



**MARULENG LOCAL MUNICIPALITY**  
(Registration number LIM 335)  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## General Information

---

### Legal form of entity

Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)

### Nature of business and principal activities

The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Mayor

Cllr TC Musolwa

Chief whip

Cllr HM Thobejane

Speaker

Cllr B Raganya

Councillors

Cllr MT Tshetlha (Exco Member)

Cllr MA Mathaba (Exco Member)

Cllr MM Komane (Exco Member)

Cllr TA Mathaba (Exco Member)

Cllr SB Raganya (Mpac Chairperson)

Cllr MR Maakamela (Chairperson Ethics committee)

Cllr BT Mabilo

Cllr KJ Sekgobela

Cllr MJ Rakgoale

Cllr MS Ntemana

Cllr MF Madike

Cllr LP Moropane

Cllr EC Du Preez

Cllr D Mokgotho

Cllr MS Monashane

Cllr BE Masete

Cllr SP Letebele

Cllr PW Gerber

Cllr JT Morema

Cllr PS Malepe

Cllr MMS Rammala

Cllr DI Mathole

Cllr TJ Mokgahla

Cllr TI Shai

### Accounting Officer

NS Hoaeane (Suspended: 01 July 2023 - 22 March 2024)

Dr SS Sebashe (Acting: 22 March 2024)

### Chief Financial Officer (CFO)

TH Sebelebele (appointed: 01 August 2023)

MF Sekgobela (Acting: 01 July 2023 - 31 July 2023)

### Registered office

Maruleng Municipal Offices

65 Springbok Street

Hoedspruit, 1380

### Business address

65 Springbok Street

Hoedspruit, 1380

1380

### Postal address

PO Box 627

Hoedspruit

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## General Information

---

**Auditors**

Auditor-General of South Africa (AGSA)

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Index

---

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

	<b>Page</b>
Accounting Officer's Responsibilities and Approval	5
Audit Committee Report	6 - 7
Accounting Officer's Report	8 - 9
Statement of Financial Position	10
Statement of Financial Performance	11
Statement of Changes in Net Assets	12
Cash Flow Statement	13
Statement of Comparison of Budget and Actual Amounts	14 - 21
Accounting Policies	22 - 47
Notes to the Annual Financial Statements	48 - 108

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Index

---

### Abbreviations used:

PAYE	Pay As You Earn
VAT	Value Added Tax
GRAP	Generally Recognised Accounting Practice
EXCO	Executive Committee
CA (SA)	Chartered Accountant (South Africa)
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
Cllr	Councillor
AGSA	Auditor General of South Africa
SALGA	South African Local Government Association
UIF	Unemployment Insurance Fund
SARS	South African Revenue Services
MBRR	Municipal Budget and Reporting Regulations
LIM	Limpopo
ASB	Accounting Standards Board
WIP	Work In Progress
Dept	Department
MIG	Municipal Infrastructure Grant
EPWP	Expanded Public Works Programme
MEC	Member of the Executive Council
LSA	Long service awards
PEMA	Post Employment Medical Aid

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Responsibilities and Approval

---

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

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

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

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

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

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

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

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors. .

The annual financial statements set out on page 8, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

---

**Accounting Officer**  
**Dr SS Sebashe (Acting)**

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Audit Committee Report

---

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

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year 17 meetings were held, 4 ordinary meetings and 13 special meetings.

Name of member	Number of meetings attended
TC Modipane CA(SA) (Chairperson)	17
JM Mabuza	17
MP Ramutsheli	16
FJ Mudau	17
MJ Rabalao	17

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

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

### The effectiveness of internal control

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

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

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the accounting officer of the municipality during the year under review.

### Evaluation of annual financial statements

The audit committee has:

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

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

### Internal audit

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

### Auditor-General of South Africa

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Audit Committee Report

---

---

Chairperson of the Audit Committee

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



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

---

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

### 1. Review of activities

#### Main business and operations

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

Net surplus of the municipality is R 176,386,562 (2023: surplus R 154,678,909).

### 2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of R 1,266,268,029 and that the municipality's total assets exceed its liabilities by R 1,266,268,029.

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

### 3. Subsequent events

The accounting officer is not aware of any material event which occurred after the reporting date and up to the date of this report.

### 4. Accounting Officers' interest in contracts

The accounting officer declares not to have any interest in contracts of the municipality.

### 5. Accounting policies

The annual financial statements were prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 6. Corporate governance

#### General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct laid out in the King Report on Corporate Governance for South Africa 2016. The accounting officer discusses the responsibilities of management in this respect, at management meetings and monitors the municipality's compliance with the code on a three monthly basis.

#### Councillors

The council:

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;
- is of a unitary structure comprising:
  - Mayor
  - Speaker
  - Executive committee
  - Ordinary councillors.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

---

### . Corporate governance (continued)

#### Mayor and municipal manager

The roles of the Mayor and Municipal Manager are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The mayor and council perform their oversight role and duties in terms of the prescribed legislation and delegated authorities.

#### Audit committee

Mr TC Modipane was the Chairperson of the audit committee. The audit committee met during the period under review to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, the municipality must appoint members of the Audit Committee. National Treasury policy requires that municipalities should appoint further members of the municipality's audit committee who are not councillors onto the audit committee.

#### 7. Bankers

The municipality banks with Standard Bank of South Africa and Investec Bank.

#### 8. Auditors

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

---

Accounting Officer  
Dr SS Sebashe (Acting)

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	12	145,206	120,956
Receivables from exchange transactions	13	1,638,163	1,396,919
Receivables from non-exchange transactions	14	48,452,234	38,032,938
VAT receivable	15	28,138,989	24,185,642
Prepayments	10	783,350	376,965
Other receivables	11	2,473,568	1,437,348
Cash and cash equivalents	16	170,638,389	150,423,957
		<b>252,269,899</b>	<b>215,974,725</b>
<b>Non-Current Assets</b>			
Investment property	3	11,180,687	10,480,838
Property, plant and equipment	4	1,116,850,369	949,973,923
Intangible assets	5	66,862	90,611
Heritage assets	6	372,500	372,500
		<b>1,128,470,418</b>	<b>960,917,872</b>
<b>Total Assets</b>		<b>1,380,740,317</b>	<b>1,176,892,597</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	17	440,009	823,064
Payables from exchange transactions	7	69,084,729	63,023,563
Trade and other payables from non-exchange transactions	8	7,976,514	4,414,086
Employee benefit obligation	9	707,000	794,000
Unspent conditional grants and receipts	18	16,144,864	1,605,785
Provisions	19	1,111,213	928,281
		<b>95,464,329</b>	<b>71,588,779</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	17	-	428,964
Employee benefit obligation	9	14,927,000	11,140,000
Provisions	19	4,080,959	3,853,391
		<b>19,007,959</b>	<b>15,422,355</b>
<b>Total Liabilities</b>		<b>114,472,288</b>	<b>87,011,134</b>
<b>Net Assets</b>		<b>1,266,268,029</b>	<b>1,089,881,463</b>
Accumulated surplus		1,266,268,029	1,089,881,463
<b>Total Net Assets</b>		<b>1,266,268,029</b>	<b>1,089,881,463</b>

\* See Note 45

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	21	5,385,733	4,923,218
Rental of facilities and equipment		410,484	431,214
Interest received (trading)		470,185	770,923
Agency services	22	3,000,479	2,966,300
Licences and permits	23	3,896,919	2,860,584
Reversal of impairment of assets		-	16,934
Other revenue	27	4,704,684	4,712,359
Interest received - investment	28	11,054,983	8,336,552
<b>Total revenue from exchange transactions</b>		<b>28,923,467</b>	<b>25,018,084</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	29	172,692,071	126,265,039
Donation of assets	24	-	7,357,196
Fines, penalties and forfeits	25	869,800	1,062,500
Interest on receivables	26	17,701,824	13,119,970
<b>Transfer revenue</b>			
Government grants & subsidies	30	247,867,920	231,843,867
<b>Total revenue from non-exchange transactions</b>		<b>439,131,615</b>	<b>379,648,572</b>
<b>Total revenue</b>	20	<b>468,055,082</b>	<b>404,666,656</b>
<b>Expenditure</b>			
Employee related costs	31	(93,366,583)	(87,345,949)
Remuneration of councillors	32	(11,976,799)	(11,819,769)
Depreciation and amortisation	33	(33,443,674)	(27,708,454)
Finance costs	34	(1,918,767)	(1,429,307)
Debt Impairment	36	(38,440,721)	(25,643,166)
Contracted services	38	(41,886,936)	(36,425,491)
General Expenses	37	(70,896,487)	(62,302,891)
<b>Total expenditure</b>		<b>(291,929,967)</b>	<b>(252,675,027)</b>
<b>Operating surplus</b>		<b>176,125,115</b>	<b>151,991,629</b>
Loss on disposal of assets and liabilities		(277,255)	(1,518,565)
Fair value adjustments	40	699,849	344,884
Actuarial gains/losses	9	(135,026)	937,436
Impairment loss		(26,121)	-
		<b>261,447</b>	<b>(236,245)</b>
<b>Surplus for the year</b>		<b>176,386,562</b>	<b>151,755,384</b>

\* See Note 45

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	938,952,838	938,952,838
Adjustments		
Prior year adjustments	(826,759)	(826,759)
<b>Balance at 01 July 2022 as restated*</b>	<b>938,126,079</b>	<b>938,126,079</b>
Changes in net assets		
Surplus for the year	151,755,384	151,755,384
Total changes	151,755,384	151,755,384
<b>Restated* Balance at 01 July 2023</b>	<b>1,089,881,467</b>	<b>1,089,881,467</b>
Changes in net assets		
Surplus for the year	176,386,562	176,386,562
Total changes	176,386,562	176,386,562
<b>Balance at 30 June 2024</b>	<b>1,266,268,029</b>	<b>1,266,268,029</b>

Note(s)

\* See Note 45

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates and services charges		157,441,964	118,757,907
Grants		262,406,999	218,368,000
Interest income		11,054,983	8,336,552
Other receipts		5,115,168	5,144,605
		436,019,114	350,607,064
<b>Payments</b>			
Employee costs		(102,281,552)	(97,801,245)
Suppliers		(111,814,164)	(90,449,075)
Finance costs		-	(29)
		(214,095,716)	(188,250,349)
<b>Net cash flows from operating activities</b>	39	<b>221,923,398</b>	<b>162,356,715</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(200,812,299)	(165,901,579)
<b>Cash flows from financing activities</b>			
Finance lease payments		(896,667)	(779,709)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>20,214,432</b>	<b>(4,324,573)</b>
Cash and cash equivalents at the beginning of the year		150,423,957	154,748,530
<b>Cash and cash equivalents at the end of the year</b>	16	<b>170,638,389</b>	<b>150,423,957</b>

The accounting policies on pages 22 to 47 and the notes on pages 48 to 108 form an integral part of the annual financial statements.

