABSA BANK - Liquidity plus account - 9312434237 (INEP)	60 897 817	52 071 587	28 931 725	-	-	-
ABSA BANK - Cheque account number-405 144 4332	-	-	-	-	-	-
ABSA BANK -Call account number- 936 047 4342	-	-	-	-	-	-
Petty Cash - ABSA BANK	-	-	-	176	176	179
ABSA BANK -Cheque Account 40-7166-4582	23 474	6 588	93 850	23 473	6 589	93 850
ABSA BANK - 32day Notice Account 92-2181-3770	365	365	356	365	365	356
ABSA BANK - Depositor Plus Account 92-8795-3029	1 063 870	92 086	898	1 063 870	92 085	898
ABSA Bank - Classic Business Account (SETA) 40-9462-4490	147 140	4 800	321 947	147 141	4 800	321 947
Total	106 025 087	70 319 606	42 450 062	106 025 263	70 319 782	42 450 241

An amount of R 3 502 528 (2020: R 5 455 826) of the unspent conditional grants is included in cash and cash equivalents.

Credit quality of Cash and cash equivalents

The credit quality of cash and cash equivalents that are neither past due nor impaired can be assessed by reference to the Municipality's going concern ratio's which include current ratio, debt ratio and net income to net sales ratio.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

10. Investment property

Economic Entity

	2021		2020	
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment
181 586 803	-	181 586 803	181 586 803	-
				181 586 803

Investment property

Controlling entity

	2021		2020	
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment
181 586 803	-	181 586 803	181 586 803	-
				181 586 803

Investment property

Reconciliation of investment property - Economic Entity - 2021

Investment property

Opening balance	Total
181 586 803	181 586 803

Reconciliation of investment property - Economic Entity - 2020

Investment property

Opening balance	Disposals	Fair value adjustments	Total
181 746 803	(110 000)	(50 000)	181 586 803

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

10. Investment property (continued)

Reconciliation of investment property - Controlling entity - 2021

Opening balance	Total
181 586 803	181 586 803

Investment property

Reconciliation of investment property - Controlling entity - 2020

Opening balance	Disposals	Fair value adjustments	Total
181 746 803	(110 000)	(50 000)	181 586 803

Investment property

Pledged as security

No investment properties was pledged as security for liabilities.

The Municipality generated income from rental of investment properties of R 18 544 monthly on average (2020: R110 755).

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 entity.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

10. Investment property (continued)

Details of valuation

The Greater Tzaneen Municipal valuations are based on the valuation roll which is reviewed every five years. The last valuation roll came into effect on 1 July 2017. Supplementary valuations are issued and processed annually to take into account changes in individual property value due to alterations and subdivisions

11. Property, plant and equipment

Economic Entity	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Community	210 745 051	(58 864 411)	151 880 640	199 637 789	(51 270 467)	148 367 322
Computer/IT Equipment	6 152 045	(5 381 571)	770 474	6 046 559	(4 924 876)	1 121 683
Construction work in progress	153 124 231	(1 079 741)	152 044 490	154 780 135	-	154 780 135
Furniture and office equipment	4 835 808	(3 464 353)	1 371 455	4 338 200	(3 148 950)	1 189 250
Infrastructure	2 395 037 556	(1 334 903 876)	1 060 133 680	2 283 023 124	(1 244 671 301)	1 038 351 823
Land	117 540 197	-	117 540 197	117 540 197	-	117 540 197
Leased assets	20 089 972	(15 940 266)	4 149 706	20 181 594	(11 981 928)	8 199 666
Office equipment	33 311	(31 659)	1 652	37 278	(32 276)	5 002
Other assets	52 776 799	(25 641 073)	27 135 726	45 929 818	(23 960 348)	21 969 470
Plant and machinery	10 570 826	(6 952 997)	3 617 829	9 770 532	(5 669 835)	4 100 697
Transport assets	46 132 902	(37 406 016)	8 726 886	41 165 838	(35 585 842)	5 579 996
Total	3 017 038 698	(1 489 665 963)	1 527 372 735	2 882 451 064	(1 381 245 823)	1 501 205 241

Controlling entity	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Community	210 745 051	(58 864 411)	151 880 640	199 637 789	(51 270 467)	148 367 322
Computer equipment	5 785 375	(5 193 410)	591 965	5 800 783	(4 720 156)	1 080 627
Construction work in progress	153 124 231	(1 079 741)	152 044 490	154 780 134	-	154 780 134
Furniture and office equipment	4 549 230	(3 274 357)	1 274 873	4 049 789	(2 971 340)	1 078 449
Infrastructure	2 395 037 556	(1 334 903 877)	1 060 133 680	2 283 023 124	(1 244 671 301)	1 038 351 823
Land	117 540 197	-	117 540 197	117 540 197	-	117 540 197
Leased assets	20 089 972	(15 940 266)	4 149 706	20 181 594	(11 981 928)	8 199 666
Other assets	52 776 799	(25 641 073)	27 135 726	45 929 818	(23 960 348)	21 969 470
Plant and machinery	10 570 826	(6 952 997)	3 617 829	9 770 532	(5 669 835)	4 100 697
Transport assets	46 132 902	(37 406 016)	8 726 886	41 165 838	(35 585 842)	5 579 996
Total	3 016 352 140	(1 489 256 148)	1 527 095 992	2 881 879 598	(1 380 831 217)	1 501 048 381

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

11. (continued)

Reconciliation of property, plant and equipment - Economic Entity - 2021

	Opening balance	Additions	Write-Offs	Transfers from WIP Capitalised	Depreciation	Impairment loss	Total
Community	148 367 322	11 107 263	-	-	(7 593 945)	-	151 880 640
Computer/IT equipment	1 121 683	177 111	(3 082)	-	(519 151)	(6 087)	770 474
Construction work in progress	154 780 135	115 006 637	-	(116 662 541)	-	(1 079 741)	152 044 490
Furniture and office equipment	1 189 250	517 860	(2 943)	-	(332 658)	(54)	1 371 455
Infrastructure	1 038 351 823	112 907 199	(341 413)	-	(88 967 720)	(1 826 209)	1 060 133 680
Land	117 540 197	-	-	-	-	-	117 540 197
Leased assets	8 199 666	-	(66 401)	-	(3 983 559)	-	4 149 706
Office equipment	5 002	-	-	-	(3 159)	(191)	1 652
Other assets	21 969 470	6 850 061	(14)	-	(1 683 791)	-	27 135 726
Plant and machinery	4 100 697	820 456	(2 688)	-	(1 300 636)	-	3 617 829
Transport assets	5 579 996	4 967 064	-	-	(1 820 174)	-	8 726 886
	1 501 205 241	252 353 651	(416 541)	(116 662 541)	(106 194 793)	(2 912 282)	1 527 372 735

Reconciliation of property, plant and equipment - Economic Entity - 2020

	Opening balance	Additions	Write offs	Transfers from WIP Capitalised	Depreciation	Impairment loss	Total
Community	155 541 522	80 000	-	-	(7 254 200)	-	148 367 322
Computer/IT equipment	1 798 696	62 179	(127 380)	-	(611 812)	-	1 121 683
Construction work in progress	53 854 891	135 807 336	(846 090)	(34 036 002)	-	-	154 780 135
Furniture and office equipment	1 170 726	310 349	(7 929)	-	(283 896)	-	1 189 250
Infrastructure	1 101 316 544	31 037 913	(2 453 168)	-	(82 312 793)	(9 236 673)	1 038 351 823
Land	117 540 197	-	-	-	-	-	117 540 197
Leased assets	7 564 033	4 536 742	(12 526)	-	(3 888 583)	-	8 199 666
Office equipment	10 038	-	-	-	(5 036)	-	5 002
Other assets	20 214 590	3 051 924	(41 458)	-	(1 255 586)	-	21 969 470
Plant and machinery	3 741 765	1 439 964	(9 616)	-	(1 071 416)	-	4 100 697
Transport assets	7 415 114	-	(1)	-	(1 835 117)	-	5 579 996
	1 470 168 116	176 326 407	(3 498 168)	(34 036 002)	(98 518 439)	(9 236 673)	1 501 205 241

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

11. (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2021

	Opening balance	Additions	Write-offs	Transfers from WIP Capitalised	Depreciation	Impairment loss	Total
Community	148 367 322	11 107 263	-	-	(7 593 945)	-	151 880 640
Computer equipment	1 080 627	-	(3 082)	-	(485 580)	-	591 965
Construction work in progress	154 780 134	115 006 637	-	(116 662 540)	-	(1 079 741)	152 044 490
Furniture and office equipment	1 078 449	517 860	(2 943)	-	(318 493)	-	1 274 873
Infrastructure	1 038 351 823	112 907 199	(341 413)	-	(88 957 720)	(1 826 209)	1 060 133 680
Land	117 540 197	-	-	-	-	-	117 540 197
Leased assets	8 199 666	-	(66 401)	-	(3 983 559)	-	4 149 706
Other assets	21 969 470	6 850 061	(14)	-	(1 683 791)	-	27 135 726
Plant and machinery	4 100 697	820 456	(2 688)	-	(1 300 636)	-	3 617 829
Transport assets	5 579 996	4 967 064	-	-	(1 820 174)	-	8 726 886
	1 501 048 381	252 176 540	(416 541)	(116 662 540)	(106 143 898)	(2 905 950)	1 527 095 992

Reconciliation of property, plant and equipment - Controlling entity - 2020

	Opening balance	Additions	Write-offs	Transfers from WIP Capitalised	Depreciation	Impairment loss	Total
Community	155 541 522	80 000	-	-	(7 254 200)	-	148 367 322
Computer equipment	1 713 556	62 179	(127 380)	-	(567 728)	-	1 080 627
Construction work in progress	53 854 891	135 807 336	(846 090)	(34 036 003)	-	-	154 780 134
Furniture and office equipment	1 150 212	205 897	(7 929)	-	(269 731)	-	1 078 449
Infrastructure	1 101 316 544	31 037 913	(2 453 168)	-	(82 312 793)	(9 236 673)	1 038 351 823
Land	117 540 197	-	-	-	-	-	117 540 197
Leased assets	7 564 033	4 536 742	(12 526)	-	(3 888 583)	-	8 199 666
Other assets	20 214 590	3 051 924	(41 458)	-	(1 255 586)	-	21 969 470
Plant and machinery	3 741 765	1 439 964	(9 616)	-	(1 071 416)	-	4 100 697
Transport assets	7 415 114	-	(1)	-	(1 835 117)	-	5 579 996
	1 470 052 424	176 221 955	(3 498 168)	(34 036 003)	(98 455 154)	(9 236 673)	1 501 048 381

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

11. (continued)

Included in the Infrastructure is an amount for Landfill site with the carrying amount of R 4 183 752 (2020: R 4 419 699).

The 2019/2020 comparative amount of R 1,499 billion on property, plant and equipment has been restated from R 1,456 billion (see note 62).

The assessment of impairment of assets resulted in an impairment of loss of R 2 905 950 (2020: R9 236 673) (see note 30).

Pledged as security

None of the property, plant and equipment has been pledged as security for any liabilities.

Reconciliation of Construction Work-in-Progress 2021

	Opening balance	Additions	Write-Offs	Transfers from WIP Capitalised	Impairment Loss	Total
Infrastructure:						
Electricity	29 450 383	30 306 313	-	(26 477 039)	(104 348)	33 175 309
Infrastructure:						
Roads	112 462 877	78 151 644	-	(72 760 728)	(975 393)	116 878 400
Infrastructure:						
Buildings	6 490 612	5 417 204	-	(10 934 162)	-	973 654
Community Assets	6 376 263	1 131 476	-	(6 490 612)	-	1 017 127
	<u>154 780 135</u>	<u>115 006 637</u>	<u>-</u>	<u>(116 662 541)</u>	<u>(1 079 741)</u>	<u>152 044 490</u>

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

11. (continued)

Reconciliation of Construction Work-in-Progress 2020

	Opening balance	Additions	Write-Offs	Transfers from WIP Capitalised	Impairment Loss	Total
Infrastructure: Electricity	4 312 296	48 755 404	(231 771)	(23 385 546)	-	29 450 383
Infrastructure: Roads	45 476 707	75 273 033	(614 319)	(7 672 544)	-	112 462 877
Infrastructure: Buildings	1 247 321	6 524 326	-	(1 281 035)	-	6 490 612
Community Assets	1 459 364	4 916 899	-	-	-	6 376 263
Other Assets	1 359 203	337 675	-	(1 696 878)	-	-
	<u>53 854 891</u>	<u>135 807 337</u>	<u>(846 090)</u>	<u>(34 036 003)</u>	<u>-</u>	<u>154 780 135</u>

Slow moving projects:

- Mulati Access Road: current year: R 26 868 794.85 (2020: R 20 591 924.74)

- Kodesa to hani street: current year: R 10 923 764.26 (2020: R 7593 364.44)

(Projects were stopped due to termination of a contract leading to the project not finished on time, the construction of the projects has since resumed.)

The Municipality did not write off projects in the current year (2020: R 846 090).

The R 1 079 741 impairment loss consist of the following projects:

- R71 Traffic circle streetlights (project discontinued, no construction was done)

- Mulati Access Road (project was stopped due to termination of a contract, physical damage on work done)

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.

A detailed breakdown of property plant and equipment by asset class can be found in Annexure "B".

12. Intangible assets

Economic Entity

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	4 011 069	(3 543 151)	467 918	4 011 069	(3 253 829)	757 240
Other intangible assets	45 051	(41 669)	3 382	45 051	(40 993)	4 058
Total	4 056 120	(3 584 820)	471 300	4 056 120	(3 294 822)	761 298

Controlling entity

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	3 962 382	(3 505 105)	457 277	3 962 382	(3 217 911)	744 471

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

12. Intangible assets (continued)

Reconciliation of intangible assets - Economic Entity - 2021

	Opening balance	Amortisation	Total
Computer software, internally generated	757 240	(289 322)	467 918
Other intangible assets	4 058	(676)	3 382
	761 298	(289 998)	471 300

Reconciliation of intangible assets - Economic Entity - 2020

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	1 150 034	202 341	(595 135)	757 240
Other intangible assets	4 734	-	(676)	4 058
	1 154 768	202 341	(595 811)	761 298

Reconciliation of intangible assets - Controlling entity - 2021

	Opening balance	Amortisation	Total
Computer software and license	744 471	(287 194)	457 277

Reconciliation of intangible assets - Controlling entity - 2020

	Opening balance	Additions	Amortisation	Total
Computer software and license	1 135 137	202 341	(593 007)	744 471

Pledged as security

No intangible assets have been pledged as security for any liability.

The municipality amortizes all its intangible assets on a straight-line method and none of these are regarded as having an indefinite useful life. The useful lives of intangible assets changed from one to two years on average from previous years.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

13. Heritage assets

Economic Entity	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain and Council gowns	200 958	-	200 958	200 958	-	200 958

Controlling entity	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain and Council gowns	200 958	-	200 958	200 958	-	200 958

Reconciliation of heritage assets Economic Entity - 2021

	Opening balance	Total
Mayoral chain and Council gowns	200 958	200 958

Reconciliation of heritage assets Economic Entity - 2020

	Opening balance	Additions	Total
Mayoral chain and Council gowns	195 000	5 958	200 958

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

13. Heritage assets (continued)

Reconciliation of heritage assets Controlling entity - 2021

	Opening balance	Total
Mayoral Chain and Council Gowns	200 958	200 958

Reconciliation of heritage assets Controlling entity - 2020

	Opening balance	Additions	Total
Mayoral chain and Council gowns	195 000	5 958	200 958

Expenditure incurred to repair and maintain heritage assets

No cost was incurred to repair and maintain the heritage assets during the current financial year (2020 : R-).

14. Other financial liabilities

Designated at fair value	30 000 000	30 000 000	30 000 000	30 000 000
Loan stock - Standard Bank	<u>30 000 000</u>	<u>30 000 000</u>	<u>30 000 000</u>	<u>30 000 000</u>
At amortised cost				
Accrued interest	721 907	741 957	721 907	741 957
Annuity loan - DBSA	18 012 465	19 620 942	18 012 465	19 620 942
Annuity loan - ABSA	13 311 111	15 182 347	13 311 111	15 182 347
Annuity loan - DBSA	36 166 655	39 271 550	36 166 655	39 271 550
Annuity loan - DBSA	26 502 274	28 476 073	26 502 274	28 476 073
Annuity loan - DBSA	29 321 589	-	29 321 589	-
	<u>124 036 001</u>	<u>103 292 869</u>	<u>124 036 001</u>	<u>103 292 869</u>
Total other financial liabilities	<u>154 036 001</u>	<u>133 292 869</u>	<u>154 036 001</u>	<u>133 292 869</u>
Non-current liabilities				
Other	30 000 000	30 000 000	30 000 000	30 000 000
Annuity loans	110 985 369	93 991 222	110 985 369	93 991 222
	<u>140 985 369</u>	<u>123 991 222</u>	<u>140 985 369</u>	<u>123 991 222</u>
Current liabilities				
At amortised cost	<u>13 050 632</u>	<u>9 301 647</u>	<u>13 050 632</u>	<u>9 301 647</u>

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

14. Other financial liabilities (continued)

Annuity loan: DBSA

A loan of R41 000 000, with a current balance of R 26 502 274 (2020: R 28 476 073) was taken up to finance capital projects. This loan bears interest at a fixed rate of 6.75% per annum and will be fully redeemed on 31 October 2030.

Annuity loan: ABSA

This loan of R25 140 000, with a current balance of R 13 311 111 (2020: R 15 182 347), was taken up on 15 August 2010. The loan bears interest at a fixed rate of 10,62% and will be fully redeemed on 31 July 2025.

Loan stock: Standard Bank

A loan of R 30 000 000 has been taken up to finance capital projects. The loan bears interest at a fixed rate of 12.09% per annum and will be redeemed on 16 October 2025.

Annuity loan: DBSA

A loan of R 40 000 000, with a current balance of R 36 166 655 (2020: R 39 271 550) has been taken up to finance capital projects. The loan bears interest at a fixed rate of 11.3% per annum and will be fully redeemed on 30 September 2028.

Annuity loan: DBSA

A loan of R 20 000 000, with a current balance of R 18 012 465 (2020: R 19 620 942) was taken up on 15 August 2019. The loan bears interest at a fixed rate of 10.15% and will be fully redeemed on 20 September 2028.

Annuity loan: DBSA

A loan of R 30 000 000, with a current balance of R 29 321 589 was taken up on 21 December 2020. The loan bears interest on a fixed rate of 10.27% and will be fully redeemed on 20 December 2031.

Undrawn borrowings

There were no undrawn borrowing facilities that were available for future activities or to settle capital commitments at 30 June 2021.

None of the loans are secured by any fixed or movable assets of the Greater Tzaneen Municipality.

The Municipality did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the financial liabilities were re-negotiated.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

15. Finance lease obligation

Minimum lease payments due				
- within one year	3 099 558	5 230 859	3 099 558	5 230 859
- in second to fifth year inclusive	1 618 608	4 718 166	1 618 608	4 718 166
	<u>4 718 166</u>	<u>9 949 025</u>	<u>4 718 166</u>	<u>9 949 025</u>
less: future finance charges	(792 931)	(2 136 823)	(792 931)	(2 136 823)
Present value of minimum lease payments	<u>3 925 235</u>	<u>7 812 202</u>	<u>3 925 235</u>	<u>7 812 202</u>
Present value of minimum lease payments due				
- within one year	2 462 827	3 886 967	2 462 827	3 886 967
- in second to fifth year inclusive	1 462 408	3 925 235	1 462 408	3 925 235
	<u>3 925 235</u>	<u>7 812 202</u>	<u>3 925 235</u>	<u>7 812 202</u>
Non-current liabilities	1 462 408	3 925 235	1 462 408	3 925 235
Current liabilities	2 462 827	3 886 967	2 462 827	3 886 967
	<u>3 925 235</u>	<u>7 812 202</u>	<u>3 925 235</u>	<u>7 812 202</u>

The average lease term was 2 to 3 years. Interest rates are fixed at the contract date. Certain leases have fixed repayments and others escalate. No arrangements have been entered into for contingent rent.

The carrying value of these leased assets are included under property, plant and equipment.

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

The Municipality did not default on any of the interest or capital repayments of the finance leases.

No terms and conditions of the finance leases were re-negotiated during the reporting period.

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

16. Payables from exchange transactions

13th Cheque	8 074 035	7 785 435	8 074 035	7 785 435
Payables	176 371 077	167 863 748	176 021 101	167 560 116
Rental and other expenses	18 415	125 278	-	-
Retention	24 398 838	19 017 564	24 398 838	19 017 564
Staff leave	30 380 078	30 696 076	30 322 214	30 654 804
Unknown direct deposits	8 384 243	15 213 755	8 384 244	15 213 755
	<u>247 626 686</u>	<u>240 701 856</u>	<u>247 200 432</u>	<u>240 231 674</u>

The transaction values for 13th Cheque of R 7 785 435 and payables of R 167 560 116 were previously stated as R 8 635 057 and R 165 134 142 respectively.

The changes in balances are due to the incorrect allocation of retention on a capital project that was finalised in the previous financial year.

No change has been effected on the overall actual result of payables from exchange transactions for the previous financial year.

Trade payables

The average credit period on purchases is 30 days from receipt of the invoice, as determined by Section 99 of the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with.

Included under payables are payments received in advance which are non-interest bearing and normally settled on 30 day terms

Staff leave

Annual leave accrues to employees on a monthly basis subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

Retention

Retention is non-interest bearing and settled in terms of the contract agreement.

Unknown direct deposits

The origin of the deposits could not be determined at year-end.

13th Cheque

A 13th cheque or annual bonus accrues to staff on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff and is paid after the completion of twelve months. The Municipality has an obligation to pay a service bonus in terms of its conditions of employment.

The carrying value of payables from exchange transactions approximate their fair values. The fair value is determined after considering the standard terms and conditions of agreements entered into by the Municipality and the parties.

The Municipality did not default on any accounts payable in respect of capital or interest portions.

No terms attached to the accounts payable were re-negotiated

17. VAT payable

Net VAT payable	<u>51 905 150</u>	<u>46 508 806</u>	<u>49 201 388</u>	<u>43 987 929</u>
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Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

17. VAT receivable (continued)

The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payment's basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies.

GTEDA

The VAT payable for GTEDA of R 2 703 756 consists of assessments issued by SARS, provision for interest and VAT payable on the grant received from Greater Tzaneen Municipality as well as a refund of R 470 000 received from Greater Tzaneen Municipality.

18. Consumer deposits

Electricity	28 049 781	27 396 999	28 049 781	27 396 999
Guarantees held in lieu of electricity deposits	3 025 550	3 025 550	3 025 550	3 025 550

No guarantees has been excepted after 1 July 2020 resulting in no change to Guarantees held in lieu of electricity deposits.

Consumer deposits are paid by customers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding accounts.

Business consumers are allowed to provide guarantees on application for new electricity connections instead of deposits. In cases where consumers default on their accounts, the Municipality can request the guarantee amounts from the consumers' bank as payment for the outstanding accounts.

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Grants	3 502 528	5 455 826	3 502 528	5 455 826
Movement during the year				
Balance at the beginning of the year	5 455 826	5 083 273	5 455 826	5 083 273
Additions during the year	121 942 405	133 927 611	121 942 405	133 927 611
Income recognition during the year	(104 679 898)	(114 489 674)	(104 679 898)	(114 489 674)
Administration fee recognised during the year	(4 680 950)	(4 713 150)	(4 680 950)	(4 713 150)
VAT	(14 534 855)	(14 226 197)	(14 534 855)	(14 226 197)
Roll-over not applied for	-	(126 037)	-	(126 037)
	3 502 528	5 455 826	3 502 528	5 455 826

The amount of unspent conditional grants and receipts is held in the operating bank account of the Municipality until utilized.

The total grants recognised in the statement of financial performance are disclosed in note 25 .

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

20. Provisions

Reconciliation of provisions - Economic Entity - 2021

	Opening Balance	Additions	Total
Provision for rehabilitation of landfill site	5 598 089	559 806	6 157 895
Provision for performance bonuses	970 476	-	970 476
	6 568 565	559 806	7 128 371

Reconciliation of provisions - Economic Entity - 2020

	Opening Balance	Additions	Increase due to re-measurement	Total
Provision for rehabilitation of landfill site	5 089 171	508 918	-	5 598 089
Provision for performance bonuses	948 670	-	21 806	970 476
	6 037 841	508 918	21 806	6 568 565

Reconciliation of provisions - Controlling entity - 2021

	Opening Balance	Additions	Total
Provision for rehabilitation of landfill site	5 598 089	559 806	6 157 895
Provision for performance bonuses	970 476	-	970 476
	6 568 565	559 806	7 128 371

Reconciliation of provisions - Controlling entity - 2020

	Opening Balance	Additions	Increase due to re-measurement	Total
Provision for rehabilitation of landfill site	5 089 171	508 918	-	5 598 089
Provision for performance bonuses	948 670	-	21 806	970 476
	6 037 841	508 918	21 806	6 568 565

Non-current liabilities	6 157 895	5 598 089	6 157 895	5 598 089
Current liabilities	970 476	970 476	970 476	970 476
	7 128 371	6 568 565	7 128 371	6 568 565

Provision for rehabilitation of landfill site

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. Provision is made in terms of the Municipality's licensing stipulations on the waste landfill site. The provision has been determined on the basis of independent valuations by environmental consultants. It is calculated as the present value of the future obligation, discounted at 10% over an average period of 20 years. The due date of this provision is June 2027.

Provision for performance bonuses

Performance bonuses accrue to Section 57 managers on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff. Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the end of the reporting period. Performance bonuses are measured at face value as it is expected that these would be paid shortly after the financial year end once performance evaluations have been completed.

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
21. Employee benefit obligations				
Defined benefit plan				
The total amount recognised in the statement of financial position is as follows:				
Carrying value				
Defined benefit obligation - long service award	21 900 000	17 202 000	21 900 000	17 202 000
Defined benefit obligation - post- retirement medical aid plan	70 019 000	58 926 000	70 019 000	58 926 000
	<u>91 919 000</u>	<u>76 128 000</u>	<u>91 919 000</u>	<u>76 128 000</u>
Non-current employee benefit obligations				
Long service awards	18 619 000	14 661 000	18 619 000	14 661 000
Post retirement medical aid	67 394 000	56 510 000	67 394 000	56 510 000
	<u>86 013 000</u>	<u>71 171 000</u>	<u>86 013 000</u>	<u>71 171 000</u>
Current employee benefit obligations				
Long service awards	3 281 000	2 541 000	3 281 000	2 541 000
Post retirement medical aid	2 625 000	2 416 000	2 625 000	2 416 000
	<u>5 906 000</u>	<u>4 957 000</u>	<u>5 906 000</u>	<u>4 957 000</u>

Post retirement medical aid plan

The Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Municipality's decision on protected rights.

The post-employment health care benefits valuation considers all current employees, retired employees and their dependents who participate in the health care arrangements and are entitled to a post-employment medical scheme 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. The effective date of the valuation which was performed by ARCH Actuarial Consulting is 30 June 2021.

Plan assets

Currently, no long-term assets are set aside off - balance sheet in respect of the employer's post-employment health care liability.