\* See Note 45

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## 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						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges - refuse removal	5,200,000	-	5,200,000	5,385,733	185,733	
Rental of facilities and equipment	468,000	-	468,000	410,484	(57,516)	
Interest received (trading)	4,940,000	(1,940,000)	3,000,000	470,185	(2,529,815)	
Agency services	14,089,000	(10,089,000)	4,000,000	3,000,479	(999,521)	A
Licences and permits	2,700,000	-	2,700,000	3,896,919	1,196,919	B
Other revenue	3,897,000	69,000	3,966,000	4,704,684	738,684	C
Interest received - investment	7,000,000	1,500,000	8,500,000	11,054,983	2,554,983	D
<b>Total revenue from exchange transactions</b>	<b>38,294,000</b>	<b>(10,460,000)</b>	<b>27,834,000</b>	<b>28,923,467</b>	<b>1,089,467</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	132,444,000	30,406,000	162,850,000	172,692,071	9,842,071	E
Traffic fines	759,000	550,000	1,309,000	869,800	(439,200)	F
Interest - outstanding debtors	9,341,000	3,440,000	12,781,000	17,701,824	4,920,824	G
<b>Transfer revenue</b>						
Government grants & subsidies	199,505,000	64,508,000	264,013,000	247,867,920	(16,145,080)	H
<b>Total revenue from non-exchange transactions</b>	<b>342,049,000</b>	<b>98,904,000</b>	<b>440,953,000</b>	<b>439,131,615</b>	<b>(1,821,385)</b>	
<b>Total revenue</b>	<b>380,343,000</b>	<b>88,444,000</b>	<b>468,787,000</b>	<b>468,055,082</b>	<b>(731,918)</b>	
<b>Expenditure</b>						
Employee related costs	(101,015,000)	948,000	(100,067,000)	(93,366,583)	6,700,417	I
Remuneration of councillors	(12,246,000)	103,000	(12,143,000)	(11,976,799)	166,201	J
Depreciation and amortisation	(32,257,000)	-	(32,257,000)	(33,443,674)	(1,186,674)	K
Assets impairment	-	-	-	(26,121)	(26,121)	
Finance costs	(850,000)	(1,250,000)	(2,100,000)	(1,918,767)	181,233	
Debt Impairment	(24,500,000)	(4,000,000)	(28,500,000)	(38,440,721)	(9,940,721)	L
Contracted Services	(32,510,000)	(8,915,000)	(41,425,000)	(41,886,936)	(461,936)	M
General Expenses	(82,211,000)	(4,941,000)	(87,152,000)	(70,896,487)	16,255,513	N
<b>Total expenditure</b>	<b>(285,589,000)</b>	<b>(18,055,000)</b>	<b>(303,644,000)</b>	<b>(291,956,088)</b>	<b>11,687,912</b>	
<b>Operating surplus</b>	<b>94,754,000</b>	<b>70,389,000</b>	<b>165,143,000</b>	<b>176,098,994</b>	<b>10,955,994</b>	
Loss on disposal of assets and liabilities	(750,000)	(750,000)	(1,500,000)	(277,255)	1,222,745	O
Fair value adjustments	-	-	-	699,849	699,849	
Actuarial gains/losses	-	-	-	(135,026)	(135,026)	P
	<b>(750,000)</b>	<b>(750,000)</b>	<b>(1,500,000)</b>	<b>287,568</b>	<b>1,787,568</b>	
<b>Surplus before taxation</b>	<b>94,004,000</b>	<b>69,639,000</b>	<b>163,643,000</b>	<b>176,386,562</b>	<b>12,743,562</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>94,004,000</b>	<b>69,639,000</b>	<b>163,643,000</b>	<b>176,386,562</b>	<b>12,743,562</b>	

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)  
Annual Financial Statements for the year ended 30 June 2024

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						



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## 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						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	2,532,000	(1,400,000)	<b>1,132,000</b>	145,206	<b>(986,794)</b>	<b>Q</b>
Receivables from exchange transactions	43,576,000	(2,550,000)	<b>41,026,000</b>	1,638,163	<b>(39,387,837)</b>	<b>R</b>
Receivables from non-exchange transactions	72,843,000	2,550,000	<b>75,393,000</b>	48,452,234	<b>(26,940,766)</b>	<b>S</b>
VAT receivable	20,109,000	-	<b>20,109,000</b>	28,138,989	<b>8,029,989</b>	<b>T</b>
Prepayments	-	-	-	783,350	<b>783,350</b>	<b>U</b>
Other receivables	47,000	-	<b>47,000</b>	2,473,568	<b>2,426,568</b>	<b>V</b>
Cash and cash equivalents	93,679,000	12,433,000	<b>106,112,000</b>	170,638,389	<b>64,526,389</b>	<b>W</b>
	<b>232,786,000</b>	<b>11,033,000</b>	<b>243,819,000</b>	<b>252,269,899</b>	<b>8,450,899</b>	
<b>Non-Current Assets</b>						
Investment property	11,352,000	-	<b>11,352,000</b>	11,180,687	<b>(171,313)</b>	
Property, plant and equipment	1,003,522,000	58,894,000	<b>1,062,416,000</b>	1,116,850,369	<b>54,434,369</b>	<b>X</b>
Intangible assets	417,000	-	<b>417,000</b>	66,862	<b>(350,138)</b>	<b>Y</b>
Heritage assets	1,671,300	(1,650,000)	<b>21,300</b>	372,500	<b>351,200</b>	<b>AJ</b>
	<b>1,016,962,300</b>	<b>57,244,000</b>	<b>1,074,206,300</b>	<b>1,128,470,418</b>	<b>54,264,118</b>	
<b>Total Assets</b>	<b>1,249,748,300</b>	<b>68,277,000</b>	<b>1,318,025,300</b>	<b>1,380,740,317</b>	<b>62,715,017</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	2,472,500	806,000	<b>3,278,500</b>	440,009	<b>(2,838,491)</b>	<b>Z</b>
Payables from exchange transactions	76,163,000	(2,168,000)	<b>73,995,000</b>	69,084,730	<b>(4,910,270)</b>	<b>AA</b>
Trade and other payables from non-exchange transactions	-	-	-	7,976,514	<b>7,976,514</b>	<b>AB</b>
Consumer deposits	2,043,000	-	<b>2,043,000</b>	-	<b>(2,043,000)</b>	
Employee benefit obligation	-	-	-	707,000	<b>707,000</b>	
Unspent conditional grants and receipts	-	-	-	16,144,864	<b>16,144,864</b>	<b>AC</b>
Provisions	20,454,000	-	<b>20,454,000</b>	1,111,213	<b>(19,342,787)</b>	
Other liability	1,182,000	-	<b>1,182,000</b>	-	<b>(1,182,000)</b>	
	<b>102,314,500</b>	<b>(1,362,000)</b>	<b>100,952,500</b>	<b>95,464,330</b>	<b>(5,488,170)</b>	
<b>Non-Current Liabilities</b>						
Finance lease obligation	960,000	-	<b>960,000</b>	-	<b>(960,000)</b>	
Employee benefit obligation	-	-	-	14,927,000	<b>14,927,000</b>	<b>AD</b>
Provisions	2,736,000	-	<b>2,736,000</b>	4,080,959	<b>1,344,959</b>	
Other liability	158,000	-	<b>158,000</b>	-	<b>(158,000)</b>	
	<b>3,854,000</b>	-	<b>3,854,000</b>	<b>19,007,959</b>	<b>15,153,959</b>	
<b>Total Liabilities</b>	<b>106,168,500</b>	<b>(1,362,000)</b>	<b>104,806,500</b>	<b>114,472,289</b>	<b>9,665,789</b>	
<b>Net Assets</b>	<b>1,143,579,800</b>	<b>69,639,000</b>	<b>1,213,218,800</b>	<b>1,266,268,028</b>	<b>53,049,228</b>	

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## 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						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	1,143,579,800	69,639,000	<b>1,213,218,800</b>	1,266,268,029	<b>53,049,229</b>	

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## 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

Property rates and service charge	89,729,000	28,456,000	<b>118,185,000</b>	163,809,856	<b>45,624,856</b>	<b>AE</b>
Other revenue	21,162,000	(10,019,400)	<b>11,142,600</b>	5,175,751	<b>(5,966,849)</b>	
Interest income	7,000,000	1,500,000	<b>8,500,000</b>	11,054,983	<b>2,554,983</b>	<b>AF</b>
Transfers and subsidies	197,655,000	64,507,000	<b>262,162,000</b>	262,406,999	<b>244,999</b>	<b>AG</b>
	<b>315,546,000</b>	<b>84,443,600</b>	<b>399,989,600</b>	<b>442,447,589</b>	<b>42,457,989</b>	

##### Payments

Suppliers and employee costs	(223,011,000)	(14,017,000)	<b>(237,028,000)</b>	(219,830,001)	<b>17,197,999</b>	<b>AH</b>
<b>Net cash flows from operating activities</b>	<b>92,535,000</b>	<b>70,426,600</b>	<b>162,961,600</b>	<b>222,617,588</b>	<b>59,655,988</b>	

#### Cash flows from investing activities

Purchase of property, plant and equipment	(167,916,000)	(57,244,000)	<b>(225,160,000)</b>	(200,812,299)	<b>24,347,701</b>	<b>AI</b>
Proceeds from sale of property, plant and equipment	(750,000)	(750,000)	<b>(1,500,000)</b>	-	<b>1,500,000</b>	
<b>Net cash flows from investing activities</b>	<b>(168,666,000)</b>	<b>(57,994,000)</b>	<b>(226,660,000)</b>	<b>(200,812,299)</b>	<b>25,847,701</b>	

#### Cash flows from financing activities

Finance lease payments	-	-	-	(906,412)	<b>(906,412)</b>	
Net increase/(decrease) in cash and cash equivalents	(76,131,000)	12,432,600	<b>(63,698,400)</b>	20,898,877	<b>84,597,277</b>	
Cash and cash equivalents at the beginning of the year	169,810,000	-	<b>169,810,000</b>	150,718,638	<b>(19,091,362)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>93,679,000</b>	<b>12,432,600</b>	<b>106,111,600</b>	<b>171,617,515</b>	<b>65,505,915</b>	

### Reconciliation

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## 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						

### Material differences between budget and actual amount

#### Statement of financial performance

##### A. Agency services

There is a reduction in the number of new vehicles registered at the licensing stations. Some motorists are also opting to renew their motor vehicle licences through the online platforms

##### B. Licence and permits

The number of learners licence applicants increased due to the new comprised learners licence system.

##### C. Other revenue

There has been an increase in other revenue particularly from building plans, due to various developments occurring within the jurisdiction of the municipality.

##### D. Interest earned - external investments

The interest earned was higher than what was anticipated because of the fluctuation in the market and the Municipality not making any withdrawals.

#### Revenue from non- exchange transactions

##### E. Property rates

The actual billing is due to monthly Supplementary Valuations that are inclusive of the following, Re- Zoning of properties, Market value adjustments of the under- valued properties, Newly established properties, New developments, Improved properties and illegal use, as well as the implementation of new valuation with effect from 01 July 2023.

##### F. Traffic Fines

Adherence to work schedule, intensification of law enforcement and had joint operations with other stakeholders e.g. SAPS.

##### G. Interest received on receivable non- exchange transaction

The municipality experienced an increase in interest as a result of the historical debt recorded by the municipality, particularly from farmers who are not settling their accounts.

##### H. Government grants and subsidies Capital

The municipality received additional funding in March 2024 and the money was not fully utilised, the unspent roll over will be utilised after it has been approved by treasury.

#### Expenses

##### I. Employee related costs

There was a delay in the appointment of top-level management positions, such as Director Technical Services & other manager positions.

##### J. Remuneration for councillors

The budget was based on the anticipated Upper Limits however the directive from SALGA to effect the implementation was not

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## 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

yet given to the Municipality's by year end.

### K. Depreciation, amortisation and impairment of assets

The municipality completed some projects earlier than anticipated due to the receipt of additional funding on MIG.

### L. Debt impairment

Inadequate adherence of revenue enhancement strategy resulting in an increase of the provision for doubtful debts. The municipality has an increase in number of debtors whose accounts are in arrears for a period of 120 days and more.

### M. Contracted services

As part of expenditure cost containment measures recommended by National Treasury, the municipality exercised fiscal restraint on a number of operational votes. As a result thereof, the municipality made savings on some of the line items.

### N. Other Expenses

Other expenditure comprises various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

### O. Loss on disposal of assets and liabilities

The municipality disposed of fewer assets than anticipated.

### P. Actuarial losses

The actuarial loss is attributed to unexpected increases in the subsidies, unpredicted movements in the membership profile, and the effect of actual benefits vested being different from what was expected.

## Statement of financial position

### Q. Inventory

Lots of stock at hand was utilised during 2023/24.

### R. Receivables from exchange transactions

The increase in net debtors in receivables from exchange transactions indicates that the municipality collected less revenue than anticipated due to non-payment by some customers.

### S. Receivables from non - exchange transactions

The increase in net debtors in receivables from exchange transactions indicates that the municipality collected less revenue than anticipated due to non-payment by some customers.

### T. VAT receivable

The VAT receivable balance is due to additional MIG grants received during the year.

### U. Prepayment

Insurance and Microsoft annual payments covers a period beyond the financial year end,

### V. Other debtors

Salary suspense account was not fully cleared.

### W. Cash and Cash equivalent

There was a significant increase in interest earned on investments as no withdrawals were made in the Financial Year, as well as a slight improvement in revenue collection. VAT also showed a slight improvement resulting in an increase in refunds.

### X. Property, plant and equipment

The municipality acquired additional assets during the 2023/24 financial year.

### Y. Intangible assets

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## 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

There was a delay in procurement of IT related software.

### **Z. Finance Lease Obligation**

Delay in securing new finance lease agreements.

### **AA. Payable from exchange transactions**

The municipality ensured compliance with section 65(2)(e) of the MFMA by paying creditors within 30 days.

### **AB. Payable from non-exchange transactions**

This is due to advanced payments made by various consumers.

### **AC. Unspent conditional grants**

The municipality received additional funding of sixty-five million in March 2024 which could not be utilized fully.

### **AD. Employee benefit obligation**

Post medical aid increased in the assumed proportion of in service. Members who continue their medical membership at and after retirement.

## **Cash flow statements**

### **AE. Property rates, penalties and service charges**

The municipality revenue for property rates was based on the actual budget that was made in 20223/24 financial period. The cash receipts is due to the monthly Supplementary Valuations that are inclusive of the following, Re- Zoning of properties, Market value adjustments of the under- valued properties, Newly established properties, New developments, Improved properties and illegal use .