The Projected Unit Credit Method was used to value the liabilities and the liability for eligible employees is accrued over their expected working lifetime.

Membership of health care arrangements entitled to a post-employment medical aid subsidy at reporting date was:

In-service members	397	410	397	410
In-service non-members	231	232	231	232
Continuation members	59	49	59	49
	<u>687</u>	<u>691</u>	<u>687</u>	<u>691</u>

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
21. Employee benefit obligations (continued)				
The amounts recognised in the statement of financial position are as follows:				
Carrying value				
Present value of the defined benefit obligation - wholly unfunded	70 019 000	58 926 000	70 019 000	58 926 000
Changes in the present value of the defined benefit obligation are as follows:				
Opening balance	58 926 000	65 120 960	58 926 000	65 120 960
Benefits paid	(2 416 000)	(2 200 887)	(2 416 000)	(2 200 887)
Net expense recognised in the statement of financial performance	13 509 000	(3 994 073)	13 509 000	(3 994 073)
	70 019 000	58 926 000	70 019 000	58 926 000
Net expense recognised in the statement of financial performance				
Current cost	2 489 000	2 979 494	2 489 000	2 979 494
Interest cost	6 080 000	6 071 507	6 080 000	6 071 507
Actuarial (gains) losses	4 940 000	(13 045 074)	4 940 000	(13 045 074)
	13 509 000	(3 994 073)	13 509 000	(3 994 073)
Calculation of actuarial gains and losses				
Actuarial (gains) losses	4 940 000	(13 045 074)	4 940 000	(13 045 074)
Key assumptions used				
Assumptions used at the reporting date:				
Discount rates used	10.18 %	10.53 %	10.18 %	10.53 %
Health care cost inflation rate	6.83 %	6.57 %	6.83 %	6.57 %
Net discount rate	3.14 %	3.72 %	3.14 %	3.72 %
Average retirement rate	62	62	62	62
Best estimate of contribution expected to be paid				
Expected benefit to be paid	217 000	2 416 000	217 000	2 416 000

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

21. Employee benefit obligations (continued)

Other assumptions

Sensitivity analysis

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. The effect of a one percentage movement in the assumed rate of health care cost inflation is as follows:

Increase	-	-	-	-
Effect of aggregate service cost and interest cost	10 806 000	11 697 900	10 806 000	11 697 900
Effect on the defined benefit obligation	87 626 000	72 756 000	87 626 000	72 756 000
	-	-	-	-
Decrease				
Effect of aggregate service cost and interest cost	7 904 000	8 277 400	7 904 000	8 277 400
Effect on the defined benefit obligation	65 949 000	55 501 000	65 949 000	55 501 000

Historical analysis

Amounts for the current and previous four years are as follows:

	2021	2020	2019	2018	2017
	R	R	R	R	R
Defined benefit obligation	70 019 000	58 926 000	65 120 960	70 844 367	72 553 728
Surplus (deficit)	(70 019 000)	(58 926 000)	(65 120 960)	(70 844 367)	(72 553 728)

Long service awards

Long service awards relates to the legal obligation to provide for long service leave awards. An actuarial valuation has been performed on all 629 (2020: 655) employees that are entitled to long service leave awards on 30 June 2021. The long service leave awards liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

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

Carrying value				
Present value of the defined benefit obligation-wholly unfunded	21 900 000	17 202 000	21 900 000	17 202 000

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

Opening balance	17 202 000	16 353 718	17 202 000	16 353 718
Benefits paid	(2 541 000)	(2 084 693)	(2 541 000)	(2 084 693)
Net expense recognised in the statement of financial performance	2 526 000	2 932 975	2 526 000	2 932 975
Policy change (Pro-Rata Long service awards)	4 713 000	-	4 713 000	-
	<u>21 900 000</u>	<u>17 202 000</u>	<u>21 900 000</u>	<u>17 202 000</u>

Net expense recognised in the statement of financial performance

Current service cost	1 513 000	1 568 733	1 513 000	1 568 733
Interest cost	1 145 000	1 246 470	1 145 000	1 246 470
Actuarial (gains) losses	(132 000)	117 772	(132 000)	117 772
	<u>2 526 000</u>	<u>2 932 975</u>	<u>2 526 000</u>	<u>2 932 975</u>

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Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

21. Employee benefit obligations (continued)

Calculation of actuarial gains and losses

Actuarial (gains) losses- obligation	(132 000)	117 772	(132 000)	117 772
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.13 %	7.18 %	9.13 %	7.18 %
Expected increase in salaries	5.77 %	3.86 %	5.77 %	3.86 %
Net discount rate	3.18 %	3.20 %	3.18 %	3.20 %
Average retirement rate	62	62	62	62

Other assumptions

Sensitivity analysis

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	2021 R	2020 R	2021 R	2020 R
Increase	-	-		
Effect of aggregate service cost and interest cost	3 116 000	3 310 600	3 116 000	3 310 600
Effect on the defined contribution obligation	25 542 000	19 779 000	25 542 000	19 779 000
Decrease	R	R	R	R
Effect of aggregate service cost and interest cost	2 715 000	2 874 700	2 715 000	2 874 700
Effect on the defined benefit obligation	22 739 000	17 632 000	22 739 000	17 632 000

Historical analysis

Amounts for the current and previous four years are as follows:

	2021 R	2020 R	2019 R	2018 R	2017 R
Defined benefit obligation	21 900 000	17 202 000	16 353 718	12 977 156	11 669 376
Surplus (deficit)	(21 900 000)	(17 202 000)	(16 353 718)	(12 977 156)	(11 669 376)

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

21. Employee benefit obligations (continued)

Defined contribution plan

The economic entity is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is	58 225 616	55 868 524	58 225 616	55 868 524
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The only obligation of the Municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors/ employees leave plans prior to full vesting of the contributions, the contributions payable by the Municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the statement of financial performance of R 58.2 million represents contributions payable to these plans by the Municipality at rates specified in the rules of the plans.

Included in defined contribution plan of R 58 225 616 above, is the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plans as defined benefit plans, the municipality accounted for these plans as defined contribution plans.

The amounts disclosed above includes an amount of R 852 485 (2020: R 667 515) which represents the contributions for councillors.

Municipal Employees Pension Fund

The contribution rate paid by the members of 7.5% and council of 22% or 18% are sufficient to fund the benefits accruing from the fund in future.

<u>2 632 253</u>	<u>2 542 631</u>	<u>2 632 253</u>	<u>2 542 631</u>
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Municipal Employees Gratuity Fund

The contribution paid by the members of 7.5% or 9% and council 22% or 18% is sufficient to fund the benefits accruing from the fund in future.

At the valuation date of 30 June 2021 the gratuity fund was funded and revealed that the fund was certified to be in a sound financial position.

<u>7 807 293</u>	<u>7 855 896</u>	<u>7 807 293</u>	<u>7 855 896</u>
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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

21. Employee benefit obligations (continued)

IMATU Retirement Fund

The above-mentioned fund is a defined contribution fund and according to regulation 2 of the Pension Fund of 1956 exempt from the provisions of sections 9A and 16 of the Act.

46 933 585	44 802 482	46 933 585	44 802 482
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Municipal Councillors Pension Fund

The municipal councillors' pension fund operates as a defined contribution scheme. The contribution rate paid by the members is 28.75% and no contribution is made by Council.

22. Service charges

Sale of electricity	461 584 737	520 237 868	461 584 737	520 237 868
Solid waste	37 967 161	32 961 754	37 967 161	32 961 754
	<u>499 551 898</u>	<u>553 199 622</u>	<u>499 551 898</u>	<u>553 199 622</u>

The amounts disclosed above for sale of electricity, indigent charges and refuse removal are in respect of services rendered and are billed to the consumers on a monthly basis according to council's approved tariffs.

The comparative figures of "service charges" has been reclassified to conform to changes in presentation in the current year.

With the adoption of mSCOA the Municipality reclassified certain balances in order to comply with the instruction notes issued.

The result of the reclassification is set out in Note 62 in the Annual Financial Statements.

Greater Tzaneen Municipality acts as service provider for the Mopani District Municipality with regard to the water and sewer services.

Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

23. Other Income

Grant admin fees	4 680 950	4 713 150	4 680 950	4 713 150
Cemetery and burial fees	1 367 237	216 572	1 367 237	216 572
Motor vehicle and drivers licence	5 903 380	5 424 663	5 903 380	5 424 663
Debt impairment reversal	44 856 894	51 053 406	44 856 894	51 053 406
Indigent charges	4 353 395	1 327 746	4 353 395	1 327 746
Other income	1 387 056	1 883 147	1 343 460	1 883 147
Inspection Fees Facilities	740 364	18 946	740 364	18 946
	<u>63 289 276</u>	<u>64 637 630</u>	<u>63 245 680</u>	<u>64 637 630</u>

The amounts disclosed above as other income are in respect of services rendered, other than disclosed in note 22, which are billed to or paid for by the users of services as required according to councils approved tariffs.

The comparative figure of "other income" has been reclassified to conform to changes in presentation in the current year.

With the adoption of mSCOA the Municipality reclassified certain balances in order to comply with the instruction notes issued.

The result of the reclassification is set out in Note 62 in the Annual Financial Statements.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
24. Property rates				
Rates levied				
Residential	62 372 349	54 147 427	62 372 349	54 147 427
Commercial	43 625 124	40 647 045	43 625 124	40 647 045
State	12 066 435	9 768 851	12 066 435	9 768 851
Farms	11 303 203	9 813 502	11 303 203	9 813 502
Other	258 516	292 134	258 516	292 134
	<u>129 625 627</u>	<u>114 668 959</u>	<u>129 625 627</u>	<u>114 668 959</u>

Valuations

	R'000	R'000	R'000	R'000
Residential	7 127 694	7 049 603	7 127 694	7 049 603
Commercial	3 050 126	3 098 140	3 050 126	3 098 140
State	878 910	739 186	878 910	739 186
Municipal	281 318	386 999	281 318	386 999
Agriculture	4 870 516	4 861 419	4 870 516	4 861 419
Other	612 370	152 260	612 370	152 260
	<u>16 820 934</u>	<u>16 287 607</u>	<u>16 820 934</u>	<u>16 287 607</u>

Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2017. Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions. The same rate is applied on different categories of property and improvement valuations to determine assessment rates. Rates are levied on a monthly basis and are payable by the 25th of each month, owners are allowed to pay the annual instalment by 30 September each year. Rebates are granted on various categories of properties. Interest at prime rate plus 1% is levied on outstanding rates and the prime rate of ABSA applies.

25. Government grants and subsidies

Cleanest town	-	55 870	-	55 870
COVID - 19	-	298 000	-	298 000
EPWP	7 134 000	5 749 000	7 134 000	5 749 000
Equitable share	506 276 000	383 693 036	506 276 000	383 693 036
Finance Management Grant	2 000 000	2 145 000	2 000 000	2 145 000
IIPSA Grant	-	10 000 000	-	10 000 000
Municipal Infrastructure Grant	83 051 321	77 869 317	83 051 321	77 869 317
National - Electrification Grant	12 299 855	16 971 997	12 299 855	16 971 997
Transfers and Subsidies Operational	194 726	1 400 490	194 726	1 400 490
Monetary Alloc SETA	14 534 854	14 226 197	14 534 854	14 226 197
VAT on Grants				
	<u>625 490 756</u>	<u>512 408 907</u>	<u>625 490 756</u>	<u>512 408 907</u>

The Municipality does not foresee a significant change in the level of grant funding. Unconditional grants are used to subsidise the provision of basic services. Conditional grants are for operating and capital expenditure. Other than the amount unspent, the conditions of the grants have been met.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

25. Government grants and subsidies (continued)

Unconditional Grants

Equitable share

Current year allocation	506 276 000	383 693 036	506 276 000	383 693 036
Transfer to revenue	(506 276 000)	(383 693 036)	(506 276 000)	(383 693 036)
No conditions to be met - transferred to liabilities	-	-	-	-

The equitable share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the constitution (Act 108 of 1996) to the Municipality by the National Treasury.

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

Conditional Grants

SETA

Balance unspent at beginning of year	2 121	-	2 121	-
Current-year receipts	838 408	1 402 611	838 408	1 402 611
Conditions met - transferred to revenue	(194 726)	(1 400 490)	(194 726)	(1 400 490)
Conditions still to be met - transferred to liabilities	645 803	2 121	645 803	2 121

Conditions still to be met - remain liabilities (see note 19).

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters.

Municipal Infrastructure Grant

Balance unspent at beginning of year	135	126 036	135	126 036
Current-year receipts	101 970 000	94 263 000	101 970 000	94 263 000
Conditions met - transferred to revenue	(83 051 321)	(77 869 317)	(83 051 321)	(77 869 317)
VAT on Grant (Own Revenue)	(12 689 876)	(11 680 398)	(12 689 876)	(11 680 398)
Administration Fee	(4 680 950)	(4 713 150)	(4 680 950)	(4 713 150)
Roll over not applied for	(135)	(126 036)	(135)	(126 036)
Conditions still to be met - transferred to liabilities	1 547 853	135	1 547 853	135

Conditions still to be met - remain liabilities (see note 19).

Municipal Infrastructure Grant funds are used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure for the poorest of the poor.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

25. Government grants and subsidies (continued)

Integrated National Electrification Programme Grant (INEP)

Balance unspent at beginning of year	5 432 664	4 950 460	5 432 664	4 950 460
Current-year receipts	10 000 000	20 000 000	10 000 000	20 000 000
Conditions met - transferred to revenue	(12 299 855)	(16 971 997)	(12 299 855)	(16 971 997)
VAT on grants	(1 844 978)	(2 545 799)	(1 844 978)	(2 545 799)
Conditions still to be met - transferred to liabilities	1 287 831	5 432 664	1 287 831	5 432 664

Conditions still to be met - remain liabilities (see note 19).

The grant was used for electrification of villages.

Cleanest Town

Balance unspent at beginning of year	20 904	6 774	20 904	6 774
Current-year receipts	-	70 000	-	70 000
Conditions met - transferred to revenue	-	(55 870)	-	(55 870)
Conditions still to be met - transferred to liabilities	20 904	20 904	20 904	20 904

Conditions still to be met - remain liabilities (see note 19).

Funds received through the greenest town competition were used for the construction of a wall for grease and oil trays and traps.

Finance Management Grant

Current-year receipts	2 000 000	2 145 000	2 000 000	2 145 000
Conditions met - transferred to revenue	(2 000 000)	(2 145 000)	(2 000 000)	(2 145 000)
No conditions to be met - transferred to liabilities	-	-	-	-

The Finance Management Grant is paid by National Treasury to municipalities to help implement the finance reforms required by the Municipal Finance Management Act (MFMA), 2003. The Finance Management Grant also pays for the cost of the Financial Management Internship Programme (e.g. Salary cost of the financial management interns).

COVID - 19 Grant

Current-year receipts	-	298 000	-	298 000
Conditions met - transferred to revenue	-	(298 000)	-	(298 000)
No condition to be met - transferred to liabilities	-	-	-	-

The municipal disaster relief grant was used to assist in the response to COVID-19 pandemic.

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
25. Government grants and subsidies (continued)				
EPWP Grant				
Current-year receipts	7 134 000	5 749 000	7 134 000	5 749 000
Conditions met - transferred to revenue	(7 134 000)	(5 749 000)	(7 134 000)	(5 749 000)
No condition to be met - transferred to liabilities	-	-	-	-

The expanded public works programme grant was used to increase labour employment through operational programmes that increase job creation and skills development.

The grant is mainly used for rural waste removal.

IIPSA Grant

Current-year receipts	-	10 000 000	-	10 000 000
Conditions met - transferred to revenue	-	(10 000 000)	-	(10 000 000)
No condition to be met - transferred to liabilities	-	-	-	-

This grant was used to replace transformers at Tzaneen Main Substation.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming three financial years.

26. Public contributions and donations

Public contributions and donations	13 508 391	80 000	13 508 391	80 000
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2020/2021

Greater Tzaneen Municipality received a donation of electricity infrastructure as well as roads and storm water infrastructure from a property developer on the 09th of April 2021. The infrastructure assets were accounted for at cost price of R 13 508 391 provided by the consulting engineer.

2019/2020

Greater Tzaneen Municipality received a donation of Palisade Fence at Minitzani Park ERF 425 from the community of Arbor Park Fundraising Project on the 12 December 2019. The palisade fence was accounted for, at cost price of R80 000 provided by the Fundraiser.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
27. Revenue				
Service charges	499 551 898	553 199 622	499 551 898	553 199 622
Rental of facilities and equipment	222 530	1 152 233	222 530	1 152 233
Agency services	10 763 364	9 118 576	10 763 364	9 118 576
Licences and permits	210 997	1 231 992	210 997	1 231 992
Other income - (rollup)	63 289 276	64 637 530	63 245 680	64 637 630
Interest revenue	29 687 098	27 942 632	29 667 610	27 911 932
Property rates	129 625 627	114 668 959	129 625 627	114 668 959
Government grants & subsidies	625 490 756	512 408 907	625 490 756	512 408 907
Discretionary grants & subsidies	-	903 261	-	-
Public contributions and donations	13 508 391	80 000	13 508 391	80 000
Fines, penalties and forfeits	25 063 224	37 082 842	25 063 224	37 082 842
Administration and project management fee - SETA	-	73 237	-	-
Grant received - LG SETA	148 200	68 640	-	-
	1 397 561 361	1 322 568 431	1 397 350 077	1 321 492 693
The amount included in revenue arising from exchanges of goods or services are as follows:				
Service charges	499 551 898	553 199 622	499 551 898	553 199 622
Rental of facilities and equipment	222 530	1 152 233	222 530	1 152 233
Agency services	10 763 364	9 118 576	10 763 364	9 118 576
Licences and permits	210 997	1 231 992	210 997	1 231 992
Other income	63 289 276	64 637 630	63 245 680	64 637 630
Interest revenue	29 687 098	27 942 632	29 667 610	27 911 932
	603 725 163	657 282 685	603 662 079	657 251 985
The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Property rates	129 625 627	114 668 959	129 625 627	114 668 959
Transfer revenue				
Government grants & subsidies	625 490 756	512 408 907	625 490 756	512 408 907
Discretionary grants & subsidies - SETA	-	903 261	-	-
Public contributions and donations	13 508 391	80 000	13 508 391	80 000
Fines, penalties and forfeits	25 063 224	37 082 842	25 063 224	37 082 842
Administration and project management fee - SETA	-	73 237	-	-
Grant received - LG SETA	148 200	68 640	-	-
	793 836 198	665 285 846	793 687 998	664 240 708

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
28. Employee related costs				
Basic	212 054 801	202 814 971	209 190 950	199 973 836
Bonus	16 378 388	15 756 556	16 378 388	15 702 058
Medical aid - company contributions	32 548 119	8 166 004	32 548 119	8 166 004
UIF	1 020 940	1 021 467	1 020 940	1 021 467
Other payroll levies- Statutory Levies	1 070 019	1 171 357	-	-
Leave pay provision charge	14 649 417	8 999 951	14 542 115	8 955 489
Travel allowance	11 181 634	12 308 859	11 181 634	12 308 859
Overtime payments	28 464 552	27 619 288	28 464 552	27 607 856
13th Cheques	92 362	89 115	-	-
Housing allowances	1 570 652	1 686 098	1 570 652	1 686 099
Standby allowance	988 042	1 156 286	988 042	1 156 286
Social contributions	36 258 583	34 536 642	36 258 583	34 536 642
	356 277 509	315 326 594	352 143 975	311 114 596

The comparative figure of "employee related costs" has been reclassified to conform to changes in presentation in the current year.

With the adoption of mSCOA the Municipality reclassified certain balances in order to comply with the instruction notes issued.

The result of the reclassification is set out in Note 62 in the Annual Financial Statements.

GTM - Municipal Manager and Directors

No salary increase has been approved for the Municipal Manager and Directors during the financial period under review. The changes in some balances are due to restructuring of salary packages.

Remuneration of Municipal Manager

Annual Remuneration	1 469 161	1 469 161	1 469 161	1 469 161
Car Allowance	60 000	60 000	60 000	60 000
Contributions to UIF, Medical and Pension Funds	241 813	241 785	241 813	241 785
Telephone allowance	24 000	24 000	24 000	24 000
	1 794 974	1 794 946	1 794 974	1 794 946

The Municipal Manager was appointed on 1 April 2018, and resigned with effect from 20 August 2021.

Remuneration of Chief Finance Officer

Annual Remuneration	1 001 460	996 448	1 001 460	996 448
Car Allowance	314 470	329 364	314 470	329 364
Contributions to UIF, Medical and Pension Funds	262 623	234 873	262 623	234 873
Telephone allowance	24 000	24 000	24 000	24 000
	1 602 553	1 584 685	1 602 553	1 584 685

The Chief Finance Officer was appointed on 1 May 2018.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

28. Employee related costs (continued)

Director Community Services

Annual Remuneration	1 039 500	1 039 500	1 039 500	1 039 500
Car Allowance	72 000	72 000	72 000	72 000
Contributions to UIF, Medical and Pension Funds	185 653	185 625	185 653	185 625
Telephone Allowance	24 000	24 000	24 000	24 000
	<u>1 321 153</u>	<u>1 321 125</u>	<u>1 321 153</u>	<u>1 321 125</u>

The Director Community Services was appointed on 1 April 2018.

Director Engineering Services

Annual Remuneration	1 064 000	903 387	1 064 000	903 387
Car Allowance	324 000	324 000	324 000	324 000
Contributions to UIF, Medical and Pension Funds	57 715	285 221	57 715	285 221
Telephone allowance	24 000	24 000	24 000	24 000
	<u>1 469 715</u>	<u>1 536 608</u>	<u>1 469 715</u>	<u>1 536 608</u>

The Director Civil Engineering was appointed on 1 June 2018.

Director Planning and Economic Development

Annual Remuneration	994 340	1 016 221	994 340	1 016 221
Car Allowance	96 000	96 000	96 000	96 000
Contributions to UIF, Medical and Pension Funds	215 629	184 603	215 629	184 603
Telephone allowance	24 000	24 000	24 000	24 000
	<u>1 329 969</u>	<u>1 320 824</u>	<u>1 329 969</u>	<u>1 320 824</u>

The Director Planning and Economic Development was appointed on 1 March 2018.

Director Corporate Services

Annual Remuneration	959 622	982 904	959 622	982 904
Car Allowance	180 000	171 000	180 000	171 000
Contributions to UIF, Medical and Pension Funds	145 813	148 785	145 813	148 785
Telephone allowance	24 000	24 000	24 000	24 000
	<u>1 309 435</u>	<u>1 326 689</u>	<u>1 309 435</u>	<u>1 326 689</u>

The Director Corporate Services was appointed with effect from 1 June 2017.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
28. Employee related costs (continued)				
Director Electrical Engineering				
Annual Remuneration	1 023 730	1 076 506	1 023 730	1 076 506
Car Allowance	180 000	168 241	180 000	168 241
Contributions to UIF, Medical and Pension Funds	409 567	345 317	409 567	345 317
Telephone allowance	24 000	24 000	24 000	24 000
	<u>1 637 297</u>	<u>1 614 064</u>	<u>1 637 297</u>	<u>1 614 064</u>

The Director Electrical Engineering was appointed with effect from 1 April 2017.

GTEDA Compensation of Executive Directors

K.K Maphoto - Chief Executive Officer

Annual Remuneration	874 443	1 026 342	-	-
Performance Bonuses	-	92 371	-	-
Travelling	115 044	105 921	-	-
	<u>989 487</u>	<u>1 224 634</u>	<u>-</u>	<u>-</u>

M.W. Mulaudzi - Acting Chief Executive Officer

Acting Allowance	<u>50 818</u>	<u>-</u>	<u>-</u>	<u>-</u>
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29. Remuneration of councillors

Councillor

Mayor	934 650	934 650	934 650	934 650
Other councillor's allowances	18 125 583	18 907 980	18 125 583	18 907 980
Executive Committee allowance	2 073 940	2 084 758	2 073 940	2 084 758
Speaker Chief Whip and full-time councillors' allowances	5 902 371	4 915 118	5 902 371	4 915 118
Board fees	376 192	497 050	-	-
	<u>27 412 736</u>	<u>27 339 556</u>	<u>27 036 544</u>	<u>26 842 506</u>

The comparative figures of "remuneration of councillors" has been reclassified to conform to changes in presentation in the current year.

With the adoption of mSCOA the Municipality reclassified certain balances in order to comply with the instruction notes issued.

The result of the reclassification is set out in note 62 in the annual financial statements.

Councillors

No salary increase has been approved for the Councillors during the financial period under review.

Remuneration for the mayor, speaker and chief whip are disclosed as follows:

Mayor				
Annual remuneration	670 388	670 388	670 388	670 388
Car allowance	223 462	223 462	223 462	223 462
Cellphone allowance	40 800	40 800	40 800	40 800
	<u>934 650</u>	<u>934 650</u>	<u>934 650</u>	<u>934 650</u>

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
29. Remuneration of councillors (continued)				
	934 650	934 650	934 650	934 650
Speaker				
Annual remuneration	536 309	536 309	536 309	536 309
Car allowance	178 769	178 769	178 769	178 769
Cellphone allowance	40 800	40 800	40 800	40 800
	755 878	755 878	755 878	755 878
Chief Whip				
Annual remuneration	502 790	502 790	502 790	502 790
Car allowance	167 597	167 597	167 597	167 597
Cellphone allowance	40 800	40 800	40 800	40 800
	711 187	711 187	711 187	711 187

In-kind benefits

The Mayor, Speaker, Chief Whip and five Councillors are full-time employees. Each is provided with an office at the cost of the Council.

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

The Mayor has one full-time secretary, one manager and a gender, youth and disability programme.

Remuneration of councillors

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisaged in section 219 of the Constitution. Refer to Government Gazette nr 41335.

Councillors - Controlling entity

2021

	Emoluments	Travel	Cellphone- Allowance	Total
MR MG Mangena (Mayor)	670 387	223 463	40 800	934 650
MS DJ Mmetle (Speaker)	536 309	178 769	40 800	755 878
MR CS Nhemu (Chief Whip)	502 790	167 597	40 800	711 187
MS MM Letsoalo	280 491	93 497	40 800	414 788
MS ML Hlangwane	280 491	93 497	40 800	414 788
MR D Malemela	280 491	93 497	40 800	414 788
MR M Prinsloo	280 491	93 497	40 800	414 788
MS MS Tiba	280 491	93 497	40 800	414 788
MR DG Mkhabela	502 790	167 597	40 800	711 187
MR GE Ntimbane	502 790	167 597	40 800	711 187
MR NJ Mbhalati	502 790	167 597	40 800	711 187
MR C Machimana	502 790	167 597	40 800	711 187
MR TT Maunatlala	502 790	167 597	40 800	711 187
MISS SS MJ Mokgoloboto	212 153	70 717	40 800	323 670
MS SP Masella	212 153	70 717	40 800	323 670
MS MS Raganya	272 263	90 754	40 800	403 817
MR TL Matita	212 153	70 717	40 800	323 670
MS MF Mbhalati	272 263	90 754	40 800	403 817
MS MM Mohale	212 153	70 717	40 800	323 670
MR NR Rikhotsi	212 153	70 717	40 800	323 670
MS NH Zandamela	212 153	70 717	40 800	323 670
MR OK Banyini	212 153	70 717	40 800	323 670
MR SC Makwala	272 263	90 754	40 800	403 817

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
Employees remuneration (continued)				
MR NA Masila	272 263	90 754	40 800	403 817
MS ML Pudikabekwa	272 263	90 754	40 800	403 817
MR PJ Ramodipa	272 263	90 754	40 800	403 817
MR MA Makwela	212 153	70 717	40 800	323 670
MS RE Pohl	212 153	70 717	40 800	323 670
MR N Nkhwashu	212 153	70 717	40 800	323 670
MR MM Makwala	272 263	90 754	40 800	403 817
MR MC Nkwashu	272 263	90 754	40 800	403 817
MR TH Mushwana	212 153	70 717	40 800	323 670
MS MS Balolyi	212 153	70 717	40 800	323 670
MR J Banyini	212 153	70 717	40 800	323 670
MR PW Cronje	212 153	70 717	40 800	323 670
MS DF Kgafane	212 153	70 717	40 800	323 670
MS MR Kgatla	212 153	70 717	40 800	323 670
MR LK Lepulan	212 153	70 717	40 800	323 670
MR MJ Maahe	212 153	70 717	40 800	323 670
MR MH Mafokwane	212 153	70 717	40 800	323 670
MS JT Makhubele	212 153	70 717	40 800	323 670
MR GP Makhubele	272 263	90 754	40 800	403 817
MR GM Malatji	272 263	90 754	40 800	403 817
MR TE Malatji	212 153	70 717	40 800	323 670
MS SM Mapitja	212 153	70 717	40 800	323 670
MS NP Mathebula	212 153	70 717	40 800	323 670
MS MM Thlokwa	212 153	70 717	40 800	323 670
MR NG Maunatlala	212 153	70 717	40 800	323 670
MR TJ MC Clintock	212 153	70 717	40 800	323 670
MR MF Mochabela	212 153	70 717	40 800	323 670
MS FT Mohlaba	212 153	70 717	40 800	323 670
MR SN Mohonone	212 153	70 717	40 800	323 670
MS MC Morwatshehla	212 153	70 717	40 800	323 670
MS TR Mpenyana	212 153	70 717	40 800	323 670
MR NG Mukansi	212 153	70 717	40 800	323 670
MR JL Ngobeni	212 153	70 717	40 800	323 670
MR SE Ngobeni	212 153	70 717	40 800	323 670
MS ET Ngobeni	212 153	70 717	40 800	323 670
MR ME Phakula	212 153	70 717	40 800	323 670
MS SB Ramoshaba	212 153	70 717	40 800	323 670
MS MO Raolane	212 153	70 717	40 800	323 670
MS KI Rapatsa	212 153	70 717	40 800	323 670
MR RS Rapitsi	212 153	70 717	40 800	323 670
MS JM Ratopola	212 153	70 717	40 800	323 670
MS MM Sekhwele	212 153	70 717	40 800	323 670
MS CT Shisinga	212 153	70 717	40 800	323 670
MR O Sithole	212 153	70 717	40 800	323 670
MR PP Machethe	267 254	89 085	40 800	397 139
MR MC Ramathwala	215 078	71 721	41 367	328 166
	18 165 585	6 055 193	2 815 767	27 036 545

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
Employees remuneration (continued)				
2020				
	Emoluments	Travel	Cellphone- Allowance	Total
MR MG Mangena (Mayor)	670 387	223 463	40 800	934 650
MS DJ Mmetle (Speaker)	536 309	178 769	40 800	755 878
MR CS Nhemu (Chief Whip)	502 790	167 597	40 800	711 187
MS MM Letsoalo	280 491	93 497	40 800	414 788
MS ML Hlangwane	280 491	93 497	40 800	414 788
MR D Malemela	280 491	93 497	40 800	414 788
MR M Prinsloo	280 491	93 497	40 800	414 788
MS MS Tiba	280 491	93 497	40 800	414 788
MR DG Mkhabela	502 790	167 597	40 800	711 187
MR GE Ntimbane	502 790	167 597	40 800	711 187
MR NJ Mbhalati	502 790	167 597	40 800	711 187
MR C Machimana	502 790	167 597	40 800	711 187
MR TT Maunatlala	502 790	167 597	40 800	711 187
MISS SS MJ Mokgoloboto	212 153	70 717	40 800	323 670
MS SP Masetla	212 153	70 717	40 800	323 670
MS MS Raganya	35 359	11 786	6 800	53 945
MS MS Raganya	226 693	73 959	34 000	334 652
MR TL Matita	212 153	70 717	40 800	323 670
MS MF Mbhalati	272 263	90 754	40 800	403 817
MS MM Mohale	212 153	70 717	40 800	323 670
MR NR Rikhotso	212 153	70 717	40 800	323 670
MS NH Zandamela	212 153	70 717	40 800	323 670
MR OK Banyini	212 153	70 717	40 800	323 670
MR SC Makwala	272 263	90 754	40 800	403 817
MR NA Masila	272 263	90 754	40 800	403 817
MS ML Pudikabekwa	272 263	90 754	40 800	403 817
MR PJ Ramodipa	272 262	90 754	40 800	403 816
MR MA Makwela	212 153	70 717	40 800	323 670
MS RE Pohl	212 153	70 717	40 800	323 670
MR N Nkhwashu	212 153	70 717	40 800	323 670
MR NM Mahasha	162 529	54 176	25 330	242 035
MR MM Makwala	272 263	90 754	40 800	403 817
MR MC Nkwashu	268 263	90 754	40 800	399 817
MR TH Mushwana	212 153	70 717	40 800	323 670
MS MS Baloyi	212 153	70 717	40 800	323 670
MR J Banyini	212 153	70 717	40 800	323 670
MR PW Cronje	212 153	70 717	40 800	323 670
MS DF Kgafane	212 153	70 717	40 800	323 670
MS MR Kgatla	212 153	70 717	40 800	323 670
MR LK Lepulan	212 153	70 717	40 800	323 670
MR MJ Maake	212 153	70 717	40 800	323 670
MR MH Mafokwane	212 153	70 717	40 800	323 670
MS JT Makhubele	212 153	70 717	40 800	323 670
MR GP Makhubele	35 339	11 808	6 800	53 947
MR GP Makhubele	226 693	73 959	34 000	334 652
MR GP Makhubele	272 263	90 754	40 800	403 817
MR GM Malatji	212 153	70 717	40 800	323 670
MR TE Malatji	212 153	70 717	40 800	323 670
MS SM Mapitja	212 153	70 717	40 800	323 670
MS NP Mathebula	212 153	70 717	40 800	323 670
MS MM Thlokwa	212 153	70 717	40 800	323 670
MR NG Maunatlala	212 153	70 717	40 800	323 670
MR TJ MC Clintock	212 153	70 717	40 800	323 670
MR MF Mochabela	212 153	70 717	40 800	323 670
MS FT Mohlaba	212 153	70 717	40 800	323 670

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
Employees remuneration (continued)				
MR SN Mohonone	212 153	70 717	40 800	323 670
MS MC Morwatshehla	212 153	70 717	40 800	323 670
MS TR Mpenyana	212 153	70 717	40 800	323 670
MR NG Mukansi	212 153	70 717	40 800	323 670
MR JL Ngobeni	212 153	70 717	40 800	323 670
MR SE Ngobeni	212 153	70 717	40 800	323 670
MS ET Ngobeni	212 153	70 717	40 800	323 670
MR ME Phakula	212 153	70 717	40 800	323 670
MS SB Ramoshaba	212 153	70 717	40 800	323 670
MS MO Raolane	212 153	70 717	40 800	323 670
MS KI Rapatsa	212 153	70 717	40 800	323 670
MR RS Rapitsi	212 153	70 717	40 800	323 670
MS JM Ratopola	212 153	70 717	40 800	323 670
MS MM Sekhwela	212 153	70 717	40 800	323 670
MS CT Shisinga	212 153	70 717	40 800	323 670
MR O Sithole	212 153	70 717	40 800	323 670
MR PP Machethe	212 153	70 717	40 800	323 670
	18 033 492	6 009 284	2 799 730	26 842 506

Remuneration of board members - GTEDA

30 June 2021

M.Z Mawasha (Chairperson)
M.F Mushwana
M.I Moakamela
B.L Mathebula

	Emoluments	Travel	Total
M.Z Mawasha (Chairperson)	125 829	8 270	134 099
M.F Mushwana	96 837	-	96 837
M.I Moakamela	70 765	-	70 765
B.L Mathebula	74 490	-	74 490
	367 921	8 270	376 191

30 June 2020

M.Z Mawasha (Chairperson)
Adv E.S Maahe
M.F Mushwana
M.J Makapan
M.I Moakamela
B.J Pretorius
B.L Mathebula

	Emoluments	Travel	Total
M.Z Mawasha (Chairperson)	150 381	24 078	174 459
Adv E.S Maahe	40 157	6 463	46 620
M.F Mushwana	70 766	3 316	74 082
M.J Makapan	48 419	26 895	75 314
M.I Moakamela	67 041	4 378	71 419
B.J Pretorius	3 724	3 044	6 768
B.L Mathebula	44 694	3 694	48 388
	425 182	71 868	497 050

30. Impairment of assets

Impairments

Property, plant and equipment

	2 905 950	9 236 673	2 905 950	9 236 673
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Impairment loss

In terms of GRAP21, "Impairment of non-cash generated assets", Municipalities are required to assess the impairment of its assets to comply with GRAP standards and assets management policy. Greater Tzaneen Municipality has assessed the impairment of its assets for the financial year ended 30 June 2021. The assessment of impairment of assets has resulted in an impairment loss of R 2 905 950 as a result significant loss in carrying amount of electricity infrastructure of R 1 826 209 due to physical damage and work-in-progress of R 1 079 741 due to R71 Traffic circle project discontinuation and physical damage of Mulati Access Road project.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
31. Finance costs				
Finance leases	1 760 616	1 335 411	1 760 616	1 335 411
Service concession arrangements: Landfill site	55 981	50 892	55 981	50 892
Other interest paid	18 145 562	13 520 506	18 145 562	13 520 506
	<u>19 962 159</u>	<u>14 906 809</u>	<u>19 962 159</u>	<u>14 906 809</u>
32. Inventory consumed				
Consumables	10 480 200	12 513 303	10 463 614	12 482 520
Material and supplies	4 490 626	850 219	4 490 626	850 219
	<u>14 970 826</u>	<u>13 363 522</u>	<u>14 954 240</u>	<u>13 332 739</u>

The comparative figure of "inventory consumed" previously disclosed as "repairs and maintenance" has been reclassified to conform to changes in presentation in the current year.

With the adoption of mSCOA the Municipality reclassified certain balances in order to comply with the instruction notes issued.

The result of the reclassification is set out in Note 62 in the Annual Financial Statements.

33. Bulk purchases

Electricity - Eskom	<u>407 786 362</u>	<u>389 694 217</u>	<u>407 786 362</u>	<u>389 694 217</u>
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Bulk purchases are the cost of electricity not generated by the Municipality. The electricity which is purchased from Eskom is sold to consumers.

Water purchases are not included in bulk purchases as the Municipality acts as resource provider for Mopani District Municipality with regards to this service. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

34. Contracted services

Valuation roll	81 462	248 033	81 462	248 033
Cleaning Services	15 094 085	14 617 023	15 094 085	14 617 023
EPWP	4 307 592	3 483 158	4 307 592	3 483 158
Information technology	2 690 907	2 227 052	2 690 907	2 227 052
Meter reading	901 450	200 916	901 450	200 916
Refuse Removal	15 828 453	14 013 397	15 828 453	14 013 397
Repairs and maintenance	34 889 720	24 046 357	34 889 720	24 046 357
Traffic and security services	16 886 593	18 223 008	16 886 593	18 223 008
Credit control	13 422 656	6 590 472	13 422 656	6 590 472
Council owned land	2 132 904	841 026	2 132 904	841 026
Town planning	84 017	88 696	84 017	88 696
Aerodrome	13 957	9 106	13 957	9 106
Consulting fees	558 124	460 762	-	-
	<u>106 891 920</u>	<u>85 049 006</u>	<u>106 333 796</u>	<u>84 588 244</u>

The comparative figure of "contracted services" has been reclassified to conform to changes in presentation in the current year.

With the adoption of mSCOA the Municipality reclassified certain balances in order to comply with the instruction notes issued.

The result of the reclassification is set out in Note 62 in the Annual Financial Statements.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
35. Transfer and subsidies				
Eskom EBSST	3 900 599	3 968 166	3 900 599	3 968 166
GTEDA	-	-	8 961 106	7 963 852
Other grants	14 596 786	23 365 142	14 596 786	23 365 142
SETA (Training)	194 726	1 400 490	194 726	1 400 490
SPCA	-	100 000	-	100 000
Solid waste: EPWP	7 134 000	5 749 000	7 134 000	5 749 000
Sport Council	190 000	190 000	190 000	190 000
	26 016 111	34 772 798	34 977 217	42 736 650

The mayor's bursary account is in respect of providing bursaries for further tertiary education.

Other grants are summarized as follows

Disaster Relief Grant (COVID-19)	-	298 000	-	298 000
Finance Management Grant	1 902 216	2 145 000	1 902 216	2 145 000
Integrated National Electrification programme (INEP)	12 299 855	16 971 997	12 299 855	16 971 997
MIG project transfer to RAL	-	3 279 555	-	3 279 555
Mayor Bursary account	228 000	161 335	228 000	161 335
Mayor Special account	166 715	509 255	166 715	509 255
	14 596 786	23 365 142	14 596 786	23 365 142

36. General expenses

Advertising	1 136 255	1 564 674	1 091 413	1 546 155
Auditors remuneration	6 865 778	6 742 921	6 486 844	6 474 173
Bank charges	1 801 924	1 854 950	1 784 139	1 825 612
Bursaries	274 600	95 050	-	-
Covid-19 expenses	393 019	-	-	-
Electricity services and commission paid	2 305 670	1 181 966	2 305 670	1 181 966
Entertainment	122 416	382 742	122 135	381 425
Fines and penalties	211 130	84	197 476	-
First aid	-	1 778	-	-
IT expenses	74 355	66 558	-	-
Insurance	2 943 804	2 361 524	2 926 956	2 344 774
Lease rentals on operating leases	1 018 804	600 049	1 018 804	600 049
Levies and membership fees	6 210 117	5 733 928	6 146 969	5 701 248
Municipal services	53 230 465	51 796 348	53 230 465	51 796 348
Other expenses	8 259 453	11 449 959	8 259 466	11 450 062
Postage and courier	47 184	317 379	45 888	317 379
Project costs	456 621	1 592 690	-	-
Protective clothing	204 731	209 244	204 731	209 244
Recruitment costs	45 672	-	-	-
Security	4 403	4 965	-	-
Seminar and workshops	-	7 251	-	-
Telephone and fax	2 379 628	2 202 626	2 202 481	2 075 407
Title deed search fees	67 542	47 773	67 542	47 773
Training	57 200	75 887	-	-
Travel - local	7 297 696	8 984 998	7 005 546	8 725 776
VAT Adjustment	-	303 245	-	-
	95 408 467	97 578 589	93 096 525	94 677 391

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

36. General expenses (continued)

The VAT adjustment relates to the correction of the VAT liability account. Provision has been made for the assessments raised by SARS, accrued interest and any journals passed by SARS on the account.

The comparative figure of "general expenses" has been reclassified to conform to changes in presentation in the current year.

With the adoption of mSCOA the Municipality reclassified certain balances in order to comply with the instruction notes issued.

The result of the reclassification is set out in Note 62 in the Annual Financial Statements.

Municipal services are summarized as follows

Performance management	542 283	336 430	542 283	336 430
Asset management consultants	2 872 592	1 676 695	2 872 592	1 676 695
Legal fees	22 622 141	24 177 786	22 622 141	24 177 786
Audit committee	446 637	455 754	446 637	455 754
SEBATA EMS	9 910 087	12 053 153	9 910 087	12 053 153
Financial management support	693 700	1 378 684	693 700	1 378 684
Tax consultants	3 916 049	3 696 638	3 916 049	3 696 638
Other	12 226 976	8 021 208	12 226 976	8 021 208
	53 230 465	51 796 348	53 230 465	51 796 348

Project cost is summarized as follows

Business support centre	443 567	1 570 385	-	-
Livestock (Leather Making)	4 820	8 551	-	-
Radio Station (GTFM)	8 234	13 754	-	-
	456 621	1 592 690	-	-

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
37. Cash generated from operations				
Surplus	229 727 472	208 948 835	228 718 602	208 684 792
Adjustments for:				
Depreciation and amortisation	106 484 792	99 114 252	106 431 092	99 048 162
Loss on sale of assets and liabilities	416 540	3 608 167	416 540	3 608 167
Impairment loss	6 332	-	-	-
Fair value adjustments	-	50 000	-	50 000
Finance costs - Finance leases	1 760 616	1 335 411	1 760 616	1 335 411
Impairment deficit	2 905 950	9 236 673	2 905 950	9 236 673
Debt impairment	2 587 061	22 971 747	2 587 061	22 971 747
Movements in operating lease assets and accruals	21 525	18 722	21 525	18 723
Movements in retirement benefit assets and liabilities	15 791 000	(5 346 678)	15 791 000	(5 346 678)
Movements in provisions	559 806	530 724	559 806	530 724
Transfer of property, plant and equipment (non-cash item)	116 662 541	34 036 003	116 662 541	34 036 003
Changes in working capital:				
Inventories	(2 065 777)	(4 169 447)	(2 065 777)	(4 169 447)
Receivables from exchange transactions	(112 222 453)	(103 120 935)	(112 176 909)	(103 118 991)
Consumer debtors	(2 587 061)	(22 971 747)	(2 587 061)	(22 971 747)
Other receivables from non-exchange transactions	(80 355 420)	(66 762 974)	(80 501 221)	(67 333 752)
Payables from exchange transactions	6 924 856	12 672 034	6 968 772	12 892 338
VAT	5 396 340	3 356 411	5 213 460	4 243 834
Unspent conditional grants and receipts	(1 953 298)	372 553	(1 953 298)	372 553
Consumer deposits	652 782	328 992	652 782	328 992
	290 713 604	194 208 743	289 405 481	194 417 504
38. Auditors' remuneration				
Fees- Auditor General of South Africa	6 683 169	6 693 773	6 486 844	6 474 173
Internal audit fees	182 609	49 148	-	-
	6 865 778	6 742 921	6 486 844	6 474 173

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
39. Commitments				
Authorised expenditure				
<u>GTM</u>				
Already contracted for but not provided for				
• Property, plant and equipment	199 140 447	101 249 922	199 140 447	101 249 922
• Other financial assets	88 599 822	72 559 380	88 599 822	72 559 380
	<u>287 740 269</u>	<u>173 809 302</u>	<u>287 740 269</u>	<u>173 809 302</u>
Total commitments	<u>287 740 269</u>	<u>173 809 302</u>	<u>287 740 269</u>	<u>173 809 302</u>
Authorised expenditure				

Authorised operational expenditure

GTEDA

Already contracted for but not provided for

• Internal Audit	198 000	180 000	-	-
• IT support	65 550	44 170	-	-
• Cleaning services	116 000	-	-	-
• Cellphone	48 300	55 587	-	-
• Panasonic - copier rental	19 176	23 970	-	-
• Office lease / rental	43 225	39 488	-	-
• Accounting and taxation	143 052	140 000	-	-
	<u>633 303</u>	<u>483 215</u>	<u>-</u>	<u>-</u>

IT support

Bohlabelo Computers, this is an IT support contract at R 3 450 p.m. appointed for a period of twenty four (24) months from 01/02/2021 to 31/01/2023 (commitment period 19 months).

Cellphone

Vodacom contract for the following official, this is cell phone contract at R2 300 p.m appointed for a period of twenty four (24) months:

Project Manager (28/04/2021 to 31/03/2023). R 2 300 p.m. (commitment period 21 months)

Internal Audit

Tladi and Associates Inc is an Internal Audit Company contracted at R198 000 appointed for a period not exceeding four months from 01 May 2021 to 31 August 2021 for provision of internal audit services.

Panasonic - copier rental

Panasonic is a company contracted for the rental copier machine R 4 794 per month for a period of fifty three months (01/06/2017 to 31/10/2021), (commitment period 4 months).

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

39. Commitments (continued)

Office lease / rental

Tzaneen Steel Industry is a contract for office rental at R 43 225 per month for a period of twelve months (1/08/2020 to 31/07/2021), commitment period 1 month.

Accounting and taxation

Tsutsa Consulting is a company contracted for accounting and taxation services for a period of thirty six months (01/06/2019 to 31/05/2022), commitment period 11 months.

Cleaning Services

Kgoane Trading Enterprise is a cleaning service contracted at R29 000 per months appointed for a period of twelve months from 14/11/2020 to 31/10/2021, commitment period 4 months.

Total operational commitments

Already contracted for but not provided for

633 303	483 215	-	-
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Total commitments

Authorised capital expenditure	287 740 269	173 809 302	287 740 269	173 809 302
Authorised operational expenditure	633 303	483 215	-	-
	<u>288 373 572</u>	<u>174 292 517</u>	<u>287 740 269</u>	<u>173 809 302</u>

Capital commitments represent future, capital expenditure. The Municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per the Medium-Term Revenue and Expenditure Framework (MTREF).

The expenditure will be financed by:

Internal advances	60 136 598	73 042 595	59 503 294	72 559 380
MIG grants	228 236 974	101 249 922	228 236 974	101 249 922
	<u>288 373 572</u>	<u>174 292 517</u>	<u>287 740 268</u>	<u>173 809 302</u>

40. Contingencies

Contingent liabilities

Contractual disputes

Various contractual claims by contractors' suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 86 million (2020 : R85 million). The merits must still be determined and could result in a lesser or greater amount.

Greater Tzaneen Municipality

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Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
40. Contingencies (continued)				
Malunga Tax Consultants vs Greater Tzaneen Municipality				
In 2015 Malunga Tax Consultant sued the Municipality for not honouring payment of services rendered in respect of review and recover of VAT, SDL, UIF and PAYE, the matter is still pending in High Court. The actual amount claimed as per the summons is R 7 602 106 and estimated legal fees for the matter is R 2 700 000 and was an estimation of how much the claim would cost	10 302 106	10 302 106	10 302 106	10 302 106
Siphiwe Engineering and Technologies vs Greater Tzaneen Municipality				
The Municipality is being sued by Siphiwe Engineering Technologies for unlawful termination of contract for services of upgrading of electrical network, the matter is still pending at the Arbitration stage from 2017. However, the Municipality made an application in terms of section 33 of the Arbitration Act 42 of 1965 against Siphiwe Engineering Technologies CC and His Lordship Retired MR Justice Zulman in High Court. The application involves a setting aside of an award granted in the amount of R 10 594 144,74 which is included in the contingent liability of 2020 and also the estimated legal fees of R1 100 000 for this matter	11 694 144	11 694 144	11 694 144	11 694 144
Letaba Pakkers vs Greater Tzaneen Municipality				
The Municipality is being sued for damage of electrical equipment which was caused by electrical surge within the jurisdiction of Greater Tzaneen operated by The Municipality, the matter is pending in the Magistrate Court from 2017. The actual amount claimed as per the particulars of claim is R 175 969 and estimated legal fees is R 450 000 as indicated was an estimation of how much the damages would cost	625 969	625 969	625 969	625 969
C Van Der Merwe vs Greater Tzaneen Municipality				
Mrs C Van Der Merwe who was the employee of the Municipality is suing the institution for an insurance claim that was not paid after a valid claim was instituted due to an accident which happened while she was employed by Council. The matter is still pending in the High Court. The contingent liability of 2020 for this matter includes the actual amount claimed and estimated legal fees for the matter	1 666 511	1 666 511	1 666 511	1 666 511

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
40. Contingencies (continued)				
Hlimbyl Trading Enterprise vs Greater Tzaneen Municipality				
Hlimbyl is suing the Municipality for unlawful termination of contract for provision of physical security contract, the matter is pending in the High Court from 2015. The actual amount claimed as per the summons and estimated legal fees for the matter is indicated in 2020 and in 2019 was an estimation of how much the claim would cost.	32 564 330	32 564 330	32 564 330	32 564 330
Maria Malatji vs Greater Tzaneen Municipality				
In 2015, Ms Maria Malatji sued the municipality for damages to her property as a result of floods. The matter is pending in the High Court. The actual amount claimed as per the summons and estimated legal fees for the matter as indicated in 2020 and in 2019 was an estimation of how much the claim would cost.	1 150 000	1 150 000	1 150 000	1 150 000
Bernado Tounge vs Greater Tzaneen Municipality				
In 2015, Bernado Tounge sued the Municipality for damages to his property as a result of floods. The matter is pending in the High Court. The actual amount claimed as per the summons and estimated legal fees for the matter as indicated in 2020 and in 2019 was an estimation of how much the claim would cost.	1 150 000	1 150 000	1 150 000	1 150 000
Makoma Pony Hlokwe vs Greater Tzaneen Municipality				
Makoma Pony Hlokwe is suing the Municipality for loss of support as a result of the death of her husband whom was an employee of the Municipality. The amount claimed as per the summons is R 3 391 214 and the estimated legal fees amount is R 1 800 000	5 191 214	5 191 214	5 191 214	5 191 214
Sima Silver Lodge vs Greater Tzaneen Municipality				
Sima Silver Lodge is suing the Municipality for services rendered to Council in the amount of R 1 389 250 and the estimated legal fees amount is R 510 000	1 899 250	1 899 250	1 899 250	1 899 250
Bravospan 252 CC vs Greater Tzaneen Municipality				
In 2018, Bravospan sued the Municipality for damages of declaring their contract nul and void in the amount of R 9 624 000 and the estimated legal fees amount is R 700 000	10 324 000	10 324 000	10 324 000	10 324 000

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
40. Contingencies (continued)				
Tshepiso Gabriel Maponya / GTM				
The Municipality advertised the position of Manager : Financial Services and Reporting, shortlisting and interviews were conducted were a suitable candidate was appointed. One of the unsuccessful candidates took the Municipality to Labour Court to review the appointment the institution made. The matter is in Labour Court on review after the unsuccessful candidate lost the case at Arbitration at CCMA level. The case is ongoing in Labour Court from January 2021. Relief claimed, appointment or alternative compensation	-	-	-	-
Tshiamiso / GTM				
In 2019, the Municipality terminated the contract of the service provider of the two road projects of Mulati Access Road and Codesa to Hani Street on the basis of the misrepresentation of the Bill of Quantities by the Service Provider. The Service provider is claiming payment of certificate of services rendered in counter application and completion of the projects in line with market related prices. The matter is still pending in High Court and the estimated legal fees for this matter is R 500 000.00	-	500 000	-	500 000
Mpho Kobela / GTM				
In 2019, the Mpho Kobela sued the Municipality for injuries sustained during Hawkers ejection in the CBD of Tzaneen, where circumstances forced Municipal Law Enforcement Officer to use ammunition to disperse the unsatisfied crowd of people who were refusing to leave the demarcated area for none trading purpose. The amount claimed is R 3 600 000.00 and the estimated legal fees is R 1 000 000.00	4 600 000	4 600 000	4 600 000	4 600 000
Nkuna Traditional Council / GTM x2				
In 2019, the Municipality received an application and action proceedings wherein the Nkuna Traditional Council is claiming ownership of land belonging to the state as their communal land. The Municipality realised that the result of the claim might lead to Council losing the Townships of Nkowankowa, Lenyenye and Letsitele. Land belonging and registered as Council property is claimed by Nkuna Traditional Council as their land. Both matters are still pending in the High Court and the estimated legal fees for this matter is R 1 100 000.00	1 100 000	1 100 000	1 100 000	1 100 000