**AF. Transfers and Subsidies** The Municipality also had an additional funding of R65 million for Municipal Infrastructure Grant, resulted in an increase in cash flow projects.

### **AG. Interest**

The interest earned was higher than what was anticipated because of the fluctuation in the market and the Municipality not making any withdrawals.

### **AH. Suppliers and employees**

As part of expenditure curtailment measures recommended by National Treasury, the municipality exercised fiscal restraint on a number of operational votes.

### **AI. Purchase of Property, Plant & Equipment**

The municipality acquired additional assets during the 2023/24 financial year.

### **AJ. Heritage Assets**

The budgeting was incorrect as the heritage assets have not changed in the previous year.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

Figures in Rand	Note(s)	2024	2023
-----------------	---------	------	------

### 1. Significant account policies

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

#### 1.1 Basis of preparations

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

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

#### 1.2 Presentation currency

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

#### 1.3 Going concern assumption

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

#### 1.4 Materiality

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

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

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

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

#### Trade receivables / Held to maturity investments and/or loans and receivables

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

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

#### 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.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.5 Significant judgements and sources of estimation uncertainty (continued)

#### Fair value estimation

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

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

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

#### Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

#### 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 19 - Provisions.

#### Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 9.

#### Effective interest rate

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



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.5 Significant judgements and sources of estimation uncertainty (continued)

#### Allowance for doubtful debts

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

### 1.6 Investment property

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

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

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.

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.

#### Subsequent measurement - 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).

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.

### 1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

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

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

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

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

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

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

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 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.

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

---

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Community Assets	Straight-line	5 - 100 years
Stormwater	Straight-line	10 - 60 years
Roads	Straight-line	5 - 100 years
LV Network	Straight-line	10 - 60 years
Solid Waste	Straight-line	5 - 25 years
Plant and Machinery	Straight-line	3 - 15 years
IT Infrastructure	Straight-line	5 - 15 years
Computer Equipment	Straight-line	5 - 10 years
Transport Assets	Straight-line	5 - 15 years
Furniture and Office Equipment	Straight-line	5 - 50 years

---

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

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

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

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

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

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

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

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

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.

### 1.8 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.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.8 Intangible assets (continued)

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

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

---

Item	Depreciation method	Average useful life
Licenses and franchises	Straight-line	2 - 5 years
Computer software, other	Straight-line	5 - 10 years

---

Intangible assets are derecognised:

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

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

### 1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

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.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.9 Heritage assets (continued)

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

#### Initial measurement

Heritage assets are measured at cost.

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

#### Subsequent measurement

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

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, 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 heritage asset.

#### 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).

### 1.10 Financial instruments

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

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.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.10 Financial instruments (continued)

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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.

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

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

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.10 Financial instruments (continued)

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

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

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### 1.11 Statutory receivables

#### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.11 Statutory receivables (continued)

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

#### Impairment losses

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

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

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

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

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.11 Statutory receivables (continued)

#### Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.12 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 - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### Finance leases - lessee

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

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.12 Leases (continued)

#### Operating leases - lessee

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

### 1.13 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

When inventories are utilized, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.14 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

### 1.15 Impairment of cash-generating assets

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

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

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

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

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

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

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

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

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

Useful life is either:

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

### 1.16 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

### 1.17 Employee benefits

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.17 Employee benefits (continued)

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.17 Employee benefits (continued)

#### Post-employment benefits

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

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

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

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

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (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 employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.17 Employee benefits (continued)

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

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

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

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

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

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

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

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

The amount recognised as a defined benefit liability is the net total of the following amounts:

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.17 Employee benefits (continued)

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

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

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

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

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.17 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

Post-employment benefit obligations are measured on a basis that reflects:

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

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

### 1.18 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

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



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.18 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

A contingent asset is a potential economic benefit that is dependent on some future event(s) largely out of the municipality's control.

A contingent liability is a potential liability that may occur in the future, such as pending lawsuits or honoring product warranties.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.19 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.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.20 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised when the services have been actually rendered at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### Interest

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

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

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.21 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

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

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

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

### Recognition

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

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

### Measurement

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

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

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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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

#### Government grants and receipts

##### - Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

##### - Conditional grants and receipts

Conditional grants recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance.

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 where the obligations have not been met, a liability is recognised.

#### 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.

### 1.22 Investment income

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

### 1.23 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.23 Borrowing costs (continued)

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

### 1.24 Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.25 Comparative figures

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

### 1.26 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All write offs and amount recoverable will be as per the council resolutions.

### 1.27 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All amount recoverable will be as per the council resolutions.

### 1.28 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 is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All write offs and amount recoverable will be as per the council resolutions.

### 1.29 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

### 1.30 Budget information

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 municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.30 Budget information (continued)

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

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

### 1.31 Related parties

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

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

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

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

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

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

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

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

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

### 1.32 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.



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>Guideline: Guideline on Accounting for Landfill Sites</li></ul>	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 103 (as revised): Heritage Assets</li></ul>	01 April 2009	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 25 (as revised): Employee Benefits</li></ul>	01 April 2023	
<ul style="list-style-type: none"><li>iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction</li></ul>	01 April 2023	
<ul style="list-style-type: none"><li>Guideline: Guideline on the Application of Materiality to Financial Statements</li></ul>	01 April 2009	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 104 (as revised): Financial Instruments</li></ul>	01 April 2025	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>iGRAP 21: The Effect of Past Decisions on Materiality</li></ul>	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 2020: Improvements to the standards of GRAP 2020</li></ul>	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 1 (amended): Presentation of Financial Statements</li></ul>	01 April 2023	Unlikely there will be a material impact

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	11,180,687	-	11,180,687	10,480,838	-	10,480,838

#### Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	10,480,838	699,849	11,180,687

#### Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	10,135,954	344,884	10,480,838

#### Pledged as security

During the financial period ended 30 June 2024, no components of investment property were pledged as security for borrowings or banking facilities.

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.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 3. Investment property (continued)

#### Details of valuation

The valuation was conducted by Mr MM Mbangatha, who hold a National Diploma in Real Estate Property Valuation, he is a registered professional valuer with the South African Council for the Property Valuers.

The Maruleng Local Municipality Property Investment portfolio comprises of 11 vacant land portions and 1 improved property. The valuation techniques and key assumptions applied in the valuation of these properties are as follows:

#### a) Vacant Land (Undeveloped Land)

The comparable sales approach will be used to determine the value of the vacant land properties. This method is based on the theory that a knowledgeable purchaser would pay no more for a property than the cost of acquiring an acceptable substitute property. In applying the Comparable Sales Approach it is necessary to investigate the sales of similar type properties that have been sold as well as comparable properties which are on the market.

Assumptions used under the comparable sales.

The valuers had worked on an average selling rate per square meter on the most recent sales within the area where the subject property is located at;

- The desirable number depends on how comparable the sales are. If sales are very similar, located close to the subject property, occurred fairly recently then three to four sales are usually adequate for most valuation assignments.
- Where sales are less similar or you have less confidence in the reliability of the information obtained about the sales, a larger number of comparable properties is usually necessary.
- The overall provincial property growth cited from lightsome is 4% from 2023 to 2024, considering that Polokwane is much bigger with better growth rate an adjusted growth rate of 3% to 4% per year was used for Hoedspruit.

#### b) Buildings (Improved properties)

Management had adopted the Replacement Cost Model on the Valuation of buildings.

The Replacement Cost Approach is based on the theory that a knowledgeable purchaser would pay no more for a property than the cost of acquiring a similar site, combined with building an acceptable substitute structure. The maximum value of a property can be measured by the total expenditure necessary to reproduce the building, plus the value of an equivalent site. The total expenditure is then reduced to reflect the applicable accrued depreciation and obsolescence of buildings and improvements.

Assumptions used under the comparable sales

- The building erected on Erf 801 Hoedspruit is an industrial type of a structure therefore Property & Construction guide 2023/24 on page 54 of 114 under industrial provides a lower range of R4 600 and an upper range of - R6 800. Lower range was applied on the basis that the building is not a fully fleshed industrial structure and the finishes do not fully qualify as industrial.
- There are further improvement on the property which includes bricks paving, a common guide used by financial institutions for insurance valuations was sited and used as basis to derive the rate applied.
- The Palisade Panel Gates and Palisade Fence, three online sources were used to extract the quotes. The necessary adjustments were then made, and an average was applied our calculation.
- The main source of the rates applied on the improvements is AECOM Property and Construction Handbook 2023/2024.

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)  
Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

3. Investment property (continued)

- These Construction Handbooks are used as a guide nationally they are not supplied per province, therefore a valuer uses professional judgement based on further consultation from companies in construction, then after that careful analyses and necessary adjustments for differences in condition, an informed value of an immovable asset is derived.

Rental revenue from investment property	-	161,017
---	---	---------

Maintenance of investment property

No significant operating expenditure was incurred on investment property during the 2024 and 2023 financial year.

**MARULENG LOCAL MUNICIPALITY**

(Registration number LIM 335)  
Annual Financial Statements for the year ended 30 June 2024

**Notes to the Annual Financial Statements**

Figures in Rand

**3. Investment property (continued)**

**Amounts recognised in surplus or deficit**

Rental revenue from Investment property	265,182	161,017
---	---------	---------

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	55,548,529	-	55,548,529	55,548,529	-	55,548,529
Plant and machinery	12,650,907	(4,438,962)	8,211,945	12,778,935	(3,751,772)	9,027,163
Furniture and office equipment	6,648,141	(4,445,960)	2,202,181	5,830,642	(4,206,207)	1,624,435
Motor vehicles	17,757,749	(6,636,912)	11,120,837	12,503,971	(5,418,666)	7,085,305
IT equipment	6,236,684	(3,881,452)	2,355,232	5,730,624	(3,119,016)	2,611,608
Infrastructure - roads	635,778,772	(79,731,330)	556,047,442	563,138,011	(64,190,670)	498,947,341
Community assets	291,685,290	(145,988,085)	145,697,205	287,275,090	(134,052,762)	153,222,328
Work in progress	272,543,375	-	272,543,375	194,478,855	-	194,478,855
Infrastructure - electrical	9,814,914	(7,574,331)	2,240,583	10,035,465	(7,588,791)	2,446,674
Other assets	103,625	(98,618)	5,007	103,625	(97,869)	5,756
Infrastructure - solid waste	11,211,319	(1,459,740)	9,751,579	11,762,997	(891,930)	10,871,067
Infrastructure - storm water	54,447,907	(3,321,453)	51,126,454	16,656,870	(2,552,008)	14,104,862
<b>Total</b>	<b>1,374,427,212</b>	<b>(257,576,843)</b>	<b>1,116,850,369</b>	<b>1,175,843,614</b>	<b>(225,869,691)</b>	<b>949,973,923</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

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

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

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	55,548,529	-	-	-	-	-	-	55,548,529
Plant and machinery	9,027,163	23,174	(31,847)	-	-	(806,545)	-	8,211,945
Furniture and office equipment	1,624,435	1,037,507	(31,986)	-	-	(427,775)	-	2,202,181
Motor vehicles	7,085,305	5,650,994	(68,015)	-	-	(1,547,447)	-	11,120,837
IT equipment	2,611,608	1,185,000	(128,751)	-	-	(1,312,625)	-	2,355,232
Infrastructure - roads	498,947,341	51,317	(2,171)	72,598,357	-	(15,532,656)	(14,746)	556,047,442
Community assets	153,222,328	-	-	4,410,392	-	(11,935,515)	-	145,697,205
Work in progress	194,478,855	192,864,307	-	(114,799,787)	-	-	-	272,543,375
Infrastructure - electrical	2,446,674	-	(14,485)	-	-	(180,231)	(11,375)	2,240,583
Other assets	5,756	-	-	-	-	(749)	-	5,007
Infrastructure - solid waste	10,871,067	-	-	-	(212,552)	(906,936)	-	9,751,579
Infrastructure - storm water	14,104,862	-	-	37,791,038	-	(769,446)	-	51,126,454
	<b>949,973,923</b>	<b>200,812,299</b>	<b>(277,255)</b>	<b>-</b>	<b>(212,552)</b>	<b>(33,419,925)</b>	<b>(26,121)</b>	<b>1,116,850,369</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

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

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

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	55,548,529	-	-	-	-	-	-	55,548,529
Plant and machinery	9,781,187	-	(2,783)	-	-	(752,078)	837	9,027,163
Furniture and office equipment	2,044,943	27,090	(15,420)	-	-	(439,350)	7,172	1,624,435
Motor vehicles	5,666,632	2,796,178	-	-	-	(1,377,505)	-	7,085,305
IT equipment	3,677,707	80,879	(22,679)	-	-	(1,133,222)	8,923	2,611,608
Infrastructure - roads	480,043,944	-	(1,147,821)	33,070,834	-	(13,019,616)	-	498,947,341
Community assets	104,010,471	3,730,881	(117,451)	55,726,361	-	(10,127,934)	-	153,222,328
Work in progress	125,511,614	159,266,551	-	(90,299,310)	-	-	-	194,478,855
Infrastructure - electrical	1,263,843	-	(124,172)	1,502,115	-	(195,112)	-	2,446,674
Other assets	6,504	-	-	-	-	(748)	-	5,756
Infrastructure - solid waste	12,389	-	-	-	11,210,587	(351,909)	-	10,871,067
Infrastructure - storm water	14,480,416	-	(88,241)	-	-	(287,313)	-	14,104,862
	<b>802,048,179</b>	<b>165,901,579</b>	<b>(1,518,567)</b>	<b>-</b>	<b>11,210,587</b>	<b>(27,684,787)</b>	<b>16,932</b>	<b>949,973,923</b>

#### Pledged as security

During the financial period ended 30 June 2024, no components of property, plant and equipment were pledged as security for borrowings or banking facilities.