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Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
40. Contingencies (continued)				
Agri Letaba / GTM				
Agri-Letaba brought an application to Court against the Municipality for an order to compel the Municipality to publish a proclamation with regard to rezoning of Letaba Showground into Agricultural College against the restriction laid out by Mopani Tribunal that the rezoning must not happen before the restrictive conditions are met by Agri-Letaba. Agri-Letaba wants to remove the restrictive conditions and the Municipality wants Agri-Letaba to comply with the restrictions failure of which a counter-claim will be lodged to contest the ownership and registration of the property. The case is pending in the High Court from July 2020. The estimated legal fees is R 500 000.00	500 000	500 000	500 000	500 000
GTM / Josephine Maake				
The Municipality suspended Josephine Maake as testing officer after her arrest by the DPCI/ The Hawks for the charges of dereliction of duty, fraud and corruption. She was later dismissed after a fair disciplinary hearing. She then took the Municipality to the Bargaining Council wherein the Arbitrator ruled in her favour of her reinstatement and payment of outstanding salaries due. The employee claim reinstatement to the Municipality as Traffic Officer. Ongoing in the Labour Court from October 2019.	900 000	900 000	900 000	900 000
Stanley Malatji / GTM				
The Municipality suspended Stanley Malatji as testing officer after her arrest by the DPCI/ The Hawks for the charges of dereliction of duty, fraud and corruption. He was later dismissed after a fair disciplinary hearing. He then took the Municipality to the Bargaining Council wherein the Arbitrator ruled in her favour of the Municipality. The employee claim reinstatement to the Municipality as Traffic Testing Officer. Ongoing in the Labour court from March 2020.	900 000	900 000	900 000	900 000

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
40. Contingencies (continued)				
Manoko & SAMWU / GTM				
The Municipality dismissed Mr Manoko for the theft of copper wires. The matter went through Arbitration and the arbitrator upheld the dismissal from the disciplinary hearing. Mr Manoko approached the Labour Court for the review of the arbitration award with an intention of overturning the decision of his dismissal from the Municipality. (Ongoing in Labour Court from October 2020). Employees seek reinstatement to work.	-	-	-	-
Versatax Trading / Greater Tzaneen Municipality				
Versatax took the Municipality to the Magistrate Court for the District of Tzaneen and instituted a claim for the full amount owed to them by the Municipality for not honouring the contract of services to complete an organogram and job evaluation for the Municipality. The case has been on stay proceedings from October 2016 as Versatax has abandoned it due to lack of evidence to defend the case.	281 500	281 500	281 500	281 500
TP Shiluvane / Councillors, Mayor and Municipal Manager				
The applicant is suing the Municipality for vicarious liability because of members of Council who Hosi N'wamitwa alleged that they have insulted her and suing them for damages. Hosi N'wamitwa filed papers alleging vicarious liability on the basis that the individuals are Councillors as such the Municipality must compensate her for the sum of R1 500 000.00 million for defamation of character and her good image. The case has been pending in High Court from July 2021.	1 500 000	-	1 500 000	-
	<u>86 349 024</u>	<u>85 349 024</u>	<u>86 349 024</u>	<u>85 349 024</u>

Contingent assets

Outstanding insurance claims

The estimated contingent asset for insurance claims amounts to R 4 494 976 (2020: R 4 319 928). The estimation is based on quotations, medical reports, estimates based on previous claims of similar nature, estimates by management and letters of demand received. The merits must all still be determined and could result in a lesser or greater amount. A detailed insurance register is available at the Municipality for inspection.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

41. Related parties

Relationships/Management	
Municipal Manager	BS Matlala
Chief Financial Officer	MP Makhubela
Director Community services	HA Nkuna
Director Civil Engineering	CW Molokomme
Director Corporate Services	W Shibamba
Director Electrical Engineering	MS Lelope
Director Planning and Economic Development	B Mathebula
Councillors	Refer to Note 29 for list of councillors
Major stakeholders - GTEDA	Chief Executive Officer and Board (Refer to note 28 and 29)
Controlling entity	Greater Tzaneen Municipality

GTM Related parties

No member of the Municipality's management has significant influence over the financial or operating policies of the Municipality.

No business transactions took place between the Municipality and key management personnel.

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions. Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and only have collective executive powers for planning, directing and controlling the activities of the Municipality.

Loans granted to related parties

In terms of the MFMA the Municipality may not grant loans to its councillors, management, staff and public with effect from 1 March 2004.

GTEDA

GTEDA is a Municipal Entity Established by Greater Tzaneen Municipality and performs the function consistent with that of an entity and cannot control or influence council in making financial or operational decisions

The value of the grant paid over to GTEDA during the year under review amounts to R 8 961 106 (2020: R 7 963 852), excluding VAT.

The balance owed to GTEDA at year-end amounts to R - (2020: R 253 365), (2019: R 216 732). The amount of R 470 097 was paid during the year under review as the Municipality had an obligation to pay the agreed amount based on an agreement reached between the Municipality and GTEDA on 26 August 2020.

Section 57 Managers and Councillors

Refer to note 28 for detail of remuneration paid to Section 57 Managers and to note for remuneration paid to Councillors.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

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41. Related parties (continued)

Bids awarded to family of employees in service of state.

In terms of Section 45 of the municipal supply chain management regulations any award above R 2 000 to family of employees in the service of the state must be disclosed in the annual financial statements.

The following is a list as recorded:

Name of employee	Capacity	Successful Tenderer	Amount is in Service
MJ. Malatjie/MD Malatjie	Manager Traffic/Senior Licensing Clerk	KE Malatjie Attorney	1 027 630
SD. Maake	Vehicle Ins. & Test Officer	DTM Consulting	776 718
Xikombiso Sibisi	Compliance Officer	Rivisi Electrical Contractors	9 613 478
NHM. Maake	Manager in Human Resources	Boabab Promotions	14 125
NHM. Maake	Manager in Human Resources	White Hall Trading	845 656
MM. Ramabulana	Clerk	Letaba Asphalttech	324 000
M. Prinsloo	Councillor	B.E.C. Konstruksie	164 986
			12 766 593

GTEDA Related parties

The parent shareholder is Greater Tzaneen Municipality (GTM) and the ultimate controlling party is Greater Tzaneen Municipality (GTM).

The Board of Directors comprises of directors as listed in the directors report and its committees, namely the Finance and Risk Committee, HR Committee and Project, Investment Committee and Social Committee.

Greater Tzaneen Municipality Audit Committee (Shared).

There are no entities that are related to the directors of the Board.

Related party transactions - GTEDA

Grant received from related parties		
Greater Tzaneen Municipality	8 961 106	8 146 460
Compensation to Chief Executive Officer : K.J Maphoto		
Annual remuneration	874 443	1 026 342
Performance Bonus	-	92 371
Travelling	115 044	105 921
Compensation to Acting Chief Executive Officer: M.W. Mulaudzi		
Annual remuneration	50 818	-

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand

42. Risk management

Financial risk management

Exposure to liquidity, credit, interest rate and currency risk arises in the normal course of the Municipality's operations. This note presents information about the Municipality's exposure to each of the above risks and processes for measuring and managing risks. Quantitative disclosures are included in these financial statements.

Liquidity risk

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

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

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

The table below analyses the economic entity's 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 at 30 June 2021.

Economic Entity

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Total
Other financial liabilities	13 050 632	140 985 369	154 036 001
Finance lease obligation	2 462 827	1 462 408	3 925 235
Payables from exchange transactions	247 626 686	-	247 626 686
	<u>263 140 145</u>	<u>142 447 777</u>	<u>405 587 922</u>
At 30 June 2020	Less than 1 year	Between 1 and 2 years	Total
Other financial liabilities	9 301 647	123 991 222	133 292 869
Finance lease obligation	3 886 967	3 925 235	7 812 202
Payables from exchange transactions	240 701 856	-	240 701 856
	<u>253 890 470</u>	<u>127 916 457</u>	<u>381 806 927</u>

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

42. Risk management (continued)

Controlling entity

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Total
Other financial liabilities	13 050 632	140 985 369	154 036 001
Finance lease obligation	2 462 827	1 462 408	3 925 235
Payables from exchange transactions	247 200 432	-	247 200 432
	262 713 891	142 447 777	405 161 668

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Total
Other financial liabilities	9 301 647	123 991 222	133 292 869
Finance lease obligation	3 886 967	3 925 235	7 812 202
Payables from exchange transactions	240 231 674	-	240 231 674
	262 713 891	262 713 891	262 713 891

Credit risk

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

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

Potential concentrations of credit risk consist mainly of investments, loans, trade receivables and other receivables, short-term investment deposits and cash and cash equivalents.

The Municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the Municipality's Investments Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the Municipality effectively has the right to terminate services to customers.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of interest charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents is considered to be low, the maximum exposure is disclosed below.

The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows:

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

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

42. Risk management (continued)

Financial instrument	Economic Entity - 2021	Economic Entity - 2020	Controlling entity - 2021	Controlling entity - 2020
Receivables from exchange transactions	572 152 040	459 929 587	572 098 072	459 921 163
Receivables from non-exchange transactions	203 940 559	123 585 139	203 937 138	123 435 917
Cash and cash equivalents	106 025 263	70 319 782	104 790 238	70 215 767
Other financial assets	38 863 416	21 113 398	38 863 416	21 113 398

The method for determining the credit quality of the different financial instruments are disclosed in their individual notes.

Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates affecting the Municipality's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on the risk.

Interest rate risk

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

The Municipality is exposed to interest rate risk on its investments and long-term borrowings.

A sensitivity analysis is done by the Municipality on a continuous basis to determine its potential exposure to interest rate charges. Different scenarios are simulated which include renewal of current position and alternative financing. Based on those scenarios the Municipality calculates the impact that a change in interest rate will have on the surplus / deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest-bearing liabilities.

This risk is managed by investing in investments with different maturity dates. This enables the Municipality to re-allocate some of the investments in the event of major fluctuations in interest rates. Borrowings issued at variable rates expose the Municipality to cash flow interest rate risk. Borrowings at fixed rates expose the Municipality to fair value interest rate risk.

Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the Municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the Municipality's business, changes in the market prices will have a material impact on the trading results of the Municipality.

Risk is managed on an ongoing basis.

There has been no change, since the previous financial year to the Municipality exposure to market risks on the manner which it manages and measures the risk.

43. Going concern

The consolidated 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.

The ability of the Municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations for the Municipality.

44. Unauthorised expenditure

Opening balance as previously reported	-	83 025 989	-	83 025 989
Add: Expenditure identified - current year	15 083 719	-	15 083 719	-
Less: Unauthorised expenditure condoned by council	-	(83 025 989)	-	(83 025 989)
Unauthorised expenditure awaiting condonement	15 083 719	-	15 083 719	-

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

44. Unauthorised expenditure (continued)

R 11m of the current year expenditure represents the Municipality's unfunded accrued liability and periodic costs of the Post-Employment Medical Aid Subsidy liability over the two-year period following 30 June 2021.

R 4m of the current year expenditure represents the Municipality's unfunded accrued liability of the Long Service Award liability over the two-year period following 30 June 2021.

Corporate services	15 083 719	-	15 083 719	-
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A detailed list of the 2021 unauthorised expenditure is available at the Municipality to inspect.

45. Fruitless and wasteful expenditure

Opening balance as previously reported	12 925 611	11 711 891	12 679 691	11 466 055
Fruitless and wasteful expenditure - current year	6 166 778	5 997 293	6 166 778	5 997 293
Penalties and interest - SARS VAT	13 654	84	-	-
Fruitless and wasteful expenditure written off (2018/2019)	-	(4 783 657)	-	(4 783 657)
Fruitless and wasteful expenditure awaiting write off / further investigation	19 106 043	12 925 611	18 846 469	12 679 691

GTM

The fruitless and wasteful expenditure has been tabled to council and was investigated by a committee of Council.

A detailed list of fruitless and wasteful expenditure is available at the Municipality for inspection.

GTEDA

The fruitless and wasteful Expenditure report was submitted to the Finance and Risk Committee for consideration, the expenditure related to Penalty and interests fee on late payment of SARS-PAYE and Penalty and interest incurred on the VAT liability. Subsequently, it was referred to MPAC for investigation.

A fruitless and wasteful register containing the details of all the transactions supporting the fruitless and wasteful balance is available at the registered address of GTEDA.

46. Irregular expenditure

Opening balance as previously reported	80 597 040	37 243 476	80 597 040	37 243 476
Add: Irregular Expenditure - current	29 565 272	43 353 564	29 565 272	43 353 564
Irregular expenditure awaiting write off / further investigation	110 162 312	80 597 040	110 162 312	80 597 040

Analysis of expenditure awaiting write off per age classification

Current year	29 565 272	43 353 564	29 565 272	43 353 564
Prior years	80 597 040	37 243 476	80 597 040	37 243 476
	110 162 312	80 597 040	110 162 312	80 597 040

Council and management are taking appropriate steps into analysing consequences of the above expenditure.

A detailed list of irregular expenditure is available at the Municipality for inspection.

The irregular expenditure has been tabled to Council and was investigated by a committee of Council.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020
47. Additional disclosure in terms of Municipal Finance Management Act				
Contributions to SALGA				
Current year subscription / fee	3 770 320	3 618 830	3 770 320	3 618 830
Amount paid - current year	(3 770 320)	(3 618 830)	(3 770 320)	(3 618 830)
	-	-	-	-
Skills Development Levy				
Current year subscription/fee	2 928 233	2 709 784	2 928 233	2 709 784
Amount paid - current year	(2 928 233)	(2 709 784)	(2 928 233)	(2 709 784)
	-	-	-	-
Audit fees				
Current year subscription / fee	6 865 778	6 742 921	6 486 844	6 474 173
Amount paid - current year	(6 865 778)	(6 742 921)	(6 486 844)	(6 474 173)
	-	-	-	-
PAYE and UIF				
Current year subscription / fee	76 066 741	72 268 051	76 066 741	72 268 051
Amount paid - current year	(76 066 741)	(72 268 051)	(76 066 741)	(72 268 051)
	-	-	-	-
Pension and Medical Aid Deductions				
Current year subscription / fee	83 338 912	79 768 464	83 338 912	79 768 464
Amount paid - current year	(83 338 912)	(79 768 464)	(83 338 912)	(79 768 464)
	-	-	-	-
Bargaining Council Levy				
Current year subscription/fee	160 400	156 118	160 400	156 118
Amount paid - current year	(160 400)	(156 118)	(160 400)	(156 118)
	-	-	-	-
VAT				
VAT payable	51 905 150	46 508 806	49 201 388	43 987 929

VAT output payables and VAT input receivables are shown in note 17.

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

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

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

Councillors

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

Economic & Controlling Entity:

30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor : GE Timbana (Mdluli Project)	3 415	58 881	62 296
30 June 2020			
	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor : GE Timbana (Mdluli Project)	-	67 819	67 819
Councillor : MJ Maake	559	-	559
	559	67 819	68 378

48. Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Accounting Officer and noted by Council. The expenses incurred have been approved.

49. Deviation from supply chain management regulations

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

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

The rewards listed below have been approved by the Accounting Officer and noted by Council.

The classification of deviations:	2021	2020	2021	2020
Emergencies on service delivery	421 609	7 412 014	421 609	7 412 014
Deviations on appointment alternative service providers due current service providers having pending litigations with the Municipality	-	16 417	-	16 417
Deviation on general internal municipal operations and human resources	290 375	204 754	290 375	204 754
	711 984	7 633 185	711 984	7 633 185

All deviations considered by the Accounting Officer are processed in terms of the Supply Chain Management Regulations and the Supply Chain Management Policy. This process entails being assessed by the supply chain management bid adjudication committee in terms of the stipulated criteria of emergency procurements or circumstances where it is impractical or impossible to follow the official procedures.

A detailed deviation register is available at the Municipality for inspection.

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

50. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	154 036 001	133 292 869	154 036 001	133 292 869
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External loans have been utilized in accordance with the Municipal Finance Management Act. Refer to note 14 for more detail regarding long-term borrowings.

51. Distribution losses

Units purchased (kWh)	362 772 934	356 231 757	362 772 934	356 231 757
Units lost during distribution (kWh)	41 139 061	74 482 474	41 139 061	74 482 474
Percentage lost during distribution	11.34 %	20.91 %	11.34 %	20.91 %
Rand Value	47 416 347	83 092 648	47 416 347	83 092 648

Electricity losses:

The electricity distribution losses for the current year are 11.34% (2020: 20.91%). These losses are predominantly due to metering inaccuracies, system operations, theft and vandalism.

The Municipality has engaged in a two-year investigation project to address the distribution losses. The project includes the upgrading of infrastructure and the implementation of a revenue enhancement programme in support of revenue losses/generation pertaining to electricity.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

52. Budget differences

Material differences between budget and actual amounts

53.1 Explanation of variances between approved and final budget greater than 10%

The variance between the approved and final budget is due to adjustments approved on the adjustment budget and virements approved by directors. The increase in the Capital Budget is due to Capital projects rolled over from the previous financial year.

Included in the variances are variances lower than 10% which are regarded as material variances on the statement of financial performance.

Economic Entity

Statement of Financial Performance

Revenue

Service charges -18.92%

The lower than expected revenue on service charges is due to lower than anticipated revenue billed for electricity. The variance for the year is R116 607 234.

Rental of facilities and equipment -90.44%

Most of the facilities were stopped from being rented due to implementation of COVID-19 regulations. The variance for the year is R2 105 570.

Income from agency services 52.51%

The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue. The variance for the year is R 11 900 927.

Licenses and permits -76.99%

The variance is due to higher than expected revenue from the issuing of licenses and permits especially building plans approved, clearance certificates issued and town planning application fees. The variance for the year is R 706 003.

Other income 721.65%

The higher variance is due to debt impairment reversal on property rates. The variance for the year is R 55 586 571.

Public contributions and donations -100.00%

The Municipality received a donation of Roads and Electricity Infrastructure at a new Tzaneen Extension 94 from the Property Developer. The variance for the year is R13 508 391.

Fines, penalties and forfeits -50.86%

The disclosure of fines has been done in accordance with GRAP and resulting in total fines issues disclosed. The variance for the year is R25 937 913.

Grant received - LG SETA -100%

The variance is due to the prior year provision (receivable) on service seta which was received in the current year. The variance for the year is R 148 200.

Expenditure

Depreciation and amortisation 19.97%

The depreciation and amortisation reduced due to prior year reviewed useful life of assets. The variance for the year is R26 573 570.

Impairment of assets -100.00%

Physical damaged of electricity infrastructure and long standing of construction work in progress projects. The variance for the year is R2 905 950.

Debt impairment 96.31%

The variance is due to the reversal of debt impairment for property rates. The variance for the year is R 67 448 638.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand

52. Budget differences (continued)

Contracted services -73.43%

The variance is due to the payment of debt collections for the implementation of credit control. The variance for the year is R 45 257 140.

Grants and subsidies paid -16.19%

The actual amount include the Municipal Entity (GTEDA) grant of R8,1 million that was not allocated to the budget, the allocation was previously recorded under general expenses in 2019/20 Financial year (Misclassification). The variance for the year is R 3 625 403.

Inventory consumed 77.38%

The lower than anticipated spending is due to the under expenditure on Materials and supplies. The variance for the year is R 51 211 927.

General expenses 29.52%

The lower than anticipated spending is due to the vehicle licencing costs transferred to department of transport. The variance for the year is R 39 969 629.

(Gain)/Loss on disposal of assets -100.00%

Loss on disposal due to stolen assets written off and replaced di; a[idated assets. The variance for the year is R 416 540.

Lease rental 34.04%

Variance is due to the underspending on copier rental, as it was affected by the National lockdown. Employees were working remotely, therefore there was less printing copier & printing activities. The variance for the year is R 364 955.

Loss on scrapping of assets -100%

The variance is due to the impairment loss on assets scrapped during the year of review. The variance for the year is R6 332.

Controlling Entity

Statement of Financial Performance

Revenue

Service charges -18.92%

The lower than expected revenue on service charges is due to lower than anticipated revenue billed for electricity. The variance for the year is R 116 607 234.

Rental of facilities and equipment -90.44%

Most of the facilities were stopped from being rented due to implementation of COVID-19 regulations. The variance for the year is R2 105 570.

Income from agency services -52.51%

The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue. The variance for the year is R 11 900 927.

Licenses and permits -76.99%

The variance is due to higher than expected revenue from the issuing of licenses and permits especially building plans approved, clearance certificates issued and town planning application fees. The variance for the year is R 706 003.

Other income 721.08%

The higher variance is due to debt impairment reversal on property rates. The variance for the year is R 55 542 975.

Public contributions and donations 100.00%

The Municipality received a donation of Roads and Electricity Infrastructure at a new Tzaneen Extension 94 from the Property Developer. The variance for the year is R13 508 391.

Fines, penalties and forfeits -50.86%

The disclosure of fines has been done in accordance with GRAP and resulting in total fines issues disclosed. The variance for the year is R25 937 913.

Greater Tzaneen Municipality

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Notes to the Audited Consolidated Financial Statements

Figures in Rand

52. Budget differences (continued)

Expenditure

Depreciation and amortisation 19.96%

The depreciation and amortisation reduced due to prior year reviewed useful life of assets. The variance for the year is R26 539 715.

Impairment of assets -100.00%

Physical damaged of electricity infrastructure and long standing of construction work in progress projects. The variance for the year is R2 905 950.

Debt impairment 96.31%

The variance is due to the reversal of debt impairment for property rates. The variance for the year is R 67 448 638.

Contracted services -73.76%

The variance is due to the payment of debt collections for the implementation of credit control. The variance for the year is 2021 R 45 138 887.

Grants and subsidies paid -11.56%

The actual amount include the Municipal Entity (GTEDA) grant of R8,1 million that was not allocated to the budget, the allocation was previously recorded under general expenses in 2019/20 Financial year (Misclassification). The variance for the year is R 3 625 403.

(Gain)/Loss on disposal of assets -100.00%

Loss on disposal due to stolen assets written off and replaced di;ajdated assets. The variance for the year R 416 540.

Inventory consumed 77.40%

The lower than anticipated spending is due to the under expenditure on Materials and supplies. The variance for the year is R51 226 013.

General expenses 29.27%

The lower than anticipated spending is due to the vehicle licencing costs transferred to department of transport. The variance for the year is R 38 524 630.

Economic Entity

Statement of Financial Position

Current assets

Inventory 18.55%

The variance is due to increase in inventory purchases. The variance for the year is R3 918 786.

Operating lease asset -81.10%

The reduction is due to the recalculation of prior year lease payments. The variance for the year is R125 517.

Receivables from non-exchange transactions 148.44%

The variance is due to the reversal of property rates debt impairment and the increase in property rates debtors book. The variance for the year is R121 851 265.

Receivables from exchange transactions 81.96%

The increase is due to the outstanding balance on Mopani debtors account. The variance for the year is R 257 716 984.

Cash and cash equivalents 32.50%

The Municipality closed with a positive bank balance of R 106 025 263 during the year. The variance for the year is R 26 014 654.

Non-current assets

Intangible assets -66.74

The reduction is due to the amortisation of intangible assets. The variance for the year is R 945 524.

Greater Tzaneen Municipality

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52. Budget differences (continued)

Other financial assets 14.71%

The increase is due to the long-term investment of R 16 million with ABSA for a ceded DBSA loan. The variance for the year is R4 984 793.

Current Liabilities

Finance lease obligation 38.43%

The decrease in finance lease is due to the termination of the photocopiers contract. The variance for the year is R 1 537 173.

Payables from exchange transactions -19.58%

The Municipality had creditors and retention amount not paid out at year end. The variance for the year is R 40 553 138.

VAT Payable -37.24%

The outstanding balance represents an amount owed to SARS not paid at year end. The variance for the year is R 14 083 032.

Unspent conditional grants and receipts -100.00%

The unspent conditional grants is higher than anticipated due to the outstanding balance of R 1.9 million under INEP grant. The variance for the year is R3 502 528..

Employee benefit obligations -100.00%

The increase was due to the actuarial valuation report received from actuaries relating to retirement employee benefit obligation and the budget amount was erroneously omitted during the budget process. The variance for the year is R 5 906 000.

Provisions -93.78%

The increase is due to the provision for performances bonus of all directors and municipal manager for the full financial year. The variance for the year is R 469 661.

Non-current liabilities

Other financial liabilities -40.44%

The increase is due to the loan of R 20million taken up during the year. The variance for the year is R 40 598 558. (850)).

Finance lease obligation 83.66%

The reduction is due to leases expired and lease payments made during the year. The variance for the year is R 7 488 592.

Provisions -10.00%

The increase was due to the additional provisions for the landfill site. The variance for the year is R 559 806.

Controlling Entity

Statement of Financial Position

Current assets

Inventory 18.55%

The variance is due to increase in inventory purchases. The variance for the year is R3 918 786.

Operating lease asset -81.10%

The reduction is due to the recalculation of prior year lease payments. The variance for the year is R125 517.

Receivables from non-exchange transactions 148.43%

The variance is due to the reversal of property rates debt impairment and the increase in property rates debtors book. The variance for the year is R121 847 844.

Receivables from exchange transactions 81.94%

The increase is due to the outstanding balance on Mopani debtors account. The variance for the year is R257 663 016.

Greater Tzaneen Municipality

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52. Budget differences (continued)

Cash and cash equivalents 30.97%

The Municipality closed with a positive bank balance of R 104 790 238 during the year. The variance for the year is R24 779 630.

Non-current assets

Intangible assets -67.73%

The reduction is due to the amortisation of intangible assets. The variance for the year is R 959 547.

Other financial assets 14.71%

The increase is due to the long-term investment of R 16 million with ABSA for a ceded DBSA loan. The variance for the year is R4 984 793.

Current Liabilities

Finance lease obligation 38.43%

The decrease in finance lease is due to the termination of the photocopiers contract. The variance for the year is R 1 537 173.

Payables from exchange transactions -19.38%

The Municipality had creditors and retention amount not paid out at year end. The variance for the year is R 40 126 884.

VAT Payable -30.09%

The outstanding balance represents an amount owed to SARS not paid at year end. The variance for the year is R11 379 641.

Unspent conditional grants and receipts -100.00%

The unspent conditional grants is higher than anticipated due to the outstanding balance of R 1.9 million under INEP grant. The variance for the year is R3 502 528.

Employee benefit obligations -100.00%

The increase was due to the actuarial valuation report received from actuaries relating to retirement employee benefit obligation and the budget amount was erroneously omitted during the budget process. The variance for the year is R 5 906 000.

Provisions -93.78%

The increase is due to the provision for performances bonus of all directors and municipal manager for the full financial year. The variance for the year is R 469 661.

Non-current liabilities

Other financial liabilities -40.44%

The increase is due to the loan of R 20million taken up during the year. The variance for the year is R 40 598 558.

Finance lease obligation 83.66%

The reduction is due to leases expired and lease payments made during the year. The variance for the year is R7 488 592.