#### Projects which are taking significantly longer periods to complete

Included in Work In Progress (WIP) total carrying value are projects which are taking longer to complete. The expenditure incurred to date for these projects are as follows

Indoor sports field	57,333,607	57,333,607
Animal Pounding Facilities	998,706	998,706
Scortia internal street	996,533	996,533
	<b>59,328,846</b>	<b>59,328,846</b>



MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)  
Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

4. Property, plant and equipment (continued)

Reasons for project delays:

- a) Indoor sports field: The project was on hold due to a litigation between the contract and the municipality, this resulted in delays on completion of the project.
- b) Animal Pounding Facilities: The project is taking longer to complete due the legal dispute between the contractor and the municipality.
- c) Scortia internal street: The Municipality appointed a contractor on the 16<sup>th</sup> of April 2024 for construction of the project. The project is currently at construction stage.

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.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,084,089	(1,017,227)	66,862	1,084,089	(993,478)	90,611

#### Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	90,611	(23,749)	66,862

#### Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	114,278	(23,667)	90,611

#### Pledged as security

During the financial period ended 30 June 2024, no components of intangible assets were pledged as security for borrowings or banking facilities.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 6. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	372,500	-	372,500	372,500	-	372,500

#### Reconciliation of heritage assets 2024

	Opening balance	Total
Heritage assets	372,500	372,500

#### Reconciliation of heritage assets 2023

	Opening balance	Total
Heritage assets	372,500	372,500

### 7. Payables from exchange transactions

Trade creditors	15,737,824	16,421,697
Retentions	32,124,652	27,473,260
Accruals	2,769,553	2,857,174
Unknown deposits	7,026,194	5,266,550
Operating lease - deferred liability	26,844	26,844
Other creditors - Dept Roads & Transport	1,078,271	1,364,571
Leave accrued	7,801,421	7,459,896
Bonus accrued	2,279,678	1,913,279
Trade and other payables	240,292	240,292
	<b>69,084,729</b>	<b>63,023,563</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 8. Trade and other payables from non-exchange transactions

Amounts received in advance - consumer debtors	7,976,514	4,414,086
--	-----------	-----------

Payments received in advance are non-interest bearing.

### 9. Employee benefit obligations

#### Defined benefit plan

The plan is a post-employment medical benefit plan and long service awards..

#### Post retirement medical aid plan

The employer's post-employment benefit health care liability consists of a commitment to pay a portion of the pensioners' postemployment medical scheme contributions. The liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member.

#### Long service awards

Long service awards relate to the legal obligation to provide long service leave awards.

Actuarial benefits has been performed on all 181 employees as at 30 June 2024 that are entitled to long services awards. The long service awards liability is not a funded arrangement, i.e no separate assets have been set aside to meet this liability.

Maruleng offers bonuses every five years of completed services from 10 years to 45 years.

The Municipality's long service award policy is in accordance with the Collective Agreement on Conditions of Service for the Limpopo Division, effective from 1 September 2023, which offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive.

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

##### Carrying value

Present value of the defined benefit obligation-wholly unfunded	(7,561,000)	(5,115,000)
Present value of the defined benefit obligation-partly or wholly funded	(8,073,000)	(6,819,000)
	<b>(15,634,000)</b>	<b>(11,934,000)</b>
Non-current liabilities	(14,927,000)	(11,140,000)
Current liabilities	(707,000)	(794,000)
	<b>(15,634,000)</b>	<b>(11,934,000)</b>

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

Opening balance	5,115,000	4,919,000
Benefits paid	(858,715)	(699,367)
Net expense recognised in the statement of financial performance	3,304,715	895,367
	<b>7,561,000</b>	<b>5,115,000</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 9. Employee benefit obligations (continued)

#### Net expense recognised in the statement of financial performance

Current service cost	461,000	463,000
Past service cost	2,099,000	-
Interest cost	539,000	510,000
Actuarial (gains) losses	205,715	(77,633)
	<b>3,304,715</b>	<b>895,367</b>

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.21 %	11.32 %
Expected rate of return on assets	6.35 %	6.57 %
Expected rate of return on reimbursement rights	4.57 %	4.45 %

An employee with five or more years' service with the Municipality, who leaves the service of the Municipality for any reason whatsoever, excluding reasons relating to misconduct, shall receive a pro-rata LSA for any uncompleted (five-year) period of service. The pro-rata factor applicable is the number of years of service since an employee's most recent service milestone, divided by five.

#### Other assumptions

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

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Defined benefit obligation	7,561,000	5,115,000	4,919,050	4,571,000	3,150,000

An actuarial valuation has been performed in respect of post-employment medical benefits which employees may become entitled to after retirement.

The employee post employment health care liability consists of the commitment to pay a portion of the Pensioners Medical Scheme contributions. This liability is also generated in respect of dependents who are offered continued membership of the medical schemes after the death of the pensioner.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 9. Employee benefit obligations (continued)

#### Post-Employment Medical Aid Obligation

The medical aid contribution is an actuarial calculation which was performed by ARCH Actuarial Consulting, an actuarial consulting company specialising in the valuation of employee benefit liabilities for accounting disclosure purposes. Currently there are no pensioners being subsidised for medical aid contributions hence no benefits payment.

The municipality is under no obligation to cover any unfunded benefits.

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

Opening balance	6,819,000	6,457,000
Benefits paid	(72,311)	(71,197)
Net expense recognised in the statement of financial performance	1,326,311	433,197
	<b>8,073,000</b>	<b>6,819,000</b>

#### Net expense recognised in the statement of financial performance

Current service cost	542,000	532,000
Interest cost	855,000	761,000
Actuarial (gains) losses	(70,689)	(859,803)
	<b>1,326,311</b>	<b>433,197</b>

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.32 %	12.59 %
Expected rate of return on reimbursement rights	4.20 %	4.07 %
Actual return on reimbursement rights	7.79 %	8.19 %

#### Other assumptions

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

	2024 R	2023 R	2022 R	2021 R	2020 R
Defined benefit obligation	8,073,000	6,819,000	6,457,000	4,523,000	3,763,000

### 10. Prepayments

Prepayments relates to microsoft annual licencing fees and insurance premiums which are paid once a year for a period of 12 month. The prepayment is for months paid which are after year end.

### 11. Other receivables

Salary clearing account	344,685	380,790
Deposits	1,444,438	1,056,558
Accrued interest	684,445	-
	<b>2,473,568</b>	<b>1,437,348</b>

#### Inter-municipal receivables

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>11. Other receivables (continued)</b>		
Gross debtors	41,189,586	35,867,331
Provision for impairment	(41,189,586)	(35,867,331)
	-	-
<b>Reconciliation of provision for debt impairment</b>		
Opening balance	35,867,331	28,967,231
Provision for impairment	5,322,255	6,900,100
	<b>41,189,586</b>	<b>35,867,331</b>
<b>12. Inventories</b>		
Consumables and materials	145,206	120,956
Consumable stores inventory has been maintained throughout the financial year comprising of electrical cables, cleaning materials, materials for water function and stationery.		
<b>Inventory pledged as security</b>		
No inventory is pledged as security.		
<b>Inventory write-downs</b>		
Inventory written down	-	6,577
It is the municipality's policy to make inventory write-downs for obsolete and expired stock. During the current year, the assessment of inventory for impairment resulted in write downs reported above of R0 (2023: R6,577).		
<b>Inventory expensed</b>		
Opening balance	120,956	149,103
Purchases	5,390,187	3,289,674
Issues/expensed for the year	(5,365,938)	(3,317,821)
<b>Closing balance</b>	<b>145,205</b>	<b>120,956</b>
<b>Reconciliation of inventory issued/expensed for the year</b>		
Issues(Materials used for Water Function)	4,891,368	2,802,980
Issues(Consumables)	474,570	514,841
	<b>5,365,938</b>	<b>3,317,821</b>
Inventory issues for the year consists of R474 570 (2023: R514 841) for consumables expensed during the year and water related inventory items amounting to R4 891 368(2023: R2 802 980). The water related inventory issues were subsequently transferred to the Mopani Water Account.		
<b>13. Receivables from exchange transactions</b>		
Other debtors - sundry debtors	3,122,912	2,850,076
Trade debtors - Refuse / waste management	4,714,457	3,936,892
Less: Provision for doubtful debts	(6,199,206)	(5,390,049)
	<b>1,638,163</b>	<b>1,396,919</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>13. Receivables from exchange transactions (continued)</b>		
<b>Aged receivables from exchange transactions</b>		
Current (0 - 30 days)	571,932	510,012
31 -60 days	373,154	364,852
61 - 90 days	142,811	44,488
91 - 120 days	119,407	101,210
121 days +	6,630,066	5,815,709
	<b>7,837,370</b>	<b>6,836,271</b>
<b>Financial asset receivables included in receivables from exchange transactions above</b>	<b>(6,199,207)</b>	<b>(5,439,352)</b>
<b>Total receivables from exchange transactions</b>	<b>1,638,163</b>	<b>1,396,919</b>
<b>Reconciliation of provision for impairment of trade and other receivables</b>		
Opening balance	5,390,049	5,208,532
Provision for impairment	809,160	181,517
	<b>6,199,209</b>	<b>5,390,049</b>
<b>14. Receivables from non-exchange transactions</b>		
Fines	2,541,376	1,786,399
Other debtors	49,760,619	40,758,782
Consumer debtors - Rates	197,500,840	163,269,555
Provision for impairment	(201,350,601)	(167,781,798)
	<b>48,452,234</b>	<b>38,032,938</b>
<b>Receivables from non-exchange: Traffic fines</b>		
Traffic fines	2,541,376	1,786,399
Provision for impairment	(1,948,755)	(1,259,493)
	<b>592,621</b>	<b>526,906</b>
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions: Traffic fines</b>		
Opening balance	1,259,493	579,224
Provision for impairment	689,262	680,269
	<b>1,948,755</b>	<b>1,259,493</b>
<b>Receivables from non-exchange transactions: Rates and other</b>		
Rates	197,500,840	163,269,555
Provision for impairment	(156,766,064)	(132,757,548)
	<b>40,734,776</b>	<b>30,512,007</b>
Other debtors	49,760,619	40,758,782
Provision for impairment	(42,635,782)	(35,024,250)
	<b>7,124,837</b>	<b>5,734,532</b>
<b>Debtors ageing rates &amp; other debtors</b>		



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>14. Receivables from non-exchange transactions (continued)</b>		
Current (0 - 30 days)	19,844,284	13,128,116
31 -60 days	10,362,660	7,605,137
61 -90 days	8,192,960	6,752,281
91 - 120 days	7,851,121	6,076,744
121 days +	201,010,434	171,964,064
	<b>247,261,459</b>	<b>205,526,342</b>

The other debtors comprise of interest from non-exchange receivables.

### Reconciliation of provision for impairment of receivables from non-exchange transactions: rates

Opening balance	132,757,548	122,245,003
Provision for impairment	24,008,516	10,512,545
	<b>156,766,064</b>	<b>132,757,548</b>

### Reconciliation of provision for impairment of receivables from non-exchange transactions: other debtors

Opening balance	35,024,250	27,707,223
Provision for impairment	7,611,532	7,317,027
	<b>42,635,782</b>	<b>35,024,250</b>

### 15. VAT receivable

VAT	28,138,989	24,185,642
-----	------------	------------

### VAT Receivable (Payable) is attributed to

VAT Receivable (Payable) - cash portion (VAT Returns submitted to SARS awaiting payment by SARS)	11,778,301	8,862,091
VAT Receivable (Payable) - accrual portion	16,360,687	15,323,551
	<b>28,138,988</b>	<b>24,185,642</b>

The municipality is registered on the cash basis and the timing of payments to/from SARS is at the end of each month.

Due to the accrual basis of accounting applied the amount disclosed for VAT include the total movement of VAT accounts. The basis includes a set of accounts that indicate the amount accrued for VAT in debtors and creditors separate from the amount receivable or owed to SARS. The basis of accounting does not lend itself to the separate disclosure of vat movement items. In terms of the prescribed guidelines only the nett VAT receivable or payable are disclosed.

During the year, the municipality did not make any payments to SARS.

### 16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	710	710
Bank balances	27,609,229	17,765,335
Short-term deposits	143,028,450	132,657,912
	<b>170,638,389</b>	<b>150,423,957</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

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

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Current account (primary bank account) - Standard Bank Hoedspruit Branch : Account Number 033355487	27,591,889	17,599,088	29,976,760	27,609,229	18,060,016	30,416,861
Standard Bank Account: Call deposit Account - Account number: 038579111-02	99,491,251	92,365,868	86,478,965	99,491,251	92,365,868	86,478,965
Investec Bank Account: 32 days notice account - Account number 1100464721500	43,537,199	40,292,045	37,851,994	43,537,199	40,292,045	37,851,994
<b>Total</b>	<b>170,620,339</b>	<b>150,257,001</b>	<b>154,307,719</b>	<b>170,637,679</b>	<b>150,717,929</b>	<b>154,747,820</b>

### 17. Finance lease obligation

<b>Minimum lease payments due</b>		
- within one year	449,649	907,712
- in second to fifth year inclusive	-	438,604
	449,649	1,346,316
less: future finance charges	(9,640)	(94,288)
<b>Present value of minimum lease payments</b>	<b>440,009</b>	<b>1,252,028</b>
<b>Present value of minimum lease payments due</b>		
- within one year	440,009	823,064
- in second to fifth year inclusive	-	428,964
	<b>440,009</b>	<b>1,252,028</b>
Non-current liabilities	-	428,964
Current liabilities	440,009	823,064
	<b>440,009</b>	<b>1,252,028</b>

The average lease term was 3 years and the average effective borrowing rate was 10% (2023: 10%).

### 18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant	16,144,864	1,605,785

#### Movement during the year

Balance at the beginning of the year	1,605,785	15,081,652
Additions during the year	96,372,000	65,170,000
Surrendered to National Treasury during theyear	(2,098,000)	(3,802,000)
Income recognition during the year	(79,734,921)	(74,843,867)
	<b>16,144,864</b>	<b>1,605,785</b>

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

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)  
Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

18. Unspent conditional grants and receipts (continued)

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

See note 30 for reconciliation of grants from National/Provincial Government.

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 19. Provisions

#### Reconciliation of provisions - 2024

	Opening Balance	Utilised during the year	Movement for the year	Change in discount factor	Total
Environmental rehabilitation	3,853,391	(212,551)	-	440,119	4,080,959
Provision for performance bonus	928,281	-	182,932	-	1,111,213
	<b>4,781,672</b>	<b>(212,551)</b>	<b>182,932</b>	<b>440,119</b>	<b>5,192,172</b>

#### Reconciliation of provisions - 2023

	Opening Balance	Additions	Movement for the year	Total
Environmental rehabilitation	-	3,853,391	-	3,853,391
Provision for performance bonus	1,117,292	-	(189,011)	928,281
	<b>1,117,292</b>	<b>3,853,391</b>	<b>(189,011)</b>	<b>4,781,672</b>

  

Non-current liabilities	4,080,959	3,853,391
Current liabilities	1,111,213	928,281
	<b>5,192,172</b>	<b>4,781,672</b>

#### Environmental rehabilitation provision

The landfill rehabilitation provision is intended for the rehabilitation of the current operational sites which are evaluated at each year-end to reflect the best estimate at reporting date. The sites under consideration is the Maruleng landfill situated on portion of farm 194 KT Hoedspruitl.

The valuation for the landfill site was performed by Mr Seakle Godschalk Pr Sci Nat, GIMFO from Environmental & Sustainability Solutions(ESS). Mr Godscchalk is a registered professional environmental scientist with the South African Council for Natural Scientific Professions (SACNASP) as well as the Southern African Institute of Ecologists and Environmental Scientists (SAIE&ES). He holds a Master's degree in Science as well as Master's Degree in Accounting. He is also a member of Chartered Institute of Government Finance, Audit and Risk Officers (CICFARO).

ESS has developed a General Landfill Closure Costing Model (GLCCM) to estimate the final rehabilitation and closure costs for general landfills. The GLCCM is being updated in cooperation with Jones and Wagener Consulting Civil Engineers (Pty) Ltd, a company that is actively involved in rehabilitation and closure of landfill sites. The GLCCM is based on the minimum requirements for Waste Disposal by Landfill of the Department of Water Affairs (1998), as amended by more recent regulations. The GLCCM provides a reliable best possible estimate of closure costs in terms of paragraph .49 of GRAP 19.

#### Key assumptions used

##### Unit costs

Unit costs for each of the cost elements are obtained annually by means of a commercial quotation.

##### Consumer Price Index (CPI)

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last three months amounted to 5.1704%.

##### Discount rate

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 19. Provisions (continued)

GRAP 19 states that where the effect of the time value for money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans, government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation linked rates are used.

The rate most consistent with the remaining life of the landfill published at the end of the quarter that includes the financial year-end date was used. For this landfill the rate associated with the maximum period of 10 years was used, i.e. 5.5% above CPI. The discount rate of 10.6704% was used

### 20. Revenue

Service charges	5,385,733	4,923,218
Rental of facilities and equipment	410,484	431,214
Interest received (trading)	470,185	770,923
Agency services	3,000,479	2,966,300
Licences and permits	3,896,919	2,860,584
Reversal of impairment of assets	-	16,934
Other revenue	4,704,684	4,712,359
Interest received - investment	11,054,983	8,336,552
Property rates	172,692,071	126,265,039
Donation of assets	-	7,357,196
Fines, penalties and forfeits	869,800	1,062,500
Government grants & subsidies	247,867,920	231,843,867
Interest on receivables	17,701,824	13,119,970
	<b>468,055,082</b>	<b>404,666,656</b>

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

Service charges	5,385,733	4,923,218
Rental of facilities and equipment	410,484	431,214
Interest received (trading)	470,185	770,923
Agency services	3,000,479	2,966,300
Licences and permits	3,896,919	2,860,584
Reversal of impairment of assets	-	16,934
Other revenue	4,704,684	4,712,359
Interest received - investment	11,054,983	8,336,552
	<b>28,923,467</b>	<b>25,018,084</b>

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

##### Taxation revenue

Property rates	172,692,071	126,265,039
Interest on receivables	17,701,824	13,119,970
Donation of assets	-	7,357,196
Fines, penalties and forfeits	869,800	1,062,500

##### Transfer revenue

Government grants & subsidies	247,867,920	231,843,867
	<b>439,131,615</b>	<b>379,648,572</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>21. Service charges</b>		
Refuse removal	5,385,733	4,923,218
<b>22. Agency services</b>		
Agency fee - Roads and transport	2,820,334	2,727,008
Agency fee - Water and sanitation - Mopani district	180,145	239,292
	<b>3,000,479</b>	<b>2,966,300</b>
<b>23. Licences and permits</b>		
Traffic learners and drivers' licences	3,896,919	2,860,584
<b>24. Donation of assets</b>		
Land Erf 1443	-	7,357,196
<b>25. Fines, penalties and forfeits</b>		
Traffic fines	869,800	1,062,500
<b>26. Interest from receivables</b>		
Non-exchange receivables	17,701,824	13,119,970
<b>27. Other revenue</b>		
Clearance certificates	263,576	248,402
Valuation certificates	22,066	12,485
Library fines/fees	2,434	1,102
Building plans	2,998,512	3,010,247
Special consent application	-	26,441
Signboards and adverts	304,152	255,331
Certificate of occupancy	277,473	379,020
Trading licence fees	19,906	2,999
Building inspection fee	427,700	431,672
Swimming pool application fees	79,767	70,233
Library membership fees	970	1,868
Tender documents	308,128	266,249
Handling fees	-	6,310
	<b>4,704,684</b>	<b>4,712,359</b>
<b>28. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	11,054,983	8,336,552

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>29. Property rates</b>		
<b>Rates received</b>		
Gross revenue	256,078,105	147,743,812
Rebates	(83,386,034)	(21,218,343)
	<b>172,692,071</b>	<b>126,525,469</b>
<b>Valuations</b>		
Residential	6,219,166,000	5,032,191,070
Commercial	2,549,354,007	2,284,961,028
State	3,275,528,000	2,386,007,056
Agricultural	6,229,519,000	3,911,209,278
Other	3,762,683,000	945,580,900
	<b>22,036,250,007</b>	<b>14,559,949,332</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>30. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Expanded Public Works Programme	1,295,000	1,246,000
Financial Management Grant	1,850,000	1,850,000
Equitable Share	164,988,000	153,904,000
	<b>168,133,000</b>	<b>157,000,000</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	79,734,920	74,843,867
	<b>247,867,920</b>	<b>231,843,867</b>
<b>Expanded Public Works Programme</b>		
Current-year receipts	1,295,000	1,246,000
Conditions met - transferred to revenue	(1,295,000)	(1,246,000)
	-	-
<b>Financial Management Grant</b>		
Current-year receipts	1,850,001	1,850,000
Conditions met - transferred to revenue	(1,850,001)	(1,850,000)
	-	-
<b>Equitable Share</b>		
Current-year receipts	164,988,000	153,904,000
Transferred to revenue	(164,988,000)	(153,904,000)
	-	-
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	1,605,785	15,081,652
Current-year receipts	96,372,000	65,170,000
Conditions met - transferred to revenue	(79,734,921)	(74,843,867)
Amount withheld by National Treasury	(2,098,000)	(3,802,000)
	<b>16,144,864</b>	<b>1,605,785</b>

Conditions still to be met - remain liabilities (see note 18).



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 31. Employee related costs

Basic	63,948,914	62,566,545
Medical aid - company contributions	16,795,784	15,127,709
Travel, motor car, accommodation, subsistence and other allowances	8,090,763	7,497,033
Long-service awards	2,705,945	488,691
Housing benefits and allowances	1,825,177	1,665,971
	<b>93,366,583</b>	<b>87,345,949</b>

### Remuneration of municipal manager

Annual Remuneration	1,113,168	640,469
Car Allowance	39,069	21,623
Performance Bonuses	85,900	-
Contributions to UIF, Medical and Pension Funds	14,589	1,240
Other	20,340	6,395
Acting Allowance	46,229	-
	<b>1,319,295</b>	<b>669,727</b>

Ms NS Hoesane was suspended as the Municipal Manager from 22 March 2024.

Dr SS Sebashe was appointed acting municipal manager with effect from 22 March 2024 following the suspension of NS Hoesane. His acting allowance was R46 228.80.

### Remuneration of chief finance officer

Annual Remuneration	563,855	229,452
Car Allowance	136,616	4,041
Performance Bonuses	161,152	740
Contributions to UIF, Medical and Pension Funds	-	2,522
Other	18,645	26,036
	<b>880,268</b>	<b>262,791</b>

Ms F Sekgobela was appointed as the acting Chief Financial Officer from 01 July 2023 to 31 July 2023 and her acting allowance was R0.

Mr TH Sebelebele was appointed the chief financial officer with effect from 01 August 2023.

### Remuneration of Technical Services Directors

Other	-	18,500
-------	---	--------

Mr ML Muroa was appointed as the acting Technical services director from 01 June 2022 to 30 June 2024 and his acting allowance was R0 (2024) R18 580.00 (2023).

### Remuneration of Community Services Directors

Annual Remuneration	748,295	588,241
Car Allowance	17,036	11,940
Performance Bonuses	60,130	92,364
Contributions to UIF, Medical and Pension Funds	175,549	7,394
Other	20,340	134,640
	<b>1,021,350</b>	<b>834,579</b>

### Remuneration of Spatial Development and Planning Director

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>31. Employee related costs (continued)</b>		
Annual Remuneration	722,473	314,352
Car Allowance	161,036	23,725
Performance Bonuses	-	45,638
Contributions to UIF, Medical and Pension Funds	58,187	51,841
Other	20,340	5,258
Leave payout	-	147,463
	<b>962,036</b>	<b>588,277</b>

### Remuneration of Corporate Services Director

Annual Remuneration	702,397	635,745
Car Allowance	233,890	212,187
Contributions to UIF, Medical and Pension Funds	11,936	1,948
Other	20,340	30,267
Leave payout	-	8,379
	<b>968,563</b>	<b>888,526</b>

### 32. Remuneration of councillors

Mayor	967,383	967,808
Mayoral Committee Members	2,643,454	2,528,866
Speaker	783,308	781,113
Councillors part time	6,859,233	7,109,881
Councillors full time	723,421	432,101
	<b>11,976,799</b>	<b>11,819,769</b>

### In-kind benefits

Councillors are classified based on their respective positions as at 30 June 2024 or the last day of service, as the case may be.