Provisions -10.00%

The increase was due to the additional provisions for the landfill site. The variance for the year is R 559 806.

Economic Entity

Statement of Cash Flows

Grants 12.53%

The increase amounts to R64 816 264.

Interest income 590.24%

The decrease is due to the inclusion of interest on outstanding debtors amount received under sale of goods and services. The variance for the year is R 25 386 098.

Employee costs 15.29%

The underspending is due to vacant posts not filled immediately during the year. The variance for the year is R 48 793 567.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

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52. Budget differences (continued)

Finance costs 15.72%

The reduction in finance cost is due to the loan of R 60 million approved by Council during the budget process, but later was cancelled, which led to the underspending. The variance for the year is R 2 472 735.

Transfer of property, plant and equipment 100.00%

The actual amount represents capitalisation of completed projects transferred from WIP to infrastructure assets. The variance for the year is R 116 662 541.

Additions to PPE -74.25%

The increase amounts to R107 500 000.

Movement in financial asset 906.93%

The difference is due to the additional long-term investment acquired during 2020/2021 financial year. The variance for the year is R15 987 234.

Proceeds on disposal of PPE -100%

No assets were disposed off. The variance for the year is R1500 000.

Repayment of other financial liabilities -6 501.31%

The difference is due to the long term loan of R15 million paid during the year. The variance for the year is R 21 067 177.

Finance lease payments 100.00%

The reduction is due to lease expired during the year. The variance for the year is R 5 647 583.

Controlling Entity

Statement of Cash Flows

Grants 12.48%

The increase amounts to R64 520 251.

Interest income 589.78%

The decrease is due to the inclusion of interest on outstanding debtors amount received under sale of goods and services. The variance for the year is R 25 366 610.

Employee costs 13.88%

The underspending is due to vacant posts not filled immediately during the year. The variance for the year is R 44 283 839.

Finance costs 15.72%

The reduction in finance cost is due to the loan of R 60 million approved by Council during the budget process, but later was cancelled, which led to the underspending. The variance for the year is R2 472 735.

Transfer of property, plant and equipment 100.00%

The actual amount represents capitalisation of completed projects transferred from WIP to infrastructure assets. The variance for the year is R 116 662 541.

Additions to PPE 74.13%

The increase amounts to R107 355 490.

Movement in financial asset 906.93%

The difference is due to the additional long-term investment acquired during 2020/2021 financial year. The variance for the year is R15 987 234.

Repayment of other financial liabilities -6 501.31%

The difference is due to the long term loan of R15 million paid during the year. The variance for the year is R21 067 177.

Greater Tzaneen Municipality

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52. Budget differences (continued)

Finance lease payments 100.00%

The reduction is due to lease expired during the year. The variance for the year is R5 647 583.

Proceeds on disposal of PPE -100%

No assets were disposed off. The variance for the year is R 1500 000.

53. Fair value adjustments

Investment property (Fair value model)	-	(50 000)	-	(50 000)
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The Greater Tzaneen Municipality fair valued its investment properties using the valuation roll that came into effect on the 01 July 2017 which is reviewed every five years.

54. Agency services

Mopani district and department of transport	10 763 364	9 118 576	10 763 364	9 118 576
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55. Licences and permits

Trading	209 578	1 228 999	209 578	1 228 999
Road and Transport	1 419	2 993	1 419	2 993
	<u>210 997</u>	<u>1 231 992</u>	<u>210 997</u>	<u>1 231 992</u>

56. Interest revenue

Interest revenue				
Interest received - investment	7 247 034	8 708 565	7 227 546	8 677 865
Interest received - trading	22 440 064	19 234 067	22 440 064	19 234 067
	<u>29 687 098</u>	<u>27 942 632</u>	<u>29 667 610</u>	<u>27 911 932</u>

The amount of R 2 546 172 (2020: R 5 198 505) is included in investment arising from fixed deposit transactions, while the balance of R 4 681 375 (2020: R 3 479 360) arises from interest received on the Controlling Entity's current bank account.

57. Fines, Penalties and Forfeits

Revenue for traffic fines issued	13 988 260	25 556 445	13 988 260	25 556 445
Fines: Library books	660	643 385	660	643 385
Fines, Penalties and Forfeits: Property rates	11 074 304	10 883 012	11 074 304	10 883 012
	<u>25 063 224</u>	<u>37 082 842</u>	<u>25 063 224</u>	<u>37 082 842</u>

The comparative figures of "fines, penalties and forfeits" previously disclosed as "fines revenue" has been reclassified to conform to changes in presentation in the current year.

With the adoption of mSCOA the Municipality reclassified certain balances in order to comply with the instruction notes issued.

The result of the reclassification is set out in note 62 in the annual financial statements.

58. (Loss) / gain on disposal/ write off of assets

Property, plant and equipment and investment property	(416 540)	(3 608 167)	(416 540)	(3 608 167)
Loss on scrapping of assets	(6 332)	-	-	-
	<u>(422 872)</u>	<u>(3 608 167)</u>	<u>(416 540)</u>	<u>(3 608 167)</u>

Greater Tzaneen Municipality

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59. Depreciation and amortisation

Property, plant and equipment	106 194 793	98 518 439	106 143 898	98 455 154
Intangible assets	289 999	595 813	287 194	593 008
	<u>106 484 792</u>	<u>99 114 252</u>	<u>106 431 092</u>	<u>99 048 162</u>

60. Debt impairment movements

Receivables from non-exchange transactions	<u>2 587 061</u>	<u>22 971 747</u>	<u>2 587 061</u>	<u>22 971 747</u>
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61. Change in estimate

Change in accounting estimate

The Municipality has reassessed the useful lives of property, plant and equipment which resulted in certain assets remaining useful lives to change. Infrastructure assets useful life remained unchanged with nine (9) years on average, movable assets remained unchanged seven (7) years on average, leased assets remained unchanged with two (2) years on average, intangible assets changed from one (1) to two (2) years on average. The effect of the change in accounting estimates has resulted in a decrease in depreciation and amortisation amounting to R 1 062 133 for the current period. The effect on future periods will increase the depreciation and amortisation by R 1 062 133.

The change in estimate affected the following classes of assets:

- Infrastructure assets
- Community assets
- Movable assets
- Leased assets
- Intangible assets

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

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62. Prior period adjustments and reclassifications

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 the prior-period adjustments and reclassification.

Reclassification

As from 1 July 2020 the Municipality implemented National Treasury's Municipal Standard Chart of Accounts (mSCOA). The new chart is designed to enhance comparability between municipalities and the information disclosed is being regarded to be more understandable. Due to the implementation of the new chart, certain comparative figures had to be restated to allow comparison between the current period figures and the prior period figures that were presented based on the previous municipal chart of accounts.

Note 34: Repairs and maintenance - Contracted services

With an assessment performed on expenses previously disclosed under the repairs and maintenance accounts, it was noted that whilst the purpose of the expenditure was to repair or maintain assets, mSCOA provides that those expenses should be allocated under "contracted services".

Prior period correction of errors

Economic Entity

Statement of Financial Position 2019

Inventory- Stands

R 650 000

- 2019/06/30 An increase in inventory stands due to stands previously incorrectly taken out R650 000.

Property, plant and equipment

R 13 279 175

- 2019/06/30 Increase in community assets due reclassification of assets R7 902 164.
- 2019/06/30 Reduction of Infrastructure assets due reclassification of assets -R7 902 164.
- 2019/06/30 Increase in other assets due reclassification of assets R10 644 897.
- 2019/06/30 Reduction of infrastructure assets due reclassification of assets -R10 644 897.
- 2019/06/30 Increase in computer equipment due to reclassification of assets R42 252.
- 2019/06/30 Reduction of infrastructure assets due reclassification of assets -R42 252.
- 2019/06/30 Increase in infrastructure assets due to donation previously not recognised R14 584 083.
- 2019/06/30 Accumulated depreciation for infrastructure assets due to donation previously not recognised -R1 304 908.
- 2019/06/30 Increase in other assets due to reclassification of municipal offices R 7 172 784.
- 2019/06/30 Reduction of community assets due to reclassification of municipal offices -R 7 172 784.

Accumulated surplus

-R 14 584 083

- 2019/06/30 Reduction due to Infrastructure assets donation previously not recognised -R14 584 084.
- 2019/06/30 Increase due to accumulated depreciation for infrastructure assets donation previously not recognised R 1 304 908.

Controlling Entity

Statement of Financial Position 2019

Inventory- Stands

R 650 000

- 2019/06/30 An increase in inventory stands due to stands previously incorrectly taken out R650 000.

Property, plant and equipment

R 13 279 175

- 2019/06/30 Increase in community assets due reclassification of assets R7 902 164.
- 2019/06/30 Reduction of Infrastructure assets due reclassification of assets -R7 902 164.
- 2019/06/30 Increase in other assets due reclassification of assets R10 644 897.
- 2019/06/30 Reduction of infrastructure assets due reclassification of assets -R10 644 897.

Greater Tzaneen Municipality

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62. Prior period adjustments and reclassifications (continued)

- 2019/06/30 Increase in computer equipment due to reclassification of assets R42 252.
- 2019/06/30 Reduction of infrastructure assets due reclassification of assets -R42 252.
- 2019/06/30 Increase in infrastructure assets due to donation previously not recognised R14 584 083.
- 2019/06/30 Accumulated depreciation for infrastructure assets due to donation previously not recognised -R1 304 908.
- 2019/06/30 Increase in other assets due to reclassification of municipal offices R 7 172 784.
- 2019/06/30 Reduction of community assets due to reclassification of municipal offices -R 7 172 784.

Accumulated surplus

- R 13 929 166
- 2019/06/30 Reduction due to Infrastructure assets donation previously not recognised -R14 584 074.
- 2019/06/30 Increase due to accumulated depreciation for infrastructure assets donation previously not recognised R 1 304 908.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

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62. Prior period adjustments and reclassifications (continued)

Economic Entity

Statement of Financial Position 2020

Inventories- stands

R 650 000

- 2020/06/30 An increase in inventory stands due to stands previously incorrectly taken out R650 000.

Property, plant and equipment

R 14 275 018

- 2020/06/30 Increase in community assets due reclassification of assets R7 477 039.
- 2020/06/30 Decrease infrastructure assets due reclassification of assets -R7 477 039.
- 2020/06/30 Increase in other assets due to reclassification of assets R11 280 176.
- 2020/06/30 Reduction of infrastructure assets due reclassification of assets -R11 280 176.
- 2020/06/30 Increase in infrastructure assets cost due to Mbambamencisi road capitalised without outstanding payment R118 106.
- 2020/06/30 Increase in infrastructure assets accumulated depreciation due to Mbambamencisi road capitalised without outstanding payment -R3 784.
- 2020/06/30 Increase in infrastructure assets due to donation previously not recognised R14 584 083.
- 2020/06/30 Accumulated depreciation for infrastructure assets due to donation previously not recognised -R1 971 243.
- 2020/06/30 Increase in other assets due to reclassification of municipal offices R 7 002 719.
- 2020/06/30 Reduction of community assets due to reclassification of municipal offices -R 7 002 719.
- 2020/06/30 Increase in trade payables due to project invoice not raised in the correct year - R1 547 856

Receivables from exchange transactions

R (3 135 735)

- 2020/06/30 Decrease in receivables from exchange transactions due to over charges on consumer account, resulting from meter clock-overs -R 3 135 735.

Receivables from non- exchange transactions

R (77 660)

- 2020/06/30 Decrease in receivables from non-exchange transactions due to over charges on property rates -R 77 660.

Payables from exchange transactions- Trade creditors

R (1 702 278)

- 2020/06/30 Increase in trade payables due to outstanding payment for Mbambamecisi not recognised -R118 221
- 2020/06/30 Increase in trade payables due to project invoice not raised in the correct year - R1 547 847
- 2020/06/30 Increase in trade payables from exchange is due to legal fees for GTM vs Itec Finance R36 300

Other financial liabilities - current

R (550 000)

- 2020/06/30 Decrease in other financial liabilities(current) due to the incorrect inclusion of loan repayment not yet received -R 550 000.

Other financial liabilities non-current

R 550 000

- 2020/06/30 Increase in other financial liabilities (non-current) due to the incorrect inclusion of loan not yet received R 550 000.

Controlling Entity

Statement of Financial Position 2020

Inventories- stands

R 650 000

- 2020/06/30 An increase in inventory stands due to stands previously incorrectly taken out R650 000.

Property, plant and equipment

R 14 275 018

- 2020/06/30 Increase in community assets due reclassification of assets R7 477 039.

Greater Tzaneen Municipality

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62. Prior period adjustments and reclassifications (continued)

- 2020/06/30 Decrease infrastructure assets due reclassification of assets -R7 477 039.
- 2020/06/30 Increase in other assets due to reclassification of assets R11 280 176.
- 2020/06/30 Reduction of infrastructure assets due reclassification of assets -R11 280 176.
- 2020/06/30 Increase in infrastructure assets cost due to Mbambamencisi road capitalised without outstanding payment R118 106.
- 2020/06/30 Increase in infrastructure assets accumulated depreciation due to Mbambamencisi road capitalised without outstanding payment -R3 784.
- 2020/06/30 Increase in infrastructure assets due to donation previously not recognised R14 584 083.
- 2020/06/30 Accumulated depreciation for infrastructure assets due to donation previously not recognised -R1 971 243.
- 2020/06/30 Increase in other assets due to reclassification of municipapl offices R 7 002 719.
- 2020/06/30 Reduction of community assers due to reclassification of municipal offices -R 7 002 719.
- 2020/06/30 Increase in Work in progress due to project invoice not raised in the correct year R 1 547 856

Receivables from exchange transactions

R (3 135 734)

- 2020/06/30 Decrease in receivables from exchange transactions due to over charges on consumer account, resulting from meter clock-overs -R 3 135 734.

Receivables from non-exchange transactions

R (77 662)

- 2020/06/30 Decrease in receivables from non-exchange transactions due to over charges on property rates -R 77 662.

Payables from exchange transactions- Trade creditors

R (1 702 278)

- 2020/06/30 Increase in trade payables due to outstanding payment for Mbambamecisi not recognised -R118 221.
- 2020/06/30 Increase in trade payables due to project invoice not raised in the correct year - R 1 547 847
- 2020/06/30 The increase in trade payabales from exchange is due to Legal Fees for GTM vs Itec Finance -R36 300

Other financial liabilities - current

R (550 000)

- 2020/06/30 Decrease in other financial liabilities(current) due to the incorrect inclusion of loan repayment not yet received -R 550 000.

Other financial liabilities non-current

R 550 000

- 2020/06/30 Increase in other financial liabilities (non-current) due to the incorrect inclusion of loan not yet received R 550 000.

Greater Tzaneen Municipality

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62. Prior period adjustments and reclassifications (continued)

Economic Entity	Notes	2019 Previously reported	mSCOA reclassification	Adjustment of errors/ Elimination	2019 Restated
Statement of Financial Position					
Assets					
Current Assets					
Inventory		18 162 335	-	650 000	18 812 335
Operating lease asset		69 491	-	-	69 491
Receivables from exchange transaction		274 105 423	82 703 229	-	356 808 652
Receivables from non-exchange transactions		56 822 165	-	-	56 822 165
Consumer debtors		82 703 229	(82 703 229)	-	-
Cash and cash equivalents		42 450 241	-	-	42 450 241
Non - Current Assets					
Investment properties		181 746 803	-	-	181 746 803
Property, plant and equipment	62.1	1 456 888 942	-	13 279 175	1 470 168 117
Intangible assets		1 154 768	-	-	1 154 768
Heritage asset		195 000	-	-	195 000
Other Financial assets		31 525 083	-	-	31 525 083
Liabilities					
Current Liabilities					
Other financial liabilities		(22 810 651)	-	-	(22 810 651)
Finance lease obligation		(2 978 540)	-	-	(2 978 540)
Payables from exchange transactions	62.2	(228 029 831)	-	1	(228 029 830)
VAT Payable		(43 152 395)	-	-	(43 152 395)
Consumer debtors		(27 068 007)	-	-	(27 068 007)
Retirement benefit obligation		(4 285 580)	-	-	(4 285 580)
Unspent conditional grants and receipts		(5 083 273)	-	-	(5 083 273)
Provisions		(948 670)	-	-	(948 670)
Non-Current Liabilities					
Other financial liabilities		(110 645 166)	-	-	(110 645 166)
Finance lease obligation		(3 551 484)	-	-	(3 551 484)
Retirement benefit obligation		(77 189 098)	-	-	(77 189 098)
Provisions		(5 089 171)	-	-	(5 089 171)
Accumulated surplus		1 614 991 614	-	13 929 176	1 628 920 790

Greater Tzaneen Municipality

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62. Prior period adjustments and reclassifications (continued)

Controlling Entity	Notes	2019 Previously reported	mSCOA reclassification	Adjustment of errors	2019 Restated
Statement of Financial Position					
Assets					
Current Assets					
Inventory		18 162 335	-	650 000	18 812 335
Operating lease asset		69 491	-	-	69 491
Receivables from exchange transaction		274 098 948	82 703 229	-	356 802 177
Receivables from non-exchange transactions		56 102 165	-	-	56 102 165
Consumer debtors		82 703 229	(82 703 229)	-	-
Cash and cash equivalents		42 033 011	-	-	42 033 011
Non - Current Assets					
Investment properties		181 746 803	-	-	181 746 803
Property, plant and equipment	62.3	1 456 773 250	-	13 279 175	1 470 052 425
Intangible assets		1 135 137	-	-	1 135 137
Heritage asset		195 000	-	-	195 000
Other Financial assets		31 525 083	-	-	31 525 083
Liabilities					
Current Liabilities					
Other financial liabilities		(22 810 651)	-	-	(22 810 651)
Finance lease obligation		(2 978 540)	-	-	(2 978 540)
Payables from exchange transactions	62.4	(227 339 327)	-	(9)	(227 339 336)
VAT Payable		(39 744 095)	-	-	(39 744 095)
Consumer debtors		(27 068 007)	-	-	(27 068 007)
Retirement benefit obligation		(4 285 580)	-	-	(4 285 580)
Unspent conditional grants and receipts		(5 083 273)	-	-	(5 083 273)
Provisions		(948 670)	-	-	(948 670)
Non-Current Liabilities					
Other financial liabilities		(110 645 166)	-	-	(110 645 166)
Finance lease obligation		(3 551 484)	-	-	(3 551 484)
Retirement benefit obligation		(77 189 098)	-	-	(77 189 098)
Provisions		(5 089 171)	-	-	(5 089 171)
Accumulated surplus		1 617 811 390	-	13 929 166	1 631 740 556

Greater Tzaneen Municipality

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62. Prior period adjustments and reclassifications (continued)

Economic Entity	2020 Previously reported	Reclassification due to mSCOA	Adjustment of errors/ Elimination	2020 Restated
Statement of Financial Position				
Assets				
Current Assets				
Inventories	22 331 781	1	650 000	22 981 782
Operating lease asset	50 769	-	-	50 769
Receivables from exchange transactions	315 753 275	147 312 047	(3 135 735)	459 929 587
Receivables from non-exchange transactions	123 662 799	-	(77 660)	123 585 139
Consumer debtors	147 312 047	(147 312 047)	-	-
Cash and cash equivalents	70 319 781	1	-	70 319 782
Non-Current Assets				
Investment property	181 586 803	-	-	181 586 803
Property, plant and equipment	1 486 930 236	(13)	14 275 018	1 501 205 241
Intangible assets	761 297	1	-	761 298
Heritage assets	200 958	-	-	200 958
Other financial assets	21 113 399	-	(1)	21 113 398
Liabilities				
Current Liabilities				
Other financial liabilities	(9 851 649)	2	550 000	(9 301 647)
Finance lease obligation	(3 886 967)	-	-	(3 886 967)
Payables from exchange transactions	(238 999 588)	10	(1 702 278)	(240 701 856)
VAT Payable	(46 508 796)	(10)	-	(46 508 806)
Consumer deposits	(27 397 000)	1	-	(27 396 999)
Retirement benefit obligation	(4 957 000)	-	-	(4 957 000)
Unspent conditional grants and receipts	(5 455 827)	1	-	(5 455 826)
Provisions	(970 477)	1	-	(970 476)
Non-Current Liabilities				
Other financial liabilities	(123 441 226)	4	(550 000)	(123 991 222)
Finance lease obligation	(3 925 236)	1	-	(3 925 235)
Retirement benefit obligation	(71 171 000)	-	-	(71 171 000)
Provisions	(5 598 088)	-	(1)	(5 598 089)
Accumulated surplus	1 827 860 291	-	10 009 343	1 837 869 634

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62. Prior period adjustments and reclassifications (continued)

Controlling Entity				
Statement of Financial Position	2020 Previously reported	Reclassification due to mSCOA	Adjustment of errors	2020 Restated
Assets				
Current Assets				
Inventories	22 331 781	-	650 000	22 981 781
Operating lease asset	50 769	-	-	50 769
Receivables from exchange transactions	315 744 851	147 312 047	(3 135 734)	459 921 164
Receivables from non-exchange transactions	123 513 579	-	(77 662)	123 435 917
Consumer debtors	147 312 047	(147 312 047)	-	-
Cash and cash equivalents	70 215 767	-	-	70 215 767
Non-Current Assets				
Investment property	181 586 803	-	-	181 586 803
Property, plant and equipment	1 486 773 373	-	14 275 018	1 501 048 391
Intangible assets	744 470	-	-	744 470
Heritage assets	200 958	-	-	200 958
Other financial assets	21 113 399	-	-	21 113 399
Liabilities				
Current Liabilities				
Other financial liabilities	(9 851 649)	-	550 000	(9 301 649)
Finance lease obligation	(3 886 967)	-	-	(3 886 967)
Payables from exchange transactions	(238 529 396)	(1)	(1 702 278)	(240 231 675)
VAT Payable	(43 987 929)	-	-	(43 987 929)
Consumer deposits	(27 397 000)	-	-	(27 397 000)
Retirement benefit obligation	(4 957 000)	-	-	(4 957 000)
Unspent conditional grants and receipts	(5 455 827)	-	-	(5 455 827)
Provisions	(970 477)	-	-	(970 477)
Non-Current Liabilities				
Other financial liabilities	(123 441 226)	-	(550 000)	(123 991 226)
Finance lease obligation	(3 925 236)	-	-	(3 925 236)
Retirement benefit obligation	(71 171 000)	-	-	(71 171 000)
Provisions	(5 598 088)	-	-	(5 598 088)
Accumulated surplus	1 830 416 002	(1)	10 009 344	1 840 425 345

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62. Prior period adjustments and reclassifications (continued)

Prior period mSCOA reclassifications

Receivables from exchange transactions

Due to the implementation of mSCOA the comparative figures of "consumer debtors" had to be reclassified to "receivables from exchange transactions" to conform to changes in presentation in the current year.

The following figures had to be reclassified:

-R 147 312 047 Receivables from exchange transactions
 • 2020/06/30 Reclassification of consumer debtors to receivables from exchange transactions -R 147 312 047.

The effect of the corrections are as follows:
 (Increase)/Decrease in consumer debtors
 (Increase)/Decrease in receivables from exchange transactions

R 147 312 047
(R 147 312 047)
 R 0

Reconciliation of receivables from exchange transactions

	2020 Previously reported	Adjustment	2020 Restated
Receivables from exchange transactions (note 8)	349 792 695	321 174 221	670 966 916
Provision for impairment of receivables (note 8)	(34 047 844)	(173 862 170)	(207 910 014)
Receivables from exchange transactions (SFP)	315 744 851	147 312 051	463 056 902

Detail: Provision for impairment of trade and other debtors

	2020 Previously reported	Adjustment	2020 Restated
Opening balance	33 200 687	-	33 200 687
Provision for impairment	1 166 68	994 48	2 161 16
Amounts written off as uncollectable	(1 314 007)	-	(1 314 007)
2019/2020 AFS Disclosure	33 053 362	994 482	34 047 844

The transaction value of provision for impairment of trade and other receivables of R 34 047 844 was previously stated under receivables from exchange transactions, therefore no adjustment to the statement of financial position needs to be done. Refer to note 8

Prior period mSCOA reclassifications

Consumer debtors

Due to the implementation of mSCOA the comparative figures of "consumer debtors" had to be reclassified to "receivables from exchange transactions" to conform to changes in presentation in the current year.

The following figures had to be reclassified:

R 147 312 047 Consumer debtors
 • 2020/06/30 Reclassification of consumer debtors to receivables from exchange transactions R 147 312 047.

The effect of the corrections are as follows:
 (Increase)/Decrease in receivables from exchange transactions
 (Increase)/Decrease in consumer debtors

(R 147 312 047)
R 147 312 047
 R 0

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62. Prior period adjustments and reclassifications (continued)

Prior period correction of errors

Economic Entity

Statement of Financial Performance 2020

Depreciation and amortisation

R (670 220)

- 2020/06/30 Increase in depreciation for Roads infrastructure due to Mbambamencisi road capitalised with incorrect amount R 3 784.
- 2020/06/30 Change in depreciation due to infrastructure assets donation previously not capitalised R 666 336.

Service charges

R (3 135 736)

- 2020/06/30 Decrease in service charges due to over charges on consumer accounts, resulting from meter clock-overs -R 3 135 736.

Property rates

R (77 561)

- 2020/06/30 Decrease in property rates due to over charges on consumer accounts -R 77 661.
- 2020/06/30 Increase in property rates due to incorrect Caseware allocation of allowance for impairment R 100.

General expenses

R 36 300

- 2020/06/30 The increase in general expenses is due to legal fees for GTM vs ITEC Finance R36 300

Controlling Entity

Statement of Financial Performance 2020

Depreciation and amortisation

R (670 119)

- 2020/06/30 Increase in depreciation for Roads infrastructure due to Mbambamencisi road capitalised with incorrect amount R 3 783.
- 2020/06/30 Change in depreciation due to infrastructure assets donation previously not capitalised R 666 336.

Service charges

R (3 135 736)

- 2020/06/30 Decrease in service charges due to over charges on consumer accounts, resulting from meter clock-overs -R 3 135 736.

Property rates

R (77 561)

- 2020/06/30 Decrease in property rates due to over charges on consumer accounts -R 77 662.
- 2020/06/30 Increase in property rates due to incorrect Caseware allocation of allowance for impairment R 100.