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

The Mayor and speaker has access to a municipal vehicle for official duties and is allocated a municipal house that can also be used to entertain official guests.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 32. Remuneration of councillors (continued)

#### Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

30 June 2024

Councillors name	Position	Basic Salary	Travel Allowance	Cellphone Allowance	Contributions and Benefits	Total
Cllr MUSOLWA	TC Mayor	658,386.93	57,523.72	47,004.00	204,468.39	967,383.04
Cllr RAGANYA	B Speaker	574,886.52	-	47,004.00	161,417.52	783,308.04
Cllr THOBEJANE	HM Chief whip	207,324.96	96,274.26	47,004.00	81,497.88	432,101.10
Cllr RAGANYA	SB Mpac Chairperson	426,336.16	156,494.84	47,004.00	93,585.98	723,420.98
Cllr MAAKAMELA	MR Chairperson Ethics	218,449.56	72,816.50	47,004.00		- 338,270.06
Cllr KOMANE	MM EXCO members	440,057.28	172,571.50	47,004.00	77,657.16	737,289.94
Cllr MATHABA	MA EXCO members	517,714.44	172,571.50	,004.00		- 737,289.94
Cllr TSHETLHA	MT EXCO members	440,057.28	172,571.50	47,004.00	77,657.16	737,289.94
Cllr MATHABA	TA EXCO members	303,103.72	15,458.30	46,487.00	66,535.02	431,584.04
Cllr MONASHANE	MS Councillor	179,128.68	72,816.50	47,004.00	39,320.88	338,270.06
Cllr MOKGAHLA	TJ Councillor	179,128.68	72,816.50	47,004.00	39,320.88	338,270.06
Cllr RAMMALA	MMS Councillor	179,128.68	72,816.50	47,004.00	39,320.88	338,270.06
Cllr LETEBELE	SP Councillor	185,682.12	72,816.50	47,004.00	32,767.44	338,270.06
Cllr BT MABILO	Councillor	179,128.68	72,816.50	47,004.00	39,320.88	338,270.06
Cllr SEKGOBELA	KJ Councillor	218,449.56	72,816.50	47,004.00		- 338,270.06
Cllr RAKGOALE	MJ Councillor	218,449.56	72,816.50	47,004.00		- 338,270.06

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand				2024	2023		
32. Remuneration of councillors (continued)							
Cllr NTEMANA	MS	Councillor	179,128.68	72,816.50	47,004.00	39,320.88	338,270.06
Cllr MATHOLE	DI	Councillor	185,682.12	72,816.50	47,004.00	32,767.84	338,270.46
Cllr MF MADIKE		Councillor	185,682.12	72,816.50	47,004.00	32,767.44	338,270.06
Cllr MOROPANE	LP	Councillor	179,128.68	72,816.50	47,004.00	39,320.88	338,270.06
Cllr PREEZ	EC DU	Councillor	185,682.12	72,816.50	47,004.00	32,767.44	338,270.06
Cllr PS MALEPE		Councillor	179,128.68	72,816.50	47,004.00	39,320.88	338,270.06
Cllr MOKGOTHO	D	Councillor	179,128.68	72,816.50	47,004.00	39,320.88	338,270.06
Cllr BE MASETE		Councillor	179,128.68	72,816.50	47,004.00	39,320.88	338,270.06
Cllr TI SHAI		Councillor	179,128.68	72,816.50	47,004.00	39,320.88	338,270.06
Cllr GERBER	PW	Councillor	185,682.12	72,816.50	47,004.00	32,767.44	338,270.06
Cllr MOREMA	JT	Councillor	179,128.68	72,816.50	47,004.00	39,320.88	338,270.06
Total			7,122,042.05	2,226,979.12	1,268,591.00	1,359,186.39	11,976,798.56

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 32. Remuneration of councillors (continued)

30 June 2023

Councillors name	Position	Basic Salary	Travel Allowance	Cellphone Allowance	Contributions and Benefits	Total
Cllr MUSOLWA	TC Mayor	525,874.43	230,094.72	47,004.00	164,409.85	967,383.00
Cllr RAGANYA	B Speaker	602,219.74	-	47,004.00	134,084.30	783,308.04
Cllr THOBEJANE	HM Chief whip	240,744.84	96,274.20	47,004.00	48,078.00	432,101.04
Cllr RAGANYA	SB Mpac Chairperson	375,806.40	94,745.43	47,004.00	83,084.10	600,639.93
Cllr MAAKAMELA	MR Chairperson Ethics	218,449.56	72,816.48	47,004.00	-	338,270.04
Cllr KOMANE	MM EXCO members	439,149.35	172,571.52	47,004.00	78,565.09	737,289.96
Cllr MATHABA	MA EXCO members	517,714.44	172,571.52	47,004.00	-	737,289.96
Cllr TSHETLHA	MT EXCO members	439,149.35	172,571.52	47,004.00	78,565.09	737,289.96
Cllr MATHABA	TA EXCO members	105,152.88	6,762.50	20,102.00	19,232.60	181,249.98
Cllr MOHLABE	B EXCO members (resigned)	146,313.36	48,137.10	21,600.00	-	216,050.46
Cllr MONASHANE	MS Councillor	178,668.96	72,816.48	47,004.00	39,780.60	338,270.04
Cllr MOKGAHLA	TJ Councillor	178,668.96	72,816.48	47,004.00	39,780.60	338,270.04
Cllr RAMMALA	MMS Councillor	178,668.96	72,816.48	47,004.00	39,780.60	338,270.04
Cllr LETEBELE	SP Councillor	185,299.00	72,816.48	47,004.00	33,150.56	338,270.04
Cllr BT MABILO	Councillor	178,668.96	72,816.48	47,004.00	39,780.60	338,270.04
Cllr SEKGOBELA	KJ Councillor	218,449.56	72,816.48	47,004.00	-	338,270.04
Cllrs RAKGOALE	MJ Councillor	218,449.56	72,816.48	47,004.00	-	338,270.04

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 32. Remuneration of councillors (continued)

Cllr NTEMANA	MS Councillor	178,668.96	72,816.48	47,004.00	39,780.60	338,270.04
Cllr MATHOLE	DI Councillor	185,299.00	72,816.48	47,004.00	33,150.56	338,270.04
Cllr MF MADIKE	Councillor	185,375.63	72,816.48	47,004.00	33,073.93	338,270.04
Cllr MOROPANE	LP Councillor	178,668.96	72,816.48	47,004.00	39,780.60	338,270.04
Cllr PREEZ	EC DU Councillor	185,299.00	72,816.48	47,004.00	33,150.56	338,270.04
Cllr PS MALEPE	Councillor	178,668.96	72,816.48	47,004.00	39,780.60	338,270.04
Cllr MOKGOTHO	D Councillor	178,668.96	72,816.48	47,004.00	39,780.60	338,270.04
Cllr BE MASETE	Councillor	178,668.96	72,816.48	47,004.00	39,780.60	338,270.04
Cllr TI SHAI	Councillor	178,668.96	72,816.48	47,004.00	39,780.60	338,270.04
Cllr GERBER	PW Councillor	185,299.00	72,816.48	47,004.00	33,150.56	338,270.04
Cllr MOREMA	JT Councillor	204,382.92	72,816.48	47,004.00	14,066.64	338,270.04
Total		6,965,117.62	2,407,241.63	1,263,806.00	1,183,567.84	11,819,769.09

### 33. Depreciation and amortisation

Property, plant and equipment	33,419,925	27,684,787
Intangible assets	23,749	23,667
	<b>33,443,674</b>	<b>27,708,454</b>

### 34. Finance costs

Finance leases	84,648	158,278
Landfill site provision	440,119	-
Bank	-	29
Employee benefit obligation	1,394,000	1,271,000
	<b>1,918,767</b>	<b>1,429,307</b>

### 35. Auditors' remuneration

Fees	6,262,043	5,746,501
------	-----------	-----------

### 36. Debt impairment

Debt impairment	38,440,721	25,643,166
-----------------	------------	------------

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>37. General expenses</b>		
Compensation commissioner	1,241,396	414,660
Advertising	460,708	457,341
Auditors remuneration	6,262,043	5,746,501
Bank charges	335,363	369,703
Computer expenses	216,023	796,950
Free basic electricity	564,623	718,404
Entertainment	96,618	151,754
Insurance	1,985,521	2,117,362
Functions and events	1,111,018	1,132,594
Fuel and oil	3,963,488	4,192,946
Printing and stationery	3,007,642	3,518,888
Protective clothing	653,540	6,989
Repairs and maintenance	2,767,375	2,644,285
Subsistence, travel & accomodation	10,235,928	9,620,956
Telephone and fax	-	670
Training	1,581,624	1,378,188
Traffic fines	1,086,751	148,269
Electricity	3,417,268	2,964,034
Membership fees	1,137,933	1,040,923
Stores and material	361,336	514,841
Ward committees	3,509,513	3,438,878
Professional fees	24,649,569	19,663,558
Bursary Fund	1,690,805	496,067
Other expenses	560,402	768,130
	<b>70,896,487</b>	<b>62,302,891</b>
<b>38. Contracted services</b>		
<b>Outsourced Services</b>		
Administrative and Support Staff	172,500	150,000
Internal Auditors	1,460,261	920,904
Refuse Removal	8,546,413	7,743,030
Security Services	21,461,875	14,774,769
<b>Consultants and Professional Services</b>		
Business and Advisory	1,577,150	1,395,886
Legal Cost	4,692,113	9,920,599
<b>Contractors</b>		
Maintenance of Equipment	3,976,624	1,520,303
	<b>41,886,936</b>	<b>36,425,491</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>39. Cash generated from operations</b>		
Surplus	176,386,562	151,755,384
<b>Adjustments for:</b>		
Depreciation and amortisation	33,443,674	27,708,454
Loss on sale of assets and liabilities	277,255	1,518,565
Fair value adjustments	-	(344,884)
Finance costs - Finance leases	84,648	-
Impairment of assets	26,121	-
Interest debtors	(18,172,009)	(13,922,385)
Debt impairment	38,440,721	25,643,166
Finance costs - Finance leases	(699,849)	158,278
Reversal of impairment of assets	-	(16,934)
Donation of assets	-	(7,357,196)
Finance cost - landfill provision	440,119	-
Finance cost - employee benefit obligation	1,394,000	1,271,000
Actuarial gains/(losses)	135,026	(937,436)
Movemenet in employee benefit liability	2,170,975	224,436
<b>Changes in working capital:</b>		
Inventories	(24,250)	28,147
Receivables from exchange transactions	(5,902,470)	(6,078,952)
Receivables from non-exchange transactions	(25,026,775)	(12,301,132)
Prepayments	(406,385)	(465,289)
Other receivables	(1,036,220)	460,912
Payables from exchange transactions	6,244,096	15,919,585
VAT	(3,953,347)	(6,231,057)
Trade and other payables from non-exchange transactions	3,562,427	(1,200,080)
Unspent conditional grants and receipts	14,539,079	(13,475,867)
	<b>221,923,398</b>	<b>162,356,715</b>

## 40. Fair value adjustments

Investment property (Fair value model)	699,849	344,884
--	---------	---------

## 41. Financial instruments disclosure

### Categories of financial instruments

#### 2024

#### Financial assets

	At amortised cost	Total
Receivable from exchange transactions	1,638,163	1,638,163
Receivable from non-exchange transactions	48,452,234	48,452,234
Other receivables	2,473,568	2,473,568
Cash and cash equivalent	170,638,389	170,638,389
	<b>223,202,354</b>	<b>223,202,354</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	70,195,940	70,195,940
Trade and other payables from non-exchange transactions	7,976,514	7,976,514
Finance lease	440,009	440,009



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>41. Financial instruments disclosure (continued)</b>	<b>78,612,463</b>	<b>78,612,463</b>
<b>2023</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Receivable from exchange transactions	1,396,919	1,396,919
Receivable from non-exchange transactions	38,032,938	38,032,938
Other receivables	1,437,348	1,437,348
Cash and cash equivalent	150,423,957	150,423,957
	<b>191,291,162</b>	<b>191,291,162</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions	60,876,961	60,876,961
Trade and other payables from non-exchange transactions	4,414,086	4,414,086
Finance lease	823,064	823,064
	<b>66,114,111</b>	<b>66,114,111</b>
<b>42. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	393,588,790	243,237,589
<b>Total capital commitments</b>		
Already contracted for but not provided for	393,588,790	243,237,589
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Professional fees	85,295,920	20,041,568
<b>Not yet contracted for and authorised by accounting officer</b>		
• Government grants	71,660,209	72,105,460
• internal sources	407,224,502	191,173,697
	<b>478,884,711</b>	<b>263,279,157</b>
<b>Total operational commitments</b>		
Already contracted for but not provided for	85,295,920	20,041,568
Not yet contracted for and authorised by accounting officer	393,588,790	243,237,589
	<b>478,884,710</b>	<b>263,279,157</b>

Commitments relates to property, plant and equipment as well as other operational costs. These commitments will be financed by available retained surplus, internally generated funds and government grants. Commitments are disclosed inclusive of VAT.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 43. Contingencies

#### Contingent liabilities

#### 1. Mpumelelo Business enterprise

6,050,984 6,050,984

Contract for construction of an indoor sport centre was terminated due to breach of contract and they have since instituted a legal claim for an amount of work performed to the value of R1 519 281, loss of income of R144 589.44 and retention to the amount of R4 387 113.10. The legal cost are estimated at R 600 000.00.

#### 2. Mohale Champ Machubeni unfair dismissal

Mr Machubene was dismissed for gross misconduct and gross dereliction of duties following which he referred a dispute to the CCMA on the basis of unfair dismissal seeking compensation in the form of 12 or 24 months of his remuneration. Mr Machubene's basic pay is R 781 460.00 per annum (R1 562 920) and cash component of R 50 000.00.

The CCMA has ruled against Maruleng on the matter. However Maruleng has taken the matter to court on an application to review and set aside the decision by the CCMA.

There is no reimbursement from any third parties for potential obligations of the municipality. The legal cost are estimated at R 3 000 000.00. The matter has since been resolved.

#### 3. Tainama Civils

10,328,058 10,328,058

Tainama civils has claimed an amount of R2 137 370.49 for alleged work done, retention in an amount of R1 190 687.10 and damages in the amount of R7 000 000.00. The municipality has disputed the said amount and an engineer issued a revised payment certificate which is now disputed by Tainama Civils. Tainama has instituted legal claim for the amount of work alleged to have been performed. The matter is still pending. The legal cost are estimated at R 1 000 000.00.

#### 4. Mjindin Investment

Mjindin Investment has issued an application for the review and set aside of zoning certificate issued to Gideon Trust. The matter has not be set for hearing. The legal cost are estimated at R 300 000.00. There is no monetary payment sought from the municipality

#### 5. Harmonie 360 Pty Ltd

Harmonie 360 Pty Ltd has issued an application for the review and set aside of zoning certificate issued for property within the Maruleng area (Case no 836/2021 (Polokwane High Court) . The matter has not be set for hearing. The legal cost are estimated at R 280 000.00. The matter was resolved in the current year.

#### 6. Hlimbyi Trading Enterprise CC

10,270,431 10,270,431

The municipality received an urgent application interdicting the municipality for advertising the security services tender around October 2020. The urgent application was dismissed with costs.

The applicant has now filed for review of the appointment of the new service provider claiming unlawful termination of the agreement and as such claiming to have suffered an amount of R10 270 430.50. The legal cost are estimated at R 1 000 000.00

#### 7. Batatise Consulting Engineers ( Pty) Ltd

The Municipality on or about the 13th October 2021 appointed the services of the service provider for the project, Scortia Internal street to perform the services of planning, design and administer the executive of the project.

The municipality has since terminated the services of the service provider due to budget constraints.

The Municipality was served with summons by the service provider claiming an amount of R2 977 947.62 for work done. The matter was resolved during the year.

#### 8. MAPCO Projects and Developments (Pty) Ltd

1,925,649 1,925,649

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 43. Contingencies (continued)

On or around October 2021 appointed the service provider as consultant of Animal Impounding to perform the services of planning, design and administer the executive of the project.

The municipality has since terminated the services of the service provider due to budget constraints.

The Municipality was served with the summons by the service provider claiming an amount of R1 925,649,06 for work done. The legal cost are estimated at R 2 500 000.00

#### 9. KOTH Property Consultants

3,228,000 3,228,000

The Municipality was served with the summons by the service provider claiming R3 228 000.00 for damages suffered as a result of the termination of the contract due to fraudulent misrepresentation. The legal cost are estimated at R 3 000 000.00.

#### 10. Mjindini Investments Pty Ltd

An application compelling the Municipality to issue clearance figures at reduced property valuation. The Municipality has filed an interlocutory application for discovery of documents set down for the 11th September 2023. The legal cost are estimated at R 400 000.00.

#### 11. Harmonie Familie Plaas

An application compelling the Municipality to issue clearance figures at reduced property valuation. The Municipality has filed an interlocutory application for discovery of documents set down for the 11<sup>th</sup> September 2023. There is no monetary payment sought from the municipality.

### 44. Related parties

#### Relationships

S54 and S56 Employees/Employees remuneration  
Remuneration of Councilors

Refer to note 31  
Refer to note 32

During the year, in the ordinary course of business, transactions between the Municipality and the under-mentioned parties have occurred under terms and condition no more favourable than those entered into with third parties in an arm's length transaction.

### 45. Prior period errors

#### Statement of Financial Position

- > Correction of depreciation on solid waste assets was incorrectly calculated.
- > Correction of interest on landfill provision which was incorrectly captured twice.
- > Correction of receivables from exchange transaction as a result of revenue incorrectly billed.
- > Correction of receivables from non-exchange transaction as a result of revenue incorrectly billed.
- > Correction of VAT receivable resulting from revenue and expenditure transactions.
- > Correction of prepayment incorrectly classified as general expenses.
- > Correction of long outstanding reconciling items on the bank reconciliation.
- > Correction of payables resulting from remuneration of councillors as a result of upper limits.
- > Correction of prior year revenue and expenses.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 45. Prior period errors (continued)

#### Statement of Financial Performance

- > Correction of depreciation on solid waste assets was incorrectly calculated.
- > Correction of interest on landfill provision erroneously accounted for twice.
- > Correction of remuneration of councillors as a result of upper limits.
- > Correction of contracted services incorrectly recognised as expenses.
- > Correction of several general expenses incurred in the prior year.
- > Correction of property rates incorrectly billed.
- > Correction of interest from exchange transactions incorrectly accounted.

#### Disclosure Adjustments

- > Correction of performance bonus provision amount to R928,281 incorrectly classified as trade payables.
- > Correction of SDL payment amount to R791,452 incorrectly omitted from disclosures in the prior year.
- > Correction principal and agent transaction as a result of correction of Mopani Debtors amounting to R4 531 077.

#### Statement of financial position

Property, plant and equipment	-	23,717
Provisions	-	573,282
Receivable from exchange transactions	-	(49,303)
Receivables from non-exchange transaction	-	(238,510)
VAT receivable	-	540,542
Prepayment	-	465,289
Other receivables	-	(536,190)
Cash and cash equivalent	-	(294,681)
Payables from exchange payables	-	(2,709,166)
Accumulated surplus	-	630,481

#### Statement of financial performance

Depreciation expense	-	(23,717)
Finance costs	-	(573,282)
Remuneration of councillors	-	(562,550)
Contracted services	-	2,446,017
General expenses	-	376,965
Property rates	-	260,430
Interest on receivables	-	31,492

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 46. Risk management

#### Financial risk management

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

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### Liquidity risk

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

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	69,084,729	-	-	-
Trade and other payables from non-exchange transactions	7,976,514	-	-	-
Unspent conditional grants and receipts	16,144,864	-	-	-
Finance lease obligation	440,009	-	-	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	63,023,563	-	-	-
Trade and other payables from non-exchange transactions	4,414,086	-	-	-
Unspent conditional grants and receipts	1,605,785	-	-	-
Finance lease obligation	823,064	428,964	-	-

#### Credit risk

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

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

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

Financial instrument	2024	2023
Receivables from exchange transactions	1,638,163	1,396,919
Receivables from non-exchange transactions	48,452,234	38,032,938
Other receivables	2,473,568	1,437,348
Cash and cash equivalents	170,638,389	150,423,957
Finance lease obligation	440,009	1,252,028
Trade and other payables from exchange transactions	69,084,729	63,023,563
Trade and other payables from non-exchange transactions	7,976,514	4,414,086

#### Market risk

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 46. Risk management (continued)

#### 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 the changes in market interest rates.

Municipality is exposed to interest rate risk on its investments. The municipality have insignificant interest risk exposure in the form of finance costs from finance lease obligation, however the fluctuation in interest rates will not hinder any of the municipality operations.

A sensitivity analysis is done by the Municipality on a continuous bases 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 a change in interest 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.

### 47. Going concern

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

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.

### 48. Unauthorised expenditure

Opening balance as previously reported	39,508,408	35,144,088
Add: Unauthorised expenditure - current	14,100,502	4,364,320
Less: Amount authorised - prior period	(39,508,408)	-
<b>Closing balance</b>	<b>14,100,502</b>	<b>39,508,408</b>

The unauthorised expenditure has been tabled to council and has been written off by council.

### 49. Fruitless and wasteful expenditure

Opening balance as previously reported	3,858,922	3,818,602
Add: Fruitless and wasteful expenditure identified - current	20,246	120,320
Less: Amount written off - prior period	(300,658)	(80,000)
<b>Closing balance</b>	<b>3,578,510</b>	<b>3,858,922</b>

The fruitless and wasteful expenditure has been tabled to council and is currently being investigated by a committee of council.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure.

### MFMA Section 125(2)(d) disclosure:

The municipality incurred losses amounting to R20 246 as a result overpayment of free basic services expenses.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>50. Irregular expenditure</b>		
Opening balance as previously reported	165,526,317	207,823,178
Add: Irregular expenditure - current	144,041	540,297
Add: Irregular expenditure - prior period	13,140,236	37,287,084
Less: Amount written off - prior period	(140,428,732)	(80,124,242)
<b>Closing balance</b>	<b>38,381,862</b>	<b>165,526,317</b>

### Recoverability steps taken/criminal proceedings

The balance as at 30 June 2023 was R 165 526 317. The balance as at 30 June 2024 was R 38 381 862 that is currently under investigation. The expenditures disclosed include VAT for VAT vendors.

The findings of the investigation into irregular expenditure resulted in the recommendation for the approval of a write-off amounting to R140 428 732. The report was tabled before Council and as a result, an amount of R140 428 732 was written off

in the current year. Council further resolved to continue investigations on the remainder of the amount and also institute consequence management on the part of responsible officials, including criminal charges..

### MFMA Section 125(2)(d) disclosure:

There are no material losses incurred as a result of irregular expenditure for the current financial year. The municipality did not incur any material losses as a result of irregular expenditure incurred in the current financial year. The irregular expenditure identified relates to non-compliance with SCM policy and related regulations.

The Accounting Officer has instituted consequence management on the part of responsible officials. These measures include disciplinary , recovery processes and also possible criminal charges.

### 51. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to SALGA

Current year subscription / fee	1,123,070	1,020,735
Amount paid - current year	(1,123,070)	(1,020,735)
	-	-

#### Audit fees

Current year subscription / fee	7,217,315	6,608,505
Amount paid - current year	(7,217,315)	(6,608,505)
	-	-

#### PAYE, SDL and UIF

Current year subscription / fee	16,546,581	15,769,356
Amount paid - current year	(16,546,581)	(15,769,356)
	-	-

#### Pension and Medical Aid Deductions

Current year subscription / fee	23,348,641	21,606,660
Amount paid - current year	(23,348,641)	(21,606,660)
	-	-

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)  
Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>51. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>VAT</b>		
VAT receivable	28,138,989	24,185,642

VAT output payables and VAT input receivables are shown in note 15.

**Councillors' arrear consumer accounts**

Councillors do not have services and rates accounts with the municipality.