General expenses

R 36 300

- 2020/06/30 The increase in general expenses is due to legal fees for GTM vs ITEC Finance R36 300

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62. Prior period adjustments and reclassifications (continued)

Economic Entity	2019 Previously reported	Adjustment of errors/ Elimination	2019 Restated
Statement of Financial Performance			
Revenue			
Revenue from exchange transactions			
Service charges	486 306 412	154 709	486 461 121
Rental of facilities and equipment	2 132 696	-	2 132 696
Interest received (trading)	17 826 053	-	17 826 053
Agency services	9 254 074	1	9 254 075
Licenses and permits	1 020 674	-	1 020 674
Other income	13 193 096	1 244 637	14 437 733
Interest received - investment	9 639 044	-	9 639 044
Taxation revenue			
Property rates	109 160 412	-	109 160 412
Property rates - penalties imposed	10 022 809	-	10 022 809
Transfer revenue			
Government grants & subsidies	445 447 230	(1 744 683)	443 702 547
Public contributions and donations	110 987	-	110 987
Fines	32 289 979	-	32 289 979
Discretionary grant received - SETA	2 681 114	-	2 681 114
Administration and project management costs	217 388	-	217 388
Expenditure			
Employee related cost	(298 177 530)	1	(298 177 529)
Remuneration of councillors	(27 050 526)	(1)	(27 050 527)
Depreciation and amortisation	(128 311 010)	(4 399 272)	(132 710 282)
Impairment of assets	(4 399 272)	4 399 272	-
Finance costs	(11 973 761)	-	(11 973 761)
Debt impairment	(123 718 682)	8 164 875	(115 553 807)
Collection costs	(600 321)	600 321	-
Repairs and maintenance	(40 364 406)	40 364 406	-
Bulk purchases	(348 443 870)	-	(348 443 870)
Contracted services	(50 076 239)	(278 379)	(50 354 618)
Transfer and subsidies	(50 297 362)	(6 834 783)	(57 132 145)
General expenses	(112 661 836)	(44 534 930)	(157 196 766)
Loss on disposal/write off of property, plant and equipment	(2 226 518)	-	(2 226 518)
Inventory consumed	-	(67 712)	(67 712)
Lease rentals on operating lease	(509 839)	-	(509 839)
Project costs	(2 931 540)	2 931 540	-
Surplus/(loss) for the year	(62 440 744)	2	(62 440 742)

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Economic Entity	2020 Previously reported	Reclassification due to mSCOA	Adjustment of errors/ Elimination	2020 Restated
62. Prior period adjustments and reclassifications (continued)				
Statement of Financial Performance				
Revenue				
Revenue from exchange transactions				
Service charges	557 909 399	(1 574 041)	(3 135 736)	553 199 622
Rental of facilities and equipment	1 152 233	-	-	1 152 233
Interest received (trading)	19 234 067	8 708 565	-	27 942 632
Agency services	9 118 576	-	-	9 118 576
Licenses and permits	1 231 992	-	-	1 231 992
Debt impairment reversal	51 053 506	(51 053 506)	-	-
Other income	12 010 086	52 627 544	-	64 637 530
Interest revenue	8 708 565	(8 708 565)	-	-
Taxation revenue				
Property rates	114 746 520	-	(77 561)	114 668 959
Property rates - penalties imposed	10 883 012	(10 883 012)	-	-
Transfer revenue				
Government grants & subsidies	512 408 907	-	-	512 408 907
Discretionary grant received from Service SETA	903 261	-	-	903 261
Administration and project management costs from Service SETA	73 237	-	-	73 237
Grant received - LG SETA	68 640	-	-	68 640
Public contributions and donations	80 000	-	-	80 000
Fines	26 199 830	10 883 012	-	37 082 842
Expenditure				
Employee related cost	(318 868 367)	3 541 773	-	(315 326 594)
Remuneration of councillors	(27 473 583)	134 027	-	(27 339 556)
Depreciation and amortisation	(98 444 132)	-	(670 120)	(99 114 252)
Impairment of assets	(9 236 673)	-	-	(9 236 673)
Finance costs	(14 906 807)	-	(2)	(14 906 809)
Debt impairment	(22 971 747)	-	-	(22 971 747)
Collection costs	(2 264 131)	2 264 131	-	-
Repairs and maintenance	(24 046 360)	24 046 360	-	-
Bulk purchases	(389 694 217)	-	-	(389 694 217)
Contracted services	(58 738 517)	(26 310 489)	-	(85 049 006)
Transfer and subsidies	(34 772 798)	-	-	(34 772 798)
General expenses	(105 637 323)	8 095 034	(36 300)	(97 578 589)
Inventory consumed	-	(13 363 522)	-	(13 363 522)
Loss on disposal/write off of property, plant and equipment	-	-	(3 608 167)	(3 608 167)
Fair value adjustments	-	-	(50 000)	(50 000)
Lease rentals on operating lease	(607 657)	-	-	(607 657)
Project costs	(1 592 691)	1 592 691	-	-
Surplus/(loss) for the year	216 526 828	2	(7 577 886)	208 948 844

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62. Prior period adjustments and reclassifications (continued)

Controlling Entity	2020 Previously reported	Reclassification due to mSCOA	Adjustment of errors	2020 Restated
Statement of Financial Performance				
Revenue				
Revenue from exchange transactions				
Service charges	557 909 399	(1 574 041)	(3 135 736)	553 199 622
Rental of facilities and equipment	1 152 233	-	-	1 152 233
Interest received (trading)	19 234 067	(19 234 067)	-	-
Agency services	9 118 576	-	-	9 118 576
Licenses and permits	1 231 992	-	-	1 231 992
Debt impairment reversal	51 053 506	(51 053 506)	-	-
Other income	12 010 084	52 627 546	-	64 637 630
Interest revenue	8 677 865	19 234 067	-	27 911 932
Taxation revenue				
Property rates	114 746 520	-	(77 561)	114 668 959
Property rates - penalties imposed	10 883 012	(10 883 012)	-	-
Transfer revenue				
Government grants & subsidies	512 408 907	-	-	512 408 907
Public contributions and donations	80 000	-	-	80 000
Fines	26 199 830	10 883 012	-	37 082 842
Expenditure				
Employee related cost	(314 656 367)	3 541 771	-	(311 114 596)
Remuneration of councillors	(26 976 534)	134 028	-	(26 842 506)
Depreciation and amortisation	(98 378 043)	-	(670 119)	(99 048 162)
Impairment of assets	(9 236 673)	-	-	(9 236 673)
Finance costs	(14 906 809)	-	-	(14 906 809)
Debt impairment	(22 971 747)	-	-	(22 971 747)
Collection costs	(1 803 369)	1 803 369	-	-
Repairs and maintenance	(24 046 360)	24 046 360	-	-
Bulk purchases	(389 694 217)	-	-	(389 694 217)
Contracted services	(58 738 517)	(25 849 727)	-	(84 588 244)
Transfer and subsidies	(42 736 650)	-	-	(42 736 650)
General expenses	(104 297 927)	9 656 836	(36 300)	(94 677 391)
Inventory consumed	-	(13 332 640)	(99)	(13 332 739)
Loss on disposal/write off of property, plant and equipment	(3 608 167)	-	-	(3 608 167)
Fair value adjustments	(50 000)	-	-	(50 000)
Surplus/(loss) for the year	212 604 611	(4)	(3 919 815)	208 684 792

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62. Prior period adjustments and reclassifications (continued)

Prior period mSCOA reclassifications

Revenue

Service charges

Due to the implementation of mSCOA certain comparative figures in "service charges" had to be reclassified to "other income" to conform to changes in presentation in the current year.

The following figures had to be reclassified:

<u>-R 1 574 042</u>	<u>Service charges</u>
• 2020/06/30	Reclassification of library membership from service charges to other income -R 22 986
• 2020/06/30	Reclassification of landing fees from service charges to other income -R 6 738.
• 2020/06/30	Reclassification of cemetery fees from service charges to other income -R 216 572.
• 2020/06/30	Reclassification of indigent charges from service charges to other income -R 1 327 745.

The effect of the corrections are as follows:

(Increase)/Decrease in other income	(R 1 574 042)
(Increase)/Decrease in service charges	<u>R 1 574 042</u>
	<u>R 0</u>

Interest received – trading

Due to the implementation of mSCOA the comparative figure of Interest received – Trading had to be reclassified to interest revenue to conform the changes in presentation in the current year.

The following figure had to be reclassified:

<u>R 8 708 565</u>	<u>Interest received – trading</u>
• 2020/06/30	Reclassification of interest revenue to interest received – trading -R 8 708 565.

The effect of the corrections are as follows:

(Increase)/Decrease in interest revenue	(R 8 708 565)
(Increase)/Decrease in interest received trading	<u>R 8 708 565</u>
	<u>R 0</u>

Debt impairment reversal

Due to the implementation of mSCOA the comparative figure of "debt impairment reversal" had to be reclassified to "other income" to conform the changes in presentation in the current year.

The following figures had to be reclassified:

<u>-R 51 053 506</u>	<u>Debt impairment reversal</u>
• 2020/06/30	Reclassification of debt impairment reversal to other revenue -R 51 053 506.

The effect of the corrections are as follows:

(Increase)/Decrease in other income	(R 51 053 506)
(Increase)/Decrease in debt impairment reversal	<u>R 51 053 506</u>
	<u>R 0</u>

Other income

Due to the implementation of mSCOA the comparative figure of "debt impairment reversal" and certain figures of "service charges" had to be reclassified to "other income" to conform to changes in presentation in the current year.

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62. Prior period adjustments and reclassifications (continued)

The following figures had to be reclassified:

R 52 627 548 Other income

- 2020/06/30 Reclassification of debt impairment reversal to other revenue R51 053 506.
- 2020/06/30 Reclassification of service charges to other income R22 985.
- 2020/06/30 Reclassification of service charges to other income R6 738.
- 2020/06/30 Reclassification of service charges to other income R216 572
- 2020/06/30 Reclassification of service charges to other income R1 327 746.

The effect of the corrections are as follows:

(Increase)/Decrease in debt impairment reversal	R 51 053 506
(Increase)/Decrease in service charges	R 1 574 042
(Increase)/Decrease in other revenue	<u>(R 52 627 548)</u>
	<u>R 0</u>

Interest revenue

Due to the implementation of mSCOA the comparative figures of "interest received" – trading and "property rates – penalties imposed" had to be reclassified to "interest received – investments" to conform to changes in presentation in the current year.

The following figures had to be reclassified:

R 8 708 565 Interest revenue

- 2020/06/30 Reclassification of interest revenue to interest received – trading R 8 708 565.

The effect of the corrections are as follows:

(Increase)/Decrease in interest received trading	R 8 708 565
(Increase)/Decrease in interest revenue	<u>(R 8 708 565)</u>
	<u>R 0</u>

Property Rates – penalties imposed

Due to the implementation of mSCOA the comparative figure of "property rates – penalties imposed" had to be reclassified to "fines, penalties and forfeits" to conform to changes in presentation of the current year.

The following figure had to be reclassified:

-R 10 883 012 Property rates- penalties imposed

- 2020/06/30 Reclassification of property rates – penalties imposed to fines, penalties and forfeits -R 10 883 012.

The effect of the corrections are as follows:

(Increase)/Decrease in property rates- penalties imposed	R 10 883 012
(Increase)/Decrease in fines, penalties and forfeits	<u>(R 10 883 012)</u>
	<u>R 0</u>

Fines, penalties and forfeits

Due to the implementation of mSCOA the comparative figure of "property rates – penalties imposed" had to be reclassified to "fines, penalties and forfeits" to conform to changes in presentation of the current year.

The following figure had to be reclassified:

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62. Prior period adjustments and reclassifications (continued)

R 10 883 012 Fines, penalties and forfeits

- 2020/06/30 Reclassification of property rates – penalties imposed to fines, penalties and forfeits R 10 883 012.

The effect of the corrections are as follows:

(Increase)/Decrease in property rates- penalties imposed

R 10 883 012

(Increase)/Decrease in fines, penalties and forfeits

(R 10 883 012)

R 0

Expenditure

Employee related cost

Due to the implementation of mSCOA certain comparative figures in "Employee Related Costs" had to be reclassified to "General Expenses" to conform to changes in presentation in the current year.

The following had to be reclassified:

-R 3 541 773 Employee related costs

- 2020/06/30 Reclassification of workmen's compensation from "employee related costs" to "general expenses" -R 1 323 881
- 2020/06/30 Reclassification of SETA from "employee related costs" to "general expenses" -R2 217 892.

The effect of the corrections are as follows:

(Increase)/Decrease in general expenses

(R 3 541 773)

(Increase)/Decrease in employee related costs

R 3 541 773

R 0

Remuneration of councillors

Due to the implementation of mSCOA certain comparative figures in the "remuneration of councillors" had to be reclassified to "general expenses" to conform to changes in presentation in the current year.

The following had to be reclassified:

-R 134 027 Remuneration of councillors

- 2020/06/30 Reclassification of SETA in "remuneration of councillors" to "general expenses" -R 134 027.

The effect of the corrections are as follows:

(Increase)/Decrease in general expenses

(R 134 027)

(Increase)/Decrease in remuneration of councillors

R 134 027

R 0

Collection cost

Due to the implementation of mSCOA the "collection cost" allocations had to be reclassified to "contracted services" and "general expenses" to conform to changes in presentation in the current year.

The following had to be reclassified:

-R 2 264 131 Collection Cost

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62. Prior period adjustments and reclassifications (continued)

- 2020/06/30 Reclassified collection cost recovered from "collection cost" to "contracted services"- R 515 029.
- 2020/06/30 Reclassified collection cost legal fees from "collection cost" to "contracted services"- R 1 288 340.
- 2020/06/30 Reclassification of consulting fees from "collection cost" to "contracted services" -R460 762

The effect of the corrections are as follows:
(Increase)/Decrease in Contracted Services
(Increase)/Decrease in Contracted Services
(Increase)/Decrease in Consulting fees
(Increase)/Decrease in Collection Cost

(R 515 029)
(R 1 288 340)
(R460 762)
R 2 264 131
R 0

Repairs and maintenance

Due to the implementation of mSCOA the figures in "repairs and maintenance" had to be reclassified to "contracted services to conform to changes in presentation in the current year.

The following figure had to be reclassified:

- R 24 046 360 Repairs and Maintenance
- 2020/06/30 Reclassification of "repairs and maintenance" to "inventory consumed" -R 24 046 360.

The effect of the corrections are as follows:
(Increase)/Decrease in repairs and maintenance
(Increase)/Decrease in contracted services

R 24 046 360
(R 24 046 360)
R 0

Contracted services

Due to the implementation of mSCOA certain comparative figures in "Collection Cost" had to be reclassified to "Contracted Services" to conform to changes in presentation in the current year.

The following figure had to be reclassified:

R 26 310 489 Contracted services

- 2020/06/30 Reclassification of "collection cost" to "contracted services" R 1 803 369.
- 2020/06/30 Reclassification of "repairs and maintenance" items from repairs and maintenance to "contracted services" R 24 046 360.
- 2020/06/30 Reclassification of "consulting fees" to "contracted services" R460 762.

The effect of the corrections are as follows:
(Increase)/Decrease in contracted services
(Increase)/Decrease in collection cost
(Increase)/Decrease in repairs and maintenance
(Increase)/Decrease in contracted services
(Increase)/Decrease in consulting fees
(Increase)/Decrease in contracted services

(R 1 803 369)
R 1 803 369
R 24 046 360
(R 24 046 360)
(R460 762)
R460 762
R 0

General expenses

Due to the implementation of mSCOA certain comparative figures of "employee related cost, remuneration of councillors" and "collection cost" had to be reclassified to "general expenses". Certain comparative figures of "general expenses" had to be reclassified to "inventory consumed". These reclassifications had to be done to conform to changes in presentation in the current year.

The following had to be reclassified:

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62. Prior period adjustments and reclassifications (continued)

-R 8 095 034	General expenses
• 2020/06/30	Reclassification of workmen's compensation in from "employee related cost" to "general expenses" R 1 323 880.
• 2020/06/30	Reclassification of SETA from "employee related cost" to "general expenses" R 2 217 892.
• 2020/06/30	Reclassification of consumables from "general expenses" to "inventory consumed"-R 11 531 496.
• 2020/06/30	Reclassification of housing stock from "general expenses" to "inventory consumed" -R 936 907.
• 2020/06/30	Reclassification of material and supplies from "general expenses" to "inventory consumed" -R 850 218
• 2020/06/30	Reclassification of remuneration of councillors to "general expenses" R134 028.
• 2020/06/30	Reclassification of "printing and stationary and consumables" to "inventory consumed" -R 44 800
• 2020/06/30	Reclassification of "project costs" to "general expenses" R1 592 691.

The effect of the corrections are as follows:

(Increase)/Decrease in employee related cost	R 3 541 772
(Increase)/Decrease in inventory consumed	(R 13 363 522)
(Increase)/Decrease in remuneration of councillors	R 134 028
(Increase)/Decrease in general expenses	R8 095 034
(Increase)/Decrease in project costs	R 1 592 691
	<u>R 0</u>

Inventory consumed

Due to the implementation of mSCOA the comparative figure of "repairs and maintenance" as it was disclosed previously and certain figures of "general expenses" had to be reclassified to "inventory consumed" to conform the changes in presentation in the current year.

The following figures had to be reclassified:

R 13 363 522	Inventory Consumed
• 2020/06/30	Reclassification of "consumables" from "general expenses" to "inventory consumed" R 11 531 496.
• 2020/06/30	Reclassification of "housing stock" from "general expenses" to "Inventory consumed" R 936 907.
• 2020/06/30	Reclassification of "material and supplies" from "general expenses" to "inventory consumed" R 850 218.
• 2020/06/30	Reclassification of "printing and stationary and consumables" to "inventory consumed" R 44 800.

The effect of the corrections are as follows:

(Increase)/Decrease in general expenses	R 13 363 522
(Increase)/Decrease in inventory consumed	(R 13 363 522)
	<u>R 0</u>

R 1 592 691	Project costs
• 2020/06/30	Reclassification of "project cost item" to "general expenses" -R1 592 691.

The effect of the corrections are as follows:

(Increase)/Decrease in general expenses	(R 1 592 691)
(Increase)/Decrease in inventory consumed	R1 592 691
	<u>R 0</u>

Cash Flow Statement

Controlling Entity

Cash flows from operating activities

Receipts

	2020 Previously reported	Adjustment of errors/reclassification due to mSCOA	2020 Restated
Taxation revenue			
Grants	125 629 532	(10 960 573)	114 668 959
Interest income	471 649 877	77 661	471 727 538
Sale of goods and services	8 677 865	30 117 079	38 794 944
Payments	545 455 136	(19 234 174)	526 220 962
Employee costs	(346 979 579)	3 675 799	(343 303 780)

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand

62. Prior period adjustments and reclassifications (continued)			
Suppliers	(632 145 890)	(3 557 690)	(635 703 580)
Finance cost	(13 571 398)	-	(13 571 398)
Transfer of property, plant and equipment	34 036 003	-	34 036 003
Cash flows from investing activities			
Purchase of property, plant and equipment	(174 556 001)	(118 098)	(174 674 099)
Proceeds from sale of property, plant and equipment	-	(109 999)	(109 999)
Sale of investment property	-	110 000	110 000
Purchase of other intangible assets	(202 341)	-	(202 341)
Purchase of heritage assets	(5 958)	-	(5 958)
Movement of financial assets	10 411 684	3	10 411 687
Cash flow from financing activities			
Repayment of other financial liabilities	(162 942)	(6)	(162 948)
Finance lease payments	(53 232)	(2)	(53 234)
Net increase / (decrease) in cash and cash equivalents	28 182 756	-	28 182 756

Commitments	2020 previously stated	Adjustment of errors	2020 restated
Authorised expenditure			
Already contracted but not provided for			
Property plant and equipment	108 504 226	(7 254 304)	101 249 922
Other financial assets	57 262 503	15 296 877	72 559 380
Operating expenditure - GTEDA	483 215	-	483 215
Total commitments: Already contracted but not provided for	166 249 944	8 042 573	174 292 517
The expenditure will be financed by			
	2020 previously stated	Adjustment of errors	2020 Restated
Internal advances	57 447 417	15 595 178	73 042 595
MIG grants	101 249 922	-	101 249 922
DBSA loan	7 552 605	(7 552 605)	-
	166 249 944	8 042 573	174 292 517
Contingencies			
	2020 previously reported	Adjustment of errors	2020 Restated
Contingent liabilities	(85 185 240)	(163 784)	(85 349 024)
Contingent assets	4 043 840	276 088	4 319 928
	(81 141 400)	112 304	(81 029 096)

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand

63. Municipality acting as an agent

Agency fees received				
Mopani District Municipality	1 566 631	1 277 994	1 566 631	1 277 994
Department of Transport	9 196 733	7 840 582	9 196 733	7 840 582
	<u>10 763 364</u>	<u>9 118 576</u>	<u>10 763 364</u>	<u>9 118 576</u>
Receivables				
Mopani District Municipality	304 247 804	284 610 263	304 247 804	284 610 263
Department of Transport	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payables				
Mopani District Municipality	-	-	-	-
Department of Transport	4 721 561	-	4 721 561	-
	<u>4 721 561</u>	<u>-</u>	<u>4 721 561</u>	<u>-</u>

Mopani District Municipality

Greater Tzaneen Municipality the water and sewer service provider is responsible for the management of the water and sewer service system in accordance with the business plan and approved budget so that it is operational and efficient, which includes but not limited to leakage control and repairs automation and replacement of certain parts, equipment's and machinery.

The Municipality the WSP is providing water service to the consumers within the water service area in accordance with the Cooperative Governance Agreement entered into between the WSP and WSA on 1 July 2016.

Department of Transport

Greater Tzaneen Municipality shall be obligated to perform motor vehicle and licensing functions and shall be responsible for, in terms of applicable national and provincial road traffic legislation, and the agreement between the Municipality and the Department of Transport.

The agreement shall commence on the 1st day of April 2018 and shall be in force and valid for a period of three years.

64. Events after the reporting date

The Accounting Officer, Mr BS Matlala resigned with effect from 20 August 2021 and on 24 August 2021 Council appointed Mr HA Nkuna as Acting Municipal Manager.

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand	Economic Entity		Controlling entity	
	2021	2020	2021	2020

65. Comparative figures

Certain comparative figures have been reclassified.

All Municipalities are required to comply with mSCOA as from the 1st July 2017. The Municipality have implemented the mSCOA and comparative figures have been reclassified and restated to conform to changes in presentation in the current year.

The effects of the reclassification are indicated in Note 62.

66. Administration and project management fee from SETA

Admin and project management fee - SETA	-	73 237	-	-
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In terms of paragraph 8 of the SETA Offer To Contract of the Grant Regulations and the Services SETA's Discretionary Grant Policy a maximum of 7.5% of the amount of grant funding may be used/allocated towards administration and project management costs ("administration costs").

67. Taxation

GTEDA is exempt from income tax in terms of Section S10(1)(cA)(ii) of the Income Tax Act.

68. Segment information

General information

Identification of segments

The economic entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Segment 1	Trading services
Segment 2	Community and public safety services
Segment 3	Economic environmental services

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand

68. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Controlling entity - 2021

	Trading services	Community and public safety service	Environmental services	Total
Revenue				
Revenue from non-exchange transactions	136 431 801	59 404	-	136 491 205
Revenue from exchange transactions	336 317 053	2 431 769	46 968	338 795 790
Total segment revenue	472 748 854	2 491 173	46 968	475 286 995
Entity's revenue				1 397 350 077
Expenditure				
Salaries and wages	146 462 722	42 970 447	13 636 442	203 069 611
Other expenses	134 924 318	8 426 333	10 275 097	153 625 748
Bulk purchases	407 786 362	-	-	407 786 362
Depreciation and amortisation	93 813 830	7 364 517	529 704	101 708 051
Total segment expenditure	782 987 232	58 761 297	24 441 243	866 189 772
Total segmental surplus/(deficit)				(531 160 304)
Assets				
Current assets	612 157 148	9 904 191	-	622 061 339
Non-current assets	1 748 204 447	-	-	1 748 204 447
Total segment assets	2 360 361 595	9 904 191	-	2 370 265 786
Total assets as per Statement of financial Position				2 654 106 697
Liabilities				
Current liabilities	749 147 000	566 195	-	749 713 195
Non-current liabilities	234 618 671	-	-	234 618 671
Total segment liabilities	983 765 671	566 195	-	984 331 866

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand

	Trading services	Community and public safety service	Environmental services	Total
68. Segment information (continued)				
Total liabilities as per Statement of financial Position				584 962 736
Controlling entity - 2020				
Revenue				
Revenue from non-exchange transactions	130 241 173	135 870	72 920	130 449 963
Revenue from exchange transactions	592 396 685	2 110 058	282 786	594 789 529
Total segment revenue	722 637 858	2 245 928	355 706	725 239 492
Entity's revenue				1 321 492 693
Expenditure				
Salaries and wages	131 085 677	43 445 743	13 825 941	188 357 361
Other expenses	123 714 402	5 688 649	9 567 166	138 970 217
Bulk purchases	389 694 217	-	-	389 694 217
Depreciation and amortisation	94 299 368	-	406 700	94 706 068
Total segment expenditure	738 793 664	49 134 392	23 799 807	811 727 863
Total segmental surplus/(deficit)				(86 488 371)
Assets				
Current assets	676 605 398	-	-	676 605 398
Non-current assets	1 704 694 012	-	-	1 704 694 012
Total segment assets	2 381 299 410	-	-	2 381 299 410
Total assets as per Statement of financial Position				2 381 299 410

Greater Tzaneen Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Financial Statements

Figures in Rand

68. Segment information (continued)

Liabilities

Current liabilities

Total liabilities as per Statement of financial Position

337 038 138	204 685 546	-	541 723 684
			540 874 064

GTM
Appendix A

Schedule of external loans as at 30 June 2021

	Balance at 30 June 2020	Received during the period	Redeemed written off during the period	Balance at 30 June 2021
Rand	Rand	Rand	Rand	Rand
Loan Stock				
STANDARD BANK	30 000 000	-	-	30 000 000
	30 000 000			30 000 000
Annuity loans				
DBSA	-	30 000 000	678 412	29 321 588
DBSA	28 476 073	-	1 973 799	26 502 274
ABSA	15 182 352	-	1 871 239	13 311 113
DBSA	39 271 550	-	3 104 895	36 166 655
DBSA	19 620 943	-	1 608 479	18 012 464
DBSA	741 951	-	20 044	721 907
ACCRUED INTEREST	103 292 869	30 000 000	9 256 868	124 036 001
Total external loans				
Loan Stock	30 000 000	-	-	30 000 000
Annuity loans	103 292 869	30 000 000	9 256 868	124 036 001
	133 292 869	30 000 000	9 256 868	154 036 001

Analysis of property, plant and equipment as at 30 June 2021
Cost/Revaluation

	Accumulated depreciation													
	Opening Balance	Additions	Disposals/Write offs	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals/Write offs	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land	117 540 197	-	-	-	-	-	117 540 197	-	-	-	-	-	-	117 540 197
Land	117 540 197	-	-	-	-	-	117 540 197	-	-	-	-	-	-	117 540 197
Infrastructure														
Roads	1 165 112 944	57 259 140	-	-	-	-	1 222 372 084	(720 095 872)	-	-	(41 527 178)	-	(761 623 050)	460 749 034
Storm water	139 119 704	27 833 547	-	-	-	166 953 251	(63 750 651)	-	-	-	(6 059 431)	-	(59 890 082)	107 063 169
Electricity	924 734 572	27 814 511	(892 765)	-	-	851 655 318	(451 791 998)	551 352	-	-	(39 564 501)	(1 826 205)	(492 630 956)	459 025 962
Solid waste	54 055 904	-	-	-	-	54 055 904	(18 983 180)	-	-	-	(1 766 609)	-	(20 759 789)	33 296 115
	2 283 023 124	112 907 198	(892 765)	-	-	2 395 037 557	(1 244 671 301)	551 352	-	-	(88 357 719)	(1 826 209)	(1 334 903 877)	1 060 133 680
Community Assets														
Airports	18 685 376	-	-	-	-	18 685 376	(9 830 695)	-	-	-	(539 088)	-	(10 369 793)	8 315 583
Parks & Gardens	9 278 136	-	-	-	-	9 278 136	(2 211 256)	-	-	-	(33 580)	-	(2 244 836)	7 033 300
Community halls	18 516 951	-	-	-	-	18 516 951	(4 105 237)	-	-	-	(617 232)	-	(4 722 469)	13 794 482
Market stalls	672 019	1 996 866	-	-	-	2 668 885	(303 429)	-	-	-	(108 019)	-	(411 448)	2 257 537
Libraries	7 542 886	-	-	-	-	7 542 886	(1 071 934)	-	-	-	(20 173)	-	(1 092 107)	6 450 781
Museums	1 307 643	-	-	-	-	1 307 643	(289 065)	-	-	-	(3 715)	-	(252 800)	1 014 643
Recreational facilities	126 711 933	9 110 296	-	-	-	126 711 933	(29 384 202)	-	-	-	(5 341 775)	-	(34 725 977)	91 985 956
Taxi ranks	13 598 842	-	-	-	-	13 598 842	(4 074 626)	-	-	-	(930 354)	-	(5 004 962)	17 704 156
Cemeteries	3 324 000	-	-	-	-	3 324 000	-	-	-	-	-	-	-	3 324 000
	199 637 788	11 107 262	-	-	-	210 745 050	(51 270 466)	-	-	-	(7 593 946)	-	(58 864 412)	151 880 638

GTM
Appendix B

Analysis of property, plant and equipment as at 30 June 2021
Accumulated depreciation

	Cost/Revaluation		Accumulated depreciation											
	Opening Balance Rand	Additions Rand	Disposals/Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Construction Work in Progress														
Work in progress	154 780 135	115 006 637	-	(116 662 544)	-	-	153 124 228	-	-	-	-	(1 079 741)	(1 079 741)	152 044 487
	154 780 135	115 006 637	-	(116 662 544)	-	-	153 124 228	-	-	-	-	(1 079 741)	(1 079 741)	152 044 487
Computer equipment	6 046 559	-	(71 624)	-	-	-	5 974 935	(4 924 876)	12 326	-	(519 151)	50 130	(5 381 571)	583 364
Furniture & Office equipment	4 375 480	694 972	(24 221)	-	-	-	5 046 231	(3 181 225)	15 476	-	(335 817)	5 555	(3 486 011)	1 550 220
Machinery and equipment	9 770 532	820 427	(20 160)	-	-	-	10 570 799	(5 669 835)	17 472	-	(1 300 634)	-	(6 962 997)	3 617 802
Transport assets	41 165 838	4 987 064	-	-	-	-	46 132 902	(35 585 843)	-	-	(1 920 174)	-	(37 406 017)	8 726 885
Leased assets	20 181 594	-	(91 622)	-	-	-	20 089 972	(11 981 928)	25 221	-	(3 963 559)	-	(15 940 266)	4 149 706
Other assets														
Land & Buildings	42 983 188	6 490 612	-	-	-	-	49 473 800	(22 617 788)	-	-	(1 259 975)	-	(23 877 763)	25 596 037
Health equipment	170 812	-	-	-	-	-	170 812	(167 146)	-	-	(1 670)	-	(168 816)	1 966
Security measures	1 813 324	350 250	-	-	-	-	2 163 574	(225 048)	-	-	(410 106)	-	(635 153)	1 528 420
Weapons	105 048	-	-	-	-	-	105 048	(96 466)	-	-	(2 852)	-	(99 318)	5 730
Minor assets	857 445	9 198	(3 078)	-	-	-	863 564	(853 901)	3 065	-	(9 186)	-	(860 022)	3 542
	45 929 817	6 850 060	(3 078)	-	-	-	52 776 798	(23 992 625)	6 842	-	(1 666 948)	-	(25 672 731)	27 135 725

**GTM
Appendix B**

Analysis of property, plant and equipment as at 30 June 2021
Cost/Revaluation

	Accumulated depreciation													
	Opening Balance Rand	Additions Rand	Disposals/Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment	117 540 197	-	-	-	-	-	117 540 197	-	-	-	-	-	-	117 540 197
Land	2 283 023 124	112 907 198	(882 765)	-	-	-	2 395 037 557	(1 244 671 301)	551 352	-	(88 957 719)	(1 826 209)	1 334 903 877	1 060 133 680
Infrastructure	199 637 788	11 107 262	-	-	-	-	210 745 050	(51 270 466)	-	-	(7 593 946)	-	(58 864 412)	151 880 538
Community Assets	154 780 135	115 006 637	-	(116 662 544)	-	-	153 124 228	-	-	-	-	(1 079 741)	(1 079 741)	152 044 487
Construction Work in Progress	6 046 559	-	(71 624)	-	-	-	5 974 935	(4 924 876)	12 326	-	(519 151)	50 130	(5 381 571)	593 364
Computer equipment	4 375 480	684 972	(24 221)	-	-	-	5 046 231	(3 181 225)	15 476	-	(335 817)	(54)	(3 501 620)	1 550 220
Furniture and office equipment	9 770 552	820 427	(20 160)	-	-	-	10 570 799	(5 669 635)	17 472	-	(1 300 634)	-	(16 962 987)	3 617 802
Machinery and plant	41 165 658	4 967 064	-	-	-	-	46 132 902	(35 586 843)	25 221	-	(1 820 174)	-	(37 406 017)	8 726 885
Transport assets	20 181 594	-	(91 622)	-	-	-	20 089 972	(11 981 928)	6 842	-	(3 983 559)	-	(16 940 266)	4 148 706
Leased assets	45 929 817	6 850 080	(3 079)	-	-	-	52 776 798	(23 992 625)	-	-	(1 686 946)	-	(26 672 731)	27 135 725
Other assets	2 882 451 064	252 353 620	(1 103 471)	(116 662 544)	-	-	3 017 038 669	(1 381 278 099)	628 689	-	(106 197 946)	(2 655 874)	1 489 703 232	1 527 372 704
Intangible assets	4 056 120	-	-	-	-	-	4 056 120	(3 294 822)	-	-	(269 998)	-	(3 564 820)	471 300
Computer- software	4 056 120	-	-	-	-	-	4 056 120	(3 294 822)	-	-	(269 998)	-	(3 564 820)	471 300
Investment properties	181 586 803	-	-	-	-	-	181 586 803	-	-	-	-	-	-	181 586 803
Investment property	181 586 803	-	-	-	-	-	181 586 803	-	-	-	-	-	-	181 586 803
Heritage assets	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
Mayors chain & council gowns	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
Total	117 540 197	-	-	-	-	-	117 540 197	-	551 352	-	-	-	-	117 540 197
Infrastructure	2 283 023 124	112 907 198	(882 765)	(892 766)	-	-	2 395 037 557	(1 244 671 301)	551 352	-	(88 957 719)	(1 826 209)	1 334 903 877	1 060 133 680
Community Assets	199 637 788	11 107 262	-	-	-	-	227 602 674	(51 270 466)	-	-	(7 593 946)	-	(58 864 412)	156 713 945
Construction Work in Progress	154 780 135	115 006 637	-	(116 662 544)	-	-	153 124 224	-	-	-	-	(1 079 741)	(1 079 741)	152 044 483
Computer equipment	6 046 559	-	(71 624)	-	-	-	6 152 045	(4 924 876)	12 326	-	(519 151)	5 555	(5 381 571)	593 364
Furniture and office equipment	4 375 480	684 972	(24 221)	(71 624)	-	-	5 046 231	(3 181 225)	15 476	-	(335 817)	-	(3 501 620)	1 550 220
Machinery and plant	9 770 552	820 427	(20 160)	(24 221)	-	-	10 570 799	(5 669 635)	17 472	-	(1 300 634)	-	(16 962 987)	3 617 802
Transport assets	41 165 658	4 967 064	-	(20 160)	-	-	46 132 902	(35 586 843)	25 221	-	(1 820 174)	-	(37 406 017)	8 726 885
Leased assets	20 181 594	-	(91 622)	(91 622)	-	-	20 089 972	(11 981 928)	3 065	-	(3 983 559)	-	(15 940 266)	4 148 706
Other assets	45 929 817	6 850 080	(3 079)	(3 079)	-	-	35 913 176	(23 992 625)	-	-	(1 686 946)	-	(25 672 731)	20 302 449
Intangible assets	4 056 120	-	-	-	-	-	4 056 120	(3 294 822)	-	-	(269 998)	-	(3 564 820)	471 300
Heritage assets	181 586 803	-	-	-	-	-	181 586 803	-	-	-	-	-	-	181 586 803
Investment property	181 586 803	-	-	-	-	-	181 586 803	-	-	-	-	-	-	181 586 803
Total	3 068 294 945	252 353 620	-	(1 103 471)	(116 662 544)	-	3 203 059 668	(1 384 572 921)	624 912	-	(106 487 946)	(2 900 395)	1 483 282 443	1 709 631 795

Analysis of property, plant and equipment as at 30 June 2020
Accumulated depreciation
Cost/Revaluation

	Opening Balance Rand	Additions Rand	Disposals/Wri te Offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wri te Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	117 540 197	-	-	-	-	-	117 540 197	-	-	-	-	-	-	117 540 197
	117 540 197	-	-	-	-	-	117 540 197	-	-	-	-	-	-	117 540 197
Infrastructure														
Roads	1 162 885 818	7 285 087	(5 057 961)	-	-	-	1 165 112 944	(680 939 733)	3 473 939	-	(35 776 643)	(2 854 434)	(720 096 871)	445 017 072
Storm water	138 614 141	505 563	-	-	-	-	139 119 704	(48 272 500)	-	-	(5 069 681)	(448 470)	(53 790 651)	85 329 053
Electricity	904 891 108	23 247 263	(3 103 800)	-	-	-	924 734 572	(412 991 624)	2 233 654	-	(34 698 859)	(5 933 769)	(451 791 598)	472 942 874
Solid waste	54 055 904	-	-	-	-	-	54 055 904	(17 226 570)	-	-	(1 766 609)	-	(18 993 179)	35 062 725
	2 260 145 972	31 037 913	(8 161 761)	-	-	-	2 283 023 124	(1 158 830 427)	5 707 593	-	(82 312 792)	(9 236 673)	(1 244 672 299)	1 038 351 824
Community Assets														
Airports	18 685 376	-	-	-	-	-	18 685 376	(9 289 530)	-	-	(541 165)	-	(9 830 695)	8 854 681
Parks & Gardens	9 798 136	80 000	-	-	-	-	9 278 136	(2 179 443)	-	-	(31 813)	-	(2 211 256)	7 066 880
Community halls	18 516 951	-	-	-	-	-	18 516 951	(3 488 005)	-	-	(617 232)	-	(4 105 237)	14 411 714
Market stalls	672 019	-	-	-	-	-	672 019	(280 096)	-	-	(23 333)	-	(303 429)	368 590
Libraries	7 542 888	-	-	-	-	-	7 542 888	(1 051 762)	-	-	(20 173)	-	(1 071 935)	6 470 953
Museums	1 307 643	-	-	-	-	-	1 307 643	(285 370)	-	-	(3 715)	-	(289 085)	1 018 558
Recreational facilities	126 711 933	-	-	-	-	-	126 711 933	(24 024 935)	-	-	(5 859 267)	-	(28 384 202)	97 327 731
Taxi Ranks	13 698 842	-	-	-	-	-	13 698 842	(3 417 125)	-	-	(657 503)	-	(4 074 628)	9 524 214
Cemeteries	3 324 000	-	-	-	-	-	3 324 000	-	-	-	-	-	-	3 324 000
	199 557 788	80 000	-	-	-	-	199 637 788	(44 016 266)	-	-	(7 254 201)	-	(51 270 467)	148 367 321

Analysis of property, plant and equipment as at 30 June 2020
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals/Wri to Offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wri to Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Construction Work in Progress														
Work in progress	53 854 891	135 807 336	(846 050)	(34 036 003)	-	-	154 780 134	-	-	-	-	-	-	154 780 134
	53 854 891	135 807 336	(846 050)	(34 036 003)	-	-	154 780 134	-	-	-	-	-	-	154 780 134
Computer Equipment	8 744 331	62 179	(2 759 951)	-	-	-	6 046 559	6 945 635	2 632 571	-	(611 812)	-	(4 924 876)	1 121 683
Furniture & Office Equipment	5 278 119	310 350	(1 212 990)	-	-	-	4 375 480	(4 087 355)	1 205 060	-	(288 831)	-	(3 181 226)	1 194 254
Machinery and Equipment	9 851 794	1 439 964	(1 521 226)	-	-	-	9 770 532	(6 110 029)	1 511 610	-	-	-	(5 669 835)	4 100 697
Transport assets	41 165 964	-	(128)	-	-	-	41 165 838	(33 750 851)	125	-	(1 835 117)	-	(35 595 843)	5 579 995
Leased assets	15 928 414	4 536 740	(283 561)	-	-	-	20 181 593	-	-	-	(3 888 583)	-	(11 981 928)	8 199 665
Other assets														
Buildings	41 862 672	1 281 035	(160 518)	-	-	-	42 983 189	(21 697 940)	120 361	-	(1 040 209)	-	(22 617 788)	20 365 401
Health equipment	253 290	-	(62 477)	-	-	-	170 813	(227 492)	62 477	-	(2 131)	-	(167 146)	3 667
Security measures	52 531	1 782 943	(32 150)	-	-	-	1 813 324	(54 758)	31 861	-	(202 191)	-	(225 048)	1 588 276
Weapons	105 048	-	-	-	-	-	105 048	(93 301)	-	-	(3 194)	-	(96 465)	8 583
Minor assets	1 268 521	7 945	(439 021)	-	-	-	837 445	(1 263 990)	438 010	-	(7 951)	-	(853 901)	3 544
	43 572 062	3 051 923	(694 166)	-	-	-	45 929 819	(23 357 471)	652 709	-	(1 255 586)	-	(23 960 348)	21 969 471

Construction Work in Progress

Work in progress

Computer Equipment

Furniture & Office Equipment

Machinery and Equipment

Transport assets

Leased assets

Other assets

Buildings

Health equipment

Security measures

Weapons

Minor assets

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Appendix B

Analysis of property, plant and equipment as at 30 June 2020
Accumulated depreciation

	Opening Balance		Additions		Disposals/Wr to Offs		Transfers		Revaluations		Other changes, movements		Closing Balance		Opening Balance		Disposals/Wr to Offs		Transfers		Depreciation		Impairment loss		Closing Balance		Carrying value	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total property plant and equipment	117 540 197	2 260 146 972	31 037 513	-	(8 161 761)	-	-	-	-	117 540 197	2 283 023 124	-	-	1 158 830 428	5 708 593	-	-	-	-	-	-	(62 312 793)	(9 236 673)	-	-	(1 244 671 301)	1 038 351 823	117 540 197
Land and buildings	199 557 788	80 000	-	-	(646 090)	-	-	-	-	216 495 412	(53 703 921)	-	-	2 442	-	-	-	-	-	-	-	(7 254 201)	-	-	(61 125 371)	148 367 321	199 557 788	
Infrastructure	53 854 891	135 807 336	62 179	-	(2 759 861)	(34 036 003)	-	-	153 232 279	(6 945 635)	-	-	-	2 632 571	-	-	-	-	-	-	(611 812)	-	-	-	(4 924 876)	154 760 134	53 854 891	
Community Assets	8 744 331	310 350	310 350	-	(1 212 990)	-	-	-	6 046 599	(6 945 635)	-	-	-	4 375 480	1 205 060	-	-	-	-	-	(288 951)	-	-	-	(3 181 226)	1 121 683	8 744 331	
Construction Work in Progress	5 278 119	1 439 964	1 439 964	-	(1 521 226)	-	-	-	9 770 532	(6 110 029)	-	-	-	1 511 610	-	-	-	-	-	-	(1 071 416)	-	-	-	(5 669 835)	4 100 697	5 278 119	
Computer Equipment	41 165 964	4 536 740	-	-	(289 561)	-	-	-	41 165 938	(33 750 851)	-	-	-	271 055	-	-	-	-	-	-	(1 835 117)	-	-	-	(35 585 843)	5 579 995	41 165 964	
Furniture and Office Equipment	15 928 414	3 051 923	3 051 923	-	(694 166)	-	-	-	20 181 594	(8 364 381)	-	-	-	652 709	-	-	-	-	-	-	(3 888 593)	-	-	-	(11 981 928)	8 199 665	15 928 414	
Machinery and Plant	43 572 062	176 326 405	176 326 405	-	(15 479 871)	(34 036 003)	-	-	2 880 903 207	(295 160 071)	-	-	-	11 984 145	-	-	-	-	-	-	(98 518 439)	(9 236 673)	-	-	(1 391 100 728)	1 501 205 240	43 572 062	
Leased Assets	2 755 640 532	176 326 405	176 326 405	-	(15 479 871)	(34 036 003)	-	-	2 880 903 207	(295 160 071)	-	-	-	11 984 145	-	-	-	-	-	-	(98 518 439)	(9 236 673)	-	-	(1 391 100 728)	1 501 205 240	2 755 640 532	
Other Assets	3 853 778	202 341	202 341	-	-	-	-	-	4 056 119	(2 689 010)	-	-	-	5 958	-	-	-	-	-	-	(595 612)	-	-	-	(3 294 822)	781 257	3 853 778	
Intangible assets	3 853 778	202 341	202 341	-	-	-	-	-	4 056 119	(2 689 010)	-	-	-	5 958	-	-	-	-	-	-	(595 612)	-	-	-	(3 294 822)	781 257	3 853 778	
Computer- Software	3 853 778	202 341	202 341	-	-	-	-	-	4 056 119	(2 689 010)	-	-	-	5 958	-	-	-	-	-	-	(595 612)	-	-	-	(3 294 822)	781 257	3 853 778	
Heritage assets	195 000	5 958	5 958	-	-	-	-	-	200 958	-	-	-	-	200 958	-	-	-	-	-	-	-	-	-	-	-	200 958	195 000	
Mayors chain & Council gowns	195 000	5 958	5 958	-	-	-	-	-	200 958	-	-	-	-	200 958	-	-	-	-	-	-	-	-	-	-	-	200 958	195 000	
Investment properties	181 746 803	-	-	-	(110 000)	-	-	-	181 586 803	(50 000)	-	-	-	181 586 803	-	-	-	-	-	-	-	-	-	-	-	-	181 586 803	181 746 803
Investment property	181 746 803	-	-	-	(110 000)	-	-	-	181 586 803	(50 000)	-	-	-	181 586 803	-	-	-	-	-	-	-	-	-	-	-	-	181 586 803	181 746 803
Total	117 540 197	2 260 146 972	31 037 513	-	(8 161 761)	-	-	-	117 540 197	2 283 023 124	-	-	-	1 158 830 428	5 708 593	-	-	-	-	-	(62 312 792)	(9 236 673)	-	-	(1 244 671 301)	1 038 351 823	117 540 197	
Land and buildings	199 557 788	80 000	-	-	(646 090)	-	-	-	216 495 412	(53 703 921)	-	-	-	2 442	-	-	-	-	-	-	(7 254 201)	-	-	-	(61 125 371)	148 367 321	199 557 788	
Infrastructure	53 854 891	135 807 336	62 179	-	(2 759 861)	(34 036 003)	-	-	153 232 279	(6 945 635)	-	-	-	2 632 571	-	-	-	-	-	-	(611 812)	-	-	-	(4 924 876)	154 760 134	53 854 891	
Community Assets	8 744 331	310 350	310 350	-	(1 212 990)	-	-	-	6 046 599	(6 945 635)	-	-	-	4 375 480	1 205 060	-	-	-	-	-	(288 951)	-	-	-	(3 181 226)	1 121 683	8 744 331	
Construction Work in Progress	5 278 119	1 439 964	1 439 964	-	(1 521 226)	-	-	-	9 770 532	(6 110 029)	-	-	-	1 511 610	-	-	-	-	-	-	(1 071 416)	-	-	-	(5 669 835)	4 100 697	5 278 119	
Computer Equipment	41 165 964	4 536 740	-	-	(289 561)	-	-	-	41 165 938	(33 750 851)	-	-	-	271 055	-	-	-	-	-	-	(1 835 117)	-	-	-	(35 585 843)	5 579 995	41 165 964	
Furniture and office equipment	15 928 414	3 051 923	3 051 923	-	(694 166)	-	-	-	20 181 594	(8 364 381)	-	-	-	652 709	-	-	-	-	-	-	(3 888 593)	-	-	-	(11 981 928)	8 199 665	15 928 414	
Machinery and plant	43 572 062	176 326 405	176 326 405	-	(15 479 871)	(34 036 003)	-	-	2 880 903 207	(295 160 071)	-	-	-	11 984 145	-	-	-	-	-	-	(98 518 439)	(9 236 673)	-	-	(1 391 100 728)	1 501 205 240	43 572 062	
Transport assets	15 928 414	3 051 923	3 051 923	-	(694 166)	-	-	-	20 181 594	(8 364 381)	-	-	-	652 709	-	-	-	-	-	-	(1 255 596)	-	-	-	(23 960 348)	21 969 471	15 928 414	
Leased assets	3 853 778	202 341	202 341	-	-	-	-	-	4 056 119	(2 689 010)	-	-	-	5 958	-	-	-	-	-	-	(595 612)	-	-	-	(3 294 822)	781 257	3 853 778	
Other assets	181 746 803	5 958	5 958	-	(110 000)	-	-	-	181 586 803	(50 000)	-	-	-	200 958	-	-	-	-	-	-	-	-	-	-	-	-	200 958	181 746 803
Intangible property	181 746 803	5 958	5 958	-	(110 000)	-	-	-	181 586 803	(50 000)	-	-	-	200 958	-	-	-	-	-	-	-	-	-	-	-	-	200 958	181 746 803
Investment property	181 746 803	-	-	-	(110 000)	-	-	-	181 586 803	(50 000)	-	-	-	181 586 803	-	-	-	-	-	-	-	-	-	-	-	-	181 586 803	181 746 803
Total	117 540 197	2 260 146 972	31 037 513	-	(8 161 761)	-	-	-	117 540 197	2 283 023 124	-	-	-	1 158 830 428	5 708 593	-	-	-	-	-	(62 312 792)	(9 236 673)	-	-	(1 244 671 301)	1 038 351 823	117 540 197	
Land and buildings	199 557 788	80 000	-	-	(646 090)	-	-	-	216 495 412	(53 703 921)	-	-	-	2 442	-	-	-	-	-	-	(7 254 201)	-	-	-	(61 125 371)	148 367 321	199 557 788	
Infrastructure	53 854 891	135 807 336	62 179	-	(2 759 861)	(34 036 003)	-	-	153 232 279	(6 945 635)	-	-	-	2 632 571	-	-	-	-	-	-	(611 812)	-	-	-	(4 924 876)	154 760 134	53 854 891	
Community Assets	8 744 331	310 350	310 350	-	(1 212 990)	-	-	-	6 046 599	(6 945 635)	-	-	-	4 375 480	1 205 060	-	-	-	-	-	(288 951)	-	-	-	(3 181 226)	1 121 683	8 744 331	
Construction Work in Progress	5 278 119	1 439 964	1 439 964	-	(1 521 226)	-	-	-	9 770 532	(6 110 029)	-	-	-	1 511 610	-	-	-	-	-	-	(1 071 416)	-	-	-	(5 669 835)	4 100 697	5 278 119	
Computer equipment	41 165 964	4 536 740	-	-	(289 561)	-	-	-	41 165 938	(33 750 851)	-	-	-	271 055	-	-	-	-	-	-	(1 835 117)	-	-	-	(35 585 843)	5 579 995	41 165 964	
Furniture and office equipment	15 928 414	3 051 923	3 051 923	-	(694 166)	-	-	-	20 181 594	(8 364 381)	-	-	-	652 709	-	-	-	-	-	-	(3 888 593)	-	-	-	(11 981 928)	8 199 665	15 928 414	
Machinery and plant	43 572 062	176 326 405	176 326 405	-	(15 479 871)	(34 036 003)	-	-	2 880 903 207	(295 160 071)	-	-	-	11 984 145	-	-	-	-	-	-	(98 518 439)	(9 236 673)	-	-	(1 391 100 728)	1 501 205 240	43 572 062	
Transport assets	15 928 414	3 051 923	3 051 923	-	(694 166)	-	-	-	20 181 594	(8 364 381)	-	-	-	652 709	-	-	-	-	-	-	(1 255 596)	-	-	-	(23 960 348)	21 969 471	15 928 414	
Leased assets	3 853 778	202 341	202 341	-	-	-	-	-	4 056 119	(2 689 010)	-	-	-	5 958	-	-	-	-	-	-	(595 612)	-	-	-	(3 294 822)	781 257	3 853 778	
Other assets	181 746 803	5 958	5 958	-	(110 000)	-	-	-	181 586 803	(50 000)	-	-	-	200 958	-	-	-	-	-	-	-	-	-	-	-	-	200 958	181 746 803
Intangible property	181 746 803	5 958	5 958	-	(110 000)	-	-	-	181 586 803	(50 000)	-	-	-	200 958	-	-	-	-	-	-	-	-	-	-	-	-	200 958	181 746 803
Investment property	181 746 803	-	-	-	(110 000)	-	-	-	181 586 803	(50 000)	-	-	-	181 586 803	-	-	-	-	-	-	-	-	-	-	-	-	181 586 803	181 746 803
Total	117 540 197	2 260 146 972	31 037 513	-	(8 161 761)	-	-	-	117 540 197	2 283 023 124	-	-	-	1 158 830 428	5 708 593	-	-	-	-	-	(62 312 792)	(9 236 673)	-	-	(

**Segmental analysis of property, plant and equipment as at 30 June 2021
Cost/Revaluation
Accumulated Depreciation**

	Opening Balance	Additions	Write Offs	Transfers	Revaluations	Other changes, improvements	Closing Balance	Opening Balance	Write Offs	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Municipality														
Municipal Manager	3 211 657	60 712	(20 160)	-	-	-	3 252 209	(2 116 423)	17 472	-	(405 791)	-	(3 504 742)	747 467
Planning and Development/Economic Development/Plan	302 719 933	178 330	(62 054)	-	-	-	302 836 209	(2 520 234)	55 685	-	(457 035)	-	(2 921 644)	289 914 565
Financial Service	4 538 756	113 326	(680)	-	-	-	4 651 402	(3 137 557)	679	-	(647 930)	-	(3 784 808)	866 594
Corporate Service	17 454 757	402 929	(107 029)	-	-	-	17 750 657	(10 185 530)	37 547	-	(2 912 777)	-	(15 060 860)	4 688 787
Engineering Service	1 511 529 072	181 719 978	-	(90 185 502)	-	-	1 603 063 548	(928 882 774)	-	-	(50 286 149)	(975 393)	(878 144 316)	724 919 232
Community Service	240 302 965	10 978 845	(20 818)	-	-	-	251 259 990	(70 894 598)	17 862	-	(9 907 876)	-	(80 774 612)	170 484 368
Electrical Engineering	988 989 981	60 447 450	(892 765)	(26 477 039)	-	-	1 020 067 607	(488 813 309)	551 352	-	(41 865 320)	(1 930 557)	(512 057 834)	508 009 773
	3 066 747 091	253 899 568	(1 103 506)	(116 662 541)	-	-	3 202 880 612	(1 384 540 585)	680 597	-	(106 482 878)	(2 905 950)	(1 493 248 816)	1 709 631 796
Total	3 066 747 091	253 899 568	(1 103 506)	(116 662 541)	-	-	3 202 880 612	(1 384 540 585)	680 597	-	(106 482 878)	(2 905 950)	(1 493 248 816)	1 709 631 796

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Appendix D

Segmental Statement of Financial Performance for the year ended
Prior Year **Current Year**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
298 001	40 898 518	(40 600 517)	Executive & Council/Mayor and Council	-	46 046 055	(46 046 055)
597 070 032	202 195 235	394 874 797	Finance & Admin/Finance	959 955 914	216 892 881	743 063 033
1 431 544	24 803 986	(23 372 442)	Planning and Development/Economic Development/Plan	257 861	23 789 394	(23 531 533)
76 081	10 642 819	(10 566 738)	Health/Clinics	-	18 077 450	(18 077 450)
32 515	9 640 094	(9 607 579)	Comm. & Social/Libraries and archives	10 799	13 173 196	(13 162 397)
1 866 536	14 302 726	(12 436 190)	Housing	1 062 932	15 316 510	(14 253 578)
24 771 945	20 780 085	3 991 860	Public Safety/Police	11 934 810	17 382 455	(5 447 645)
303 310	22 566 204	(22 262 894)	Sport and Recreation	1 301 763	22 811 974	(21 510 211)
38 877 367	85 998 451	(47 121 084)	Waste Water Management/Sewerage	45 101 161	82 528 586	(37 427 425)
91 151 355	130 349 874	(39 198 519)	Road Transport/Roads	123 394 202	139 787 873	(16 393 671)
566 689 845	551 441 695	15 248 150	Electricity /Electricity Distribution	254 541 919	572 027 496	(317 485 577)
1 322 568 531	1 113 619 687	208 948 844		1 397 561 361	1 167 833 870	229 727 491

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Appendix E(1)

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2021

	Current year	Current year	Variance		Explanation of Significant Variances greater than 10% versus Budget
	2021 Act. Bal.	2021 Adjusted budget Rand	Rand	Var	
Revenue					
Property rates	129 625 627	120 000 000		9 625 627	8.0 The increase is due to supplementary valuation and new development.
Service charges	499 551 898	616 159 132	(116 607 234)		(18.9) The lower than expected revenue on service charges is due to lower than anticipated revenue billed for electricity.
Fines, penalties and forfeits	25 063 224	51 001 137	(25 937 913)		(50.9) The disclosure of fines has been done in accordance with GRAP and resulting in total fines issues disclosed whilst the budgeted amount represents only cash received.
LG SETA	148 200	-		148 200	-
Rental of facilities and equipment	222 530	2 328 100	(2 105 570)		(90.4) Most of the facilities were stopped from being rented due to implementation of COVID-19 regulations.
Income from agency services	10 763 364	22 664 291	(11 900 927)		(52.5) The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue.
Licences and permits	210 997	917 000	(706 003)		(77.0) The variance is due to higher than expected revenue from the issuing of licences and permits especially building plans and registration approval, clearance certificates issued and town planning application fees.
Public contributions and donations	13 508 391	-		13 508 391	100.0 The Municipality received a donation of Roads and Electricity Infrastructure at a new Tzaneen Extension 94 from the Property Developer.
Other income	63 289 276	7 702 705	55 586 571		721.7 The higher variance is due to Debt impairment reversal on property rates.
Government grants and subsidies	625 490 756	629 402 000	(3 911 244)		(0.6) The budgeted amount includes the revenue for VAT and administration fees which is regarded as own revenue.
Interest revenue	29 687 098	27 901 000		1 786 098	6.4 The increase is as a result of short-term investment made during the year, annual capitalisation of interest on investment, interest earned on bank account and late payment of debtors account.
	1 397 561 361	1 478 075 365	(80 514 004)	(5.4)	
Expenses					
Employee costs	(356 277 509)	(339 639 118)	(16 638 391)		4.9
Remuneration of councillors	(27 412 736)	(29 034 983)	1 622 247		(5.6) The subsistence & travelling project under Council remuneration underspent due to COVID restriction measures.
Depreciation and amortisation	(106 484 792)	(132 970 807)	26 486 015		(19.9) Depreciation reduced due to the prior year review of useful life.
Inventory consumed	(14 970 826)	(66 180 253)	51 209 427		(77.4) The lower than anticipated spending is due to the under expenditure on Materials and supplies.
Impairment of assets	(2 905 950)	-	(2 905 950)		100.0 Physical damaged of electricity and roads infrastructure.
Finance costs	(19 962 159)	(18 385 324)	(1 576 835)		8.6 An additional loan was taken with DBSA for R30 million to finance Electricity projects
Debt Impairment	(2 587 061)	(70 035 699)	67 448 638		(96.3)
Lease rentals on operating lease	(707 105)	(1 072 060)	364 955		(34.0) Variance is due to the under spending on Copier Rental, as it was affected by the National Lockdown. Employees were working remotely, therefore there was less printing copier & printing activities.
Bulk purchases	(407 786 362)	(407 663 500)	(122 862)		-
Contracted Services	(106 891 920)	(61 194 909)	(45 697 011)		74.7 The lower than anticipated spending is due to the under expenditure on contracted services security.
Transfers and subsidies	(26 016 111)	(31 351 814)	5 335 703		(17.0) The low spendig is due to INEP grant projects underspending.
General Expenses	(95 408 467)	(131 621 155)	36 212 688		(27.5) The lower than anticipated spending is due to the vehicle licencing costs transferred to department of transport. Variance is due to the underspending on general expenses that were affected by the National Lockdown.
	(1 167 410 998)	(1 289 149 622)	121 738 624	(9.4)	

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Appendix E(1)

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2021

	Current year 2021 Act. Bal.	Current year 2021 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Other revenue and costs				
Gain or loss on disposal of assets	(416 540)	-	(416 540)	100.0 Loss on disposal due to stolen assets written off and replaced dilapidated assets.
Loss on scrapping of assets	(6 332)	-	-	-
Net surplus/ (deficit) for the year				
	229 727 491	188 925 743	40 808 080	21.6

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Appendix E(2)

**Budget Analysis of Capital Expenditure as at 30 June
2021**

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Municipality					
Executive & Council/Mayor and Council	60 712	-	(60 712)		- The overspending is due to purchase of Safety Desk Screen for prevention of COVID-19 spread when employees and attending to clients.
Finance & Admin/Finance	516 255	900 000	383 745		43 The overspending is due to the acquisition of IT equipments through finance lease.
Planning and Development/Economic Development/Plan Health	178 329	1 000 000	821 671		82 The underspending is due to delay in council approval for GIS strategy.
Comm. & Social/Libraries and archives	1 043	500 000	498 957		100 The overspending is due to the construction of a wall for grease and oil trays and traps. 100 The delay in appointment of Service provider was mainly due to COVID-19 measures and rescheduling of procurement processes.
Housing	6 490 612	4 109 990	(2 380 622)		(58) The high expenditure is due to procurement of Civic Centre Lift Elevator which was under budgeted.
Sport and Recreation	1 867 418	2 300 000	432 582		19 The low spending on sport and recreation was due to the disruption of procurement processes due to Covid-19.
Road transport	92 606 294	109 435 054	16 828 760		15 The low spending is due to the roads that were contracted on behalf of RAL and are transferred to RAL as grants and subsidies.
Electricity /Electricity Distribution	33 970 411	43 012 899	9 042 488		21 The lower spending is due to delay in transfer of DBSA loan to the Municipality (January 2021) to finance the projects, which also delayed the delivery of material and appointment of contracts.
	135 691 074	161 257 943	25 566 869	16	

Greater Tzaneen Municipality
 Appendix G2
 Budgeted Financial Performance (revenue and expenditure by municipal vote)
 for the year ended 30 June 2021

	2021/2020				2020/2019							
	Budget Adjustments (i.t.o. §28 and §31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	%	%	Rand	Rand	Rand	Rand
Revenue by Vote												
Vote 1 - Municipal Manager	1 229	-	1 229	131 983	-	(1 228)	33 %	- %	-	-	-	296 000
Vote 2 - Planning & Economic Development	400 125	-	400 125	131 983	-	(268 742)	33 %	33 %	-	-	-	355 706
Vote 3 - Financial Services	551 611 853	93 230 131	644 841 984	970 478 515	325 636 631	(1 005 374)	150 %	176 %	176 %	176 %	176 %	604 364 295
Vote 4 - Corporate Services	1 200 000	-	1 200 000	194 726	1 200 000	(1 005 274)	16 %	16 %	16 %	16 %	16 %	1 400 490
Vote 5 - Community Services	170 952 700	(36 000 000)	134 952 700	69 226 671	(65 726 029)	(345 073 430)	51 %	40 %	40 %	40 %	40 %	77 343 256
Vote 7 - Electrical Engineering Services	586 201 000	4 542 000	590 743 000	245 669 570	(345 073 430)		42 %	42 %	42 %	42 %	42 %	550 295 292
Vote 8 - Engineering Services	95 278 325	10 658 002	105 936 327	111 850 496	5 924 169		108 %	117 %	117 %	117 %	117 %	79 735 854
Total Revenue by Vote	1 405 645 232	72 430 133	1 478 075 365	1 397 561 361	(80 514 004)		95 %	99 %	99 %	99 %	99 %	1 322 568 531
Expenditure by Vote to be appropriated												
Vote 1 - Municipal Manager	73 506 259	7 994 863	81 501 122	76 835 999	-	(7 222 923)	91 %	105 %	-	-	-	77 210 171
Vote 2 - Planning & Economic Development	31 351 190	4 148 945	35 500 135	27 430 458	-	(7 117 085)	80 %	90 %	-	-	-	36 479 652
Vote 3 - Financial Services	113 337 111	25 197 005	138 534 116	86 436 710	15 063 719	(55 566 426)	75 %	83 %	-	-	-	105 654 191
Vote 4 - Corporate Services	63 973 170	836 898	64 810 068	79 745 788	15 063 719	(147 999)	123 %	125 %	-	-	-	52 636 675
Vote 5 - Community Services	289 586 053	(24 723 906)	264 862 147	198 377 229	(41 674 962)		83 %	74 %	-	-	-	194 233 408
Vote 7 - Electrical Engineering Services	572 664 922	(333 168)	239 491 754	588 420 276	-	(2 836 484)	100 %	99 %	-	-	-	526 866 528
Vote 8 - Engineering Services	162 994 326	7 247 039	170 241 365	130 587 410	(40 909 510)		76 %	80 %	-	-	-	120 589 062
Total Expenditure by Vote	1 287 355 041	20 367 476	1 307 722 517	1 167 833 870	(15 083 719)	(20 243 682)	91 %	92 %	92 %	92 %	92 %	1 113 619 687
Surplus/(Deficit) for the year	118 290 191	52 062 657	170 352 848	229 727 491	(39 729 688)	(39 729 688)	123 %	178 %	178 %	178 %	178 %	208 948 844

Greater Tzaneen Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2021

Revenue By Source	2021/2020				2020/2019								
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Property rates	120 000 000	-	-	120 000 000	129 625 627	-	9 625 627	108 %	108 %	-	-	-	114 668 959
Service charges - electricity revenue	571 201 000	9 542 000	-	580 743 000	461 584 737	(119 158 263)	(119 158 263)	79 %	81 %	-	-	-	520 237 868
Grant received - LG SETA	35 416 132	-	-	35 416 132	148 200	148 200	148 200	DIV/0 %	DIV/0 %	-	-	-	68 640
Service charges - refuse revenue	12 500 000	(12 500 000)	-	-	37 967 161	2 551 029	2 551 029	107 %	107 %	-	-	-	32 961 754
Property rates - penalties & collection charges	1 170 100	1 158 000	-	2 328 100	222 530	(2 105 570)	(2 105 570)	10 %	19 %	-	-	-	-
Rental of facilities and equipment	4 301 000	23 600 000	-	27 901 000	29 687 098	1 786 098	1 786 098	106 %	690 %	-	-	-	1 152 233
Interest revenue	23 600 000	(23 600 000)	-	-	25 083 224	(25 083 224)	(25 083 224)	DIV/0 %	- %	-	-	-	27 942 632
Fines, penalties and forfeits	38 501 136	12 500 001	-	51 001 137	25 083 224	(25 917 913)	(25 917 913)	49 %	65 %	-	-	-	-
Licences and permits	917 000	-	-	917 000	210 987	(706 013)	(706 013)	23 %	23 %	-	-	-	37 082 842
Agency services	58 664 291	(36 000 000)	-	22 664 291	10 763 364	(11 900 927)	(11 900 927)	47 %	18 %	-	-	-	1 231 992
Transfers recognised - operational	443 853 950	83 468 050	-	527 322 000	542 439 438	15 000 438	15 000 438	103 %	122 %	-	-	-	9 118 576
Other income	6 472 573	1 230 133	-	7 702 706	63 289 276	55 586 570	55 586 570	822 %	976 %	-	-	-	418 145 907
Total Revenue (excluding capital transfers and contributions)	1 316 707 162	59 398 184	-	1 376 105 346	1 301 001 649	(75 103 717)	(75 103 717)	95 %	99 %	-	-	-	1 228 225 531

Greater Tzaneen Municipality

Appendix G3

Budgeted Financial Performance (revenue and expenditure)

for the year ended 30 June 2021

2020/2019

2021/2020

Expenditure By Type	Original Budget			Budget Adjustments (i.c.o. s28 and s31 of the MFMA)			Virement (i.c.o. Council approved policy)			Final Budget			Actual Outcome			Unauthorised expenditure			Variance of Actual Outcome against Adjustments Budget			Actual Outcome as % of Final Budget			Actual Outcome as % of Original Budget			Reported unauthorised expenditure			Expenditure authorised in terms of section 32 of MFMA			Balance to be recovered			Re-stated Audited Outcome		
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand					
Employee related costs	349 925 517	(10 286 399)	-	339 639 118	356 277 508	-	-	16 638 391	105 %	102 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	315 326 585					
Remuneration of councillors	29 709 083	(674 100)	-	29 034 983	27 412 736	-	-	(1 622 247)	94 %	92 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27 339 566					
Debt impairment	70 035 899	-	-	70 035 899	2 587 061	-	-	(67 448 838)	4 %	4 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22 971 747					
Depreciation & asset impairment	133 058 362	(87 555)	-	132 970 807	109 390 742	-	-	(23 580 065)	82 %	82 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99 114 262					
Finance charges	15 728 808	-	-	15 728 808	19 962 159	-	-	1 576 835	109 %	100 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14 906 809					
Bulk purchases	406 187 500	1 000 000	-	407 685 500	407 766 862	-	-	1 222 862	100 %	100 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	389 694 217					
Other materials	57 321 065	-	-	57 321 065	66 180 252	-	-	(51 209 426)	23 %	26 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37 408 879					
Contracted services	71 525 209	(9 282 000)	-	61 994 909	106 851 920	-	-	45 697 011	175 %	149 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61 002 649					
Transfers and subsidies	30 919 000	432 814	-	31 351 814	28 016 111	-	-	(5 535 588)	83 %	84 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34 772 798					
General expenses	130 345 478	(1 379 406)	-	131 621 155	85 408 467	-	-	(36 212 686)	72 %	73 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	97 576 689					
Loss on disposal of PPE	-	-	-	-	416 540	-	-	416 540	DIV/0 %	DIV/0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 608 167					
Lease rentals on operating lease	-	-	-	-	6 332	-	-	6 332	DIV/0 %	DIV/0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	607 657					
Total Expenditure	1 294 755 741	(6 678 180)	-	1 288 077 561	1 167 833 870	-	-	(120 243 691)	91 %	90 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 113 619 787					
Surplus/(Deficit)	21 951 441	66 076 364	-	88 027 805	133 167 779	-	-	45 139 974	151 %	607 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	114 605 744					
Transfers recognised capital Contributions recognised capital & contributed assets	88 938 050	13 031 950	-	101 970 000	83 051 321	-	-	(18 918 679)	81 %	93 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94 263 000					
Surplus/(Deficit) after capital transfers & contributions	110 889 491	79 108 314	-	189 997 805	229 727 491	-	-	39 729 686	121 %	207 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	208 948 744				
Surplus/(Deficit) after taxation	110 889 491	79 108 314	-	189 997 805	229 727 491	-	-	39 729 686	121 %	207 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	208 948 744				
Surplus/(Deficit) attributable to municipality	110 889 491	79 108 314	-	189 997 805	229 727 491	-	-	39 729 686	121 %	207 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	208 948 744				
Surplus/(Deficit) for the year	110 889 491	79 108 314	-	189 997 805	229 727 491	-	-	39 729 686	121 %	207 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	208 948 744				

**Greater Tzaneen Municipality
Appendix G4**

**Budgeted Capital Expenditure by vote, function and funding
for the year ended 30 June 2021**

	2021/2020				2020/2019							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	%	%	Rand	Rand	Rand	Rand
Capital expenditure - Vote												
Multi-year expenditure												
GTEDA	235 000	(235 000)	-	177 112	-	177 112	DIV/0 %	75 %	-	-	-	-
Capital multi-year expenditure sub-total	235 000	(235 000)	-	177 112	-	177 112	DIV/0 %	75 %	-	-	-	-
Single-year expenditure												
Vote 1 - Municipal Manager	1 000 000	-	1 000 000	60 712	-	60 712	DIV/0 %	18 %	-	-	-	104 461
Vote 2 - Planning & Economic Development	500 000	-	500 000	178 929	-	(821 671)	18 %	18 %	-	-	-	-
Vote 3 - Financial Services	-	-	-	113 326	-	(386 674)	23 %	23 %	-	-	-	81 190
Vote 4 - Corporate Services	400 000	-	400 000	402 929	-	2 929	101 %	101 %	-	-	-	4 710 670
Vote 5 - Community Services	2 800 000	-	2 800 000	1 868 461	-	(931 539)	67 %	81 %	-	-	-	2 603 123
Vote 6 - Electrical Engineering Services	30 000 000	-	30 012 899	33 970 411	-	(9 042 466)	79 %	113 %	-	-	-	47 257 959
Vote 7 - Engineering Services	96 938 034	-	113 545 044	99 056 905	-	(14 448 139)	87 %	102 %	-	-	-	87 731 308
Capital single-year expenditure sub-total	130 738 034	30 519 909	161 257 943	135 691 073	-	(25 566 870)	84 %	104 %	-	-	-	142 488 701
Total Capital Expenditure - Vote	130 973 034	30 284 909	161 257 943	135 868 185	-	(25 389 758)	84 %	104 %	-	-	-	142 488 701

Greater Tzaneen Municipality
Appendix G4
Budgeted Capital Expenditure by vote, function and funding
for the year ended 30 June 2021

	2021/2020				2020/2019							
	Original Budget	Budget Adjustments (i.e. s28 and s30 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments	Actual Outcome % of Final Budget	Actual Outcome as unauthorised expenditure	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balances to be recovered	Re-stated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Functional												
Governance and administration	500 000	400 000	900 000	576 967	-	(323 033)	64 %	115 %	-	-	-	4 909 977
Executive and council	-	-	60 712	60 712	-	60 712	23 %	23 %	-	-	-	199 308
Budget and treasury office	500 000	400 000	500 000	113 326	-	(386 674)	23 %	23 %	-	-	-	4 710 669
Corporate services	-	-	400 000	402 929	-	2 929	101 %	101 %	-	-	-	6 836 660
Community and public safety	3 800 000	3 109 990	6 909 990	8 359 973	-	1 449 983	121 %	228 %	-	-	-	229 850
Community and social services	2 300 000	500 000	2 800 000	1 043	-	(498 957)	81 %	81 %	-	-	-	6 550 940
Sport and recreation	1 500 000	2 609 990	4 109 990	6 490 612	-	2 380 622	158 %	433 %	-	-	-	55 870
Housing	-	-	-	-	-	-	-	-	-	-	-	83 472 891
Health	96 438 034	13 997 020	110 435 054	92 784 623	-	(17 650 431)	84 %	96 %	-	-	-	104 451
Economic and environmental services	1 000 000	-	1 000 000	178 929	-	(821 071)	18 %	18 %	-	-	-	83 368 440
Planning and development	95 438 034	13 997 020	109 435 054	92 605 694	-	(16 829 360)	85 %	97 %	-	-	-	47 279 173
Road transport	30 000 000	13 012 899	43 012 899	33 970 411	-	(9 042 488)	79 %	113 %	-	-	-	47 257 859
Trading services	30 000 000	13 012 899	43 012 899	33 970 411	-	(9 042 488)	79 %	113 %	-	-	-	47 257 859
Electricity	130 738 034	30 519 909	161 257 943	135 691 074	-	(25 566 869)	84 %	104 %	-	-	-	142 498 701
Total Capital Expenditure - Functional												
	88 938 034	8 351 020	97 289 054	84 599 174	(12 689 880)	(12 689 880)	87 %	95 %	-	-	-	77 869 318
Funded by:												
National Government	88 938 034	8 351 020	97 289 054	84 599 174	(12 689 880)	(12 689 880)	87 %	95 %	-	-	-	87 925 188
Transfers recognised - capital	-	-	-	13 508 391	-	13 508 391	DIV/O %	DIV/O %	-	-	-	80 000
Public contributions & donations	22 000 000	12 828 543	34 828 543	16 977 613	(17 850 930)	(17 850 930)	49 %	77 %	-	-	-	32 053 860
Borrowing	19 800 000	9 340 346	29 140 346	20 605 895	(8 534 451)	(8 534 451)	71 %	104 %	-	-	-	22 429 650
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding	130 738 034	30 519 909	161 257 943	135 691 073	(25 566 870)	(25 566 870)	84 %	104 %	-	-	-	142 498 701

GTM
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2021

	2021/2020				2020			
	Original Budget	Budget Adjustments (i.c.o. 528 and 531 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities								
Taxation	119 250 000	(18 090 000)	101 160 000	129 625 627	28 465 627	128 %	109 %	114 688 959
Sale of goods and services	545 955 418	72 059 183	618 014 611	519 549 009	(98 465 602)	84 %	95 %	525 219 018
Grants	532 902 000	(15 614 399)	517 287 601	581 901 865	64 614 264	113 %	109 %	473 343 454
Interest income	4 301 000	10 609 700	14 910 700	29 687 098	14 776 398	199 %	690 %	38 825 644
Employee costs	(345 564 119)	14 307 216	(331 256 903)	(367 899 243)	(36 642 340)	111 %	106 %	(348 012 824)
Suppliers	(869 415 636)	162 130 507	(707 285 129)	(700 611 750)	6 673 379	99 %	81 %	(631 300 113)
Finance costs	(15 728 808)	1 070 484	(14 658 314)	(19 201 543)	(3 543 229)	124 %	116 %	(13 571 398)
Transfer of property, plant and equipment	-	-	-	116 662 541	116 662 541	DIV/0 %	DIV/0 %	34 036 003
Net cash flow from/used operating activities	(28 300 145)	226 272 711	197 972 566	290 713 604	92 741 038	147 %	(1 027)%	194 208 743
Cash flow from investing activities								
Additions to property, plant and equipment	(128 938 060)	(24 029 800)	(152 967 850)	(252 353 651)	(99 385 801)	165 %	196 %	(176 528 749)
Proceeds on disposal of property, plant and equipment	1 500 000	1 000 000	2 500 000	-	(2 500 000)	- %	- %	1
Increase in financial assets	(1 262 784)	(2 948 677)	(4 211 461)	(17 750 019)	(13 538 558)	421 %	1 408 %	10 411 684
Net cash flow from/used investing activities	(128 700 834)	(25 978 477)	(154 679 311)	(270 103 670)	(115 424 359)	175 %	210 %	(166 123 022)
Cash flow from financing activities								
Repayment of other financial liabilities	(324 045)	(3 491 183)	(3 815 228)	20 743 130	24 558 358	(544)%	(6 401)%	(162 948)
Finance lease payments	-	(1 500 000)	(1 500 000)	(5 647 583)	(4 147 583)	377 %	DIV/0 %	(53 232)
Net cash flow from/used financing activities	(324 045)	(4 991 183)	(5 315 228)	15 095 547	20 410 775	(284)%	(4 658)%	(216 180)
Net increase/(decrease) in cash held	(157 325 024)	195 303 051	37 978 027	35 705 481	(2 272 546)	94 %	(23)%	27 869 541
Cash/cash equivalents at the year begin:	49 510 862	(1 477 941)	42 033 011	70 319 782	(3 670 607)			42 450 241
Cash/cash equivalents at the year end:	(113 814 172)	193 825 211	80 011 038	106 025 263	(6 143 153)	133 %	(93)%	70 319 782

**Greater Tzaneen Municipality
Appendix G6
Stands not yet transferred
for the year ended 30 June 2021**

Stands not yet transferred

Stands to the value of R 4 180 000 have been sold and are in the progress of being transferred. In some instances the delays were caused by litigation.

Details of stands not yet transferred attached as Appendix 6.

NO	NAME AND SURNAME	ERF NUMBER	LOCATION	PURCHASE PRICE	ACCOUNT	2020/2021 MARKET VALUE
2	Shiridza Letty Thembi	Portion B of erf 2951	Nkowa-B	40 000	1 095 774	40 000
3	Bill Richard	283	Nkowa-C	342 000	1 062 360	700 000
5	Selolse Violet	742/68	Nkowa-C	8 825	1 088 551	220 000
6	Zitha Nwamakaringi Letty	739/41	Nkowa-C	6 940	218 409	160 000
7	Mashila Timoty Nyathi	741/1	Nkowa-C	8 419	950 718	40 000
8	Mkansi Sasavona Elste	744/18	Nkowa-C	10 879	695 137	100 000
9	Makumbila Supper	740/4	Nkowa-C	7 590	1 108 818	150 000
11	Hlungwana Sydney	741/14	Nkowa-C	8 625	1 094 499	50 000
15	Lulamba Tshollo Lilly	622	Nkowa-C	19 340		290 000
17	Mtembi Esaya Samuel	740/29	Nkowa-C	10 260	1 036 948	160 000
18	Mkhabele Thembekile Allucia	741/42	Nkowa-C			50 000
19	Shai Simon Khashani	745/21	Nkowa-C	9 029	967 704	100 000
20	Seseletsi Ngwako Phineas	740/16	Nkowa-C	11 628	956 445	380 000
22	Nyayana Nghamuni Mllaleni	745/15	Nkowa-C	9 394	925 207	520 000
23	Mashele Steven Charles	741/3	Nkowa-C	13 680	964 855	400 000
24	Baloyi Calvin	744/23	Nkowa-C	8 550	983 463	80 000
25	Tshikelele Ngoaku Isaac	739/68	Nkowa-C	8 550	988 800	120 000
26	Ntshana Mukhari Maria	741/30	Nkowa-C	8 208	985 911	50 000
27	Machimana Matthews	617	Dan Ext 2	80 000	1 066 639	110 000
28	Lerato Kganyago	861	Dan Ext 2	83 000	923 954	130 000
29	Mashele Chunkey	837	Dan Ext 2	101 000	923 947	140 000
41	Thomas Mabunda	959	Dan Ext 2	60 125	1 050 460	60 000
47	Mathe Winsly	971	Dan Ext 2	60 000	1 051 939	80 000
48	Mbungela Oupa	972	Dan Ext 2	35 000	1 050 815	50 000
						<u>4 180 000</u>