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 52. Deviation from supply chain management regulations

In terms of Regulation 36 of the Municipal Supply Chain Management Regulations, the Accounting Officer must sign-off all the deviations and minor breaches of the procurement processes. A register of such breaches must also be kept. The deviation report includes the limited bidding procurement, emergency procurement, urgent procurement and the unavoidable / gross deviations. The following expectations were recorded for the period under review:

Date	Service Provider	Description	Amount	Reason for Deviation
04-Jul-23	SALGA	Registration fee for Kgatle and Sekgoka	10,000.00	Impractical - Registration fee of a professional body.
10-Jul-23	MIE	Background screening of results.	2,578.83	Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting.
11-Jul-23	BB UD Tzaneen	Service and repairs for FWW 072 L	27,298.86	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
11-Jul-23	BMW Mbombela	Service and repairs for FKS 048 L	53,742.69	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
11-Jul-23	NTT Toyota Hoedspruit	Service and repairs for FFG 808 L	28,361.90	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
11-Jul-23	NTT Toyota investment	Service and repairs for FFY 776 L	12,179.70	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
11-Jul-23	SAGE	Registration fee for Ramohlola K	3,749.00	Impractical - Registration fee of a professional body.
13-Jul-23	NTT Toyota Hoedspruit	Service and repairs for FFG 803 L	10,352.43	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
13-Jul-23	NTT Toyota investment	Service and repairs for FFY 776 L	13,146.60	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
13-Jul-23	SALGA	Registration for Hoeane, musolwa, Raganya, T hobejane	25,000.00	Impractical - Registration fee of a professional body.
13-Jul-23	NTT Toyota Hoedspruit	Service and repairs for FFG 805 L	13,689.60	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19-Jul-23	Leeto Travel Agency	Accommodation for the Chief Financial Officer	56,250.00	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
20-Jul-23	Karibu Leisure Resort	Accommodation for MFMP class	237,786.37	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 52. Deviation from supply chain management regulations (continued)

26-Jul-23	Barloworld Equipment	Service and repairs for DFF 814L	193,817.67	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
31-Jul-23	BB UD Tzaneen	Service and repairs for BVP 255L	46,401.88	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
01-Aug-23	Sefularo Travel Agency	Accommodation for Mabuza K	58,500.00	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
02-Aug-23	NTT Toyota investment	Service and Repair for FFY 774L	9,507.80	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
08-Aug-23	Bell Equipment	Service and repairs for FHS 832L	127,361.81	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
08-Aug-23	Institute of Internal Auditors	Registration for Somo L, Mangena F, Magoro J and Malepe E	14,791.88	Impractical - Registration fee for professional body.
08-Aug-23	NTT Toyota Hoedspruit	Service and Repairs for vehicle FFG 8131 L	13,462.91	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
08-Aug-23	NTT Toyota Hoedspruit	Service and repairs for FFG 809L	9,863.05	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14-Aug-23	Karibu Leisure Resort	Accommodation for MFMP Training	108,561.29	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
15-Aug-23	Institute of Risk Management	Registration for Lephalala P, Manyama T, Maila and Sekhwela	30,199.00	Impractical - Registration fee for professional body.
15-Aug-23	NTT Toyota Hoedspruit	Service and Repairs for vehicle FFY 778 L	9,863.05	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
15-Aug-23	SALGA	Membersip fees	1,123,070.02	Impractical - Registration fee of a professional body.
16-Aug-23	BB UD Tzaneen	Service and repairs for BVP 255L	110,822.76	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
22-Aug-23	Institute of Internal Auditors	Registration fee for Magoro	14,375.00	Impractical - Registration fee for professional body.
24-Aug-23	Peermont Global	Accommodation for SALGA conference	30,600.00	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
29-Aug-23	DMISA	Registration fee for Monareng	5,000.00	Impractical - Registration of a professional body.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 52. Deviation from supply chain management regulations (continued)

29-Aug-23	NTT Toyota Hoedspruit	Service and Repairs for vehicle FFK 208 L	17,756.26	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
29-Aug-23	NTT Toyota Hoedspruit	Service and Repairs for vehicle FFK 205 L	40,014.09	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
29-Aug-23	NTT Toyota Hoedspruit	Service and Repairs for vehicle FFG 814 L	11,302.86	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
29-Aug-23	NTT Toyota Hoedspruit	Service and Repairs for vehicle FFG 808L	7,231.08	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
04-Sep-23	Motormaster Panel Beater	Service and repairs for FFK 205 L	7,500.00	Impractical - to follow SCM processes because the payment of the excess is recommended by the insurance company
12-Sep-23	SA Institute of Valuers	Registration fee for Sithole and Phalane	4,275.00	Impractical - Registration fee of a professional body.
14-Sep-23	Barloworld Equipment	Hydrill sensor for DFF 841 L	64,724.25	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14-Sep-23	Bell Equipment	Service and repairs for FHS 832L	60,523.37	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19-Sep-23	Karibu Leisure Resort	Accommodation for MFMP class	240,519.51	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
20-Sep-23	NTT Toyota Hoedspruit	Service and repairs for FFG 805L	9,079.03	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
28-Sep-23	Leeto Travel Agency	Accommodation and flight for Raganya and Thobejane	103,656.25	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
04-Oct-23	BB UD TZANEEN	Service and repairs for BVP 257 L	114,277.42	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
04-Oct-23	BB UD TZANEEN	Service and Repairs for FWW 072 L	81,907.12	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
04-Oct-23	BB UD TZANEEN	Service and Repairs for BZZ 584 L	59,239.87	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
04-Oct-23	NTT Toyota Hoedspruit	Service and repairs for FFG 814 L	2,455.25	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 52. Deviation from supply chain management regulations (continued)

11-Oct-23	NTT TOYOTA INVESTMENT	Service and Repairs for DPS 476 L	11,188.40	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
11-Oct-23	Vutivi Travel	Procurement of flights, shuttle & accommodation for Traffic Department Officials	97,267.00	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
11-Oct-23	NTT Toyota Phalaborwa	Service and Repairs for FFY 776 L	14,588.20	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
16-Oct-23	BMW Polokwane	Service and Repairs for FKS 046 L	12,328.08	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
18-Oct-23	BMW Polokwane	Service and Repairs for FKS 046 L	4,100.60	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19-Oct-23	IMESA	Registration fee for Nonyane S	8,900.00	Impractical - Registration fee for professional body.
19-Oct-23	NTT TOYOTA Phalaborwa	Service and Repairs for FFY 778 L	11,232.60	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19-Oct-23	NTT Toyota Hoedspruit	Service and repairs for FFK 207L	3,193.11	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
22-Oct-23	Vutivi Travel	Accommodation and flight for Nonyane S	65,625.90	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
23-Oct-23	Leeto Travel Agency	Accommodation and flight for Masete, Mathaba and Thobejane	88,150.00	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
25-Oct-23	Le Lux Travel	Accommodation for Morema, Mametja and Matjiya	36,496.00	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
31-Oct-23	MIE	Background screening	16,257.59	Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting.
01-Nov-23	NTT Toyota Hoedspruit	Service and repairs for FFG 809L	3,254.83	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
02-Nov-23	Karibu Leisure Resort	Accommodation for ward committee conference	748,443.44	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
03-Nov-23	Bell Equipment	Repair of grader machine	206,239.44	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 52. Deviation from supply chain management regulations (continued)

06-Nov-23	CIGFARO	Registration for Maponya b,Mashilane M and Sekgobela N	10,068.00	Impractical - Registration of a professional body.
07-Nov-23	NTT Toyota Hoedspruit	Service and Repairs for vehicle FFG 808 L	3,117.10	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
07-Nov-23	NTT Toyota Hoedspruit	Service and Repairs for FFG 803 L	3,529.18	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
08-Nov-23	NTT Toyota Hoedspruit	Service and Repairs for FFG 805 L	6,669.29	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
10-Nov-23	Maruleng Auto (PTY)LTD	Service, wipers and tailgate FSL 653 L	7,085.31	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
13-Nov-23	BMW Polokwane	Service and Repairs for FKS 048 L	78,325.87	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
15-Nov-23	Leeto Travel Agency	FLIGHT, ACCOMODATION FOR CIGFARO CON.	97,950.00	Emergency: Advertising the request for seven days would delay the procurementprocess and check in would lapse
17-Nov-23	Karibu Leisure Resort	Conference venue. Accomodation and dinner breakfast	240,519.50	Emergency: Advertising the request for seven days would delay the procurementprocess and check in would lapse
20-Nov-23	BB UD Tzaneen	Service and repairs for BVP 255L	84,552.09	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
23-Nov-23	NTT Toyota Hoedspruit	Service and Repairs for FFK 205 L	7,617.62	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
28-Nov-23	NTT Toyota Hoedspruit	Service and repairs for FFY 774 L	10,214.10	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
29-Nov-23	NTT Toyota Hoedspruit	Service anf Repairs for FFK 208 L	2,918.20	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
30-Nov-23	NTT Toyota Hoedspruit	Service and Repairs for FFG 805 L	8,849.31	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
01-Dec-23	CIGFARO	Registration for Maakamela, Raganya B, Raganya SB and Mathaba A	15,706.08	Impractical - Registration of a professional body.
04-Dec-23	Karibu Leisure Resort	Accommodation for MFMP class	240,519.53	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 52. Deviation from supply chain management regulations (continued)

07-Dec-23	Truvelo manufactures	Calibration of speed measuring machine.	19,379.80	Single provider – truvelo manufacture is the only service provider for the machines.
08-Dec-23	BB UD Tzaneen	Service and repairs for BVP 255L	14,983.76	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
08-Dec-23	BB UD Tzaneen	Service and repairs for FFG 646L	102,889.00	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
11-Dec-23	Le Lux Travel	Accommodation for Maakamela, Raganya B, Raganya SB and Mathaba A attending CIGFARO	99,500.00	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
13-Dec-23	Kgerekgere Lodge	conference venue for employees award	147,076.80	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
18-Dec-23	BMW Polokwane	Service and repairs for FKS 046L	7,274.68	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
18-Dec-23	BMW Polokwane	Service and repairs for FKS 046L	7,242.68	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
20-Dec-23	BB UD Tzaneen	Service and repairs for FKS 046L	56,287.82	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
20-Dec-23	BB UD Tzaneen	Service and repairs for BVP257 L	136,534.39	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
20-Dec-23	BB UD Tzaneen	Service and repairs for BZZ 584 L	55,645.69	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
20-Dec-23	SAGE	Registration fee for Sekgobela and Ramohlola	29,946.00	Impractical - Registration fee of a professional body.
09-Jan-24	Karibu Leisure Resort	Accommodation and Conference for Audit Action Plan	143,359.23	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
09-Jan-24	BMW Polokwane	Service and Repairs for FKS 048L	8,256.47	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
09-Jan-24	Ntt Toyota Phalaborwa	Service for FFY 776L	34,466.60	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
10-Jan-24	Hoyohoyo Hotels And Resorts	Accommodation and Conference for Officials Attending Strategic Planning	43,200.00	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 52. Deviation from supply chain management regulations (continued)

10-Jan-24	NTT Toyota Hoedspruit	Service for FFG 812L	2,460.56	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
12-Jan-24	IIASA	Membership fee for Internal Audit officials	17,091.88	Impractical - Registration fee for professional body.
16-Jan-24	Karibu Leisure Resort	Accommodation for Councilors	175,498.74	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
16-Jan-24	NTT Toyota Hoedspruit	Service and Repairs For FFG 808L	23,159.41	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
23-Jan-24	Government Printing	Placement of notice for draft rates policy	2,017.56	impractical- to follow SCM processes
02-Feb-24	Karibu Leisure Resort	Accommodation for MFMP Training	228,239.03	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
06-Feb-24	BMW Polokwane	Service and repairs for FKS 046 L	31,227.49	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
06-Feb-24	NTT Toyota Hoedspruit	Service and repairs for FFG 809 L	6,108.76	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
06-Feb-24	Sabi River Sun	Accommodation and Training for House Keepers	32,460.00	Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse.
08-Feb-24	Ntt Toyota Phalaborwa	Service and repairs for FFY 778 L	26,442.15	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
16-Feb-24	BB ud Tzaneen	Service and repairs for FFY 778 L	91,099.62	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
22-Feb-24	MIE	background Screening	10,378.07	Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting.
23-Feb-24	BB UD TZANEEN	Service and repairs for BVP 257 L	19,579.57	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
26-Feb-24	NTT Toyota Hoedspruit	Service and repairs for FFG 809 L	11,918.80	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
27-Feb-24	Karibu Leisure Resort	Accommodation for MFMP Training	228,239.03	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 52. Deviation from supply chain management regulations (continued)

29-Feb-24	Barloworld Equipment	Service and Repairs for DFF 841 L	38,795.75	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
05-Mar-24	CIGFARO	Registration for Somo L, Moeng M,	7,800.00	Impractical - Registration of a professional body.
07-Mar-24	NTT Toyota Hoedspruit	Service and repairs for DPS 476L	5,605.86	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
07-Mar-24	Ntt Toyota Phalaborwa	Service and repairs for FFY 776 L	21,001.30	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
13-Mar-24	NTT Toyota Hoedspruit	Service and repairs for FFK 205 L	25,364.16	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
18-Mar-24	Barloworld Equipment	Service and Repairs for DFF 841 L	152,113.54	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19-Mar-24	Vutivi Travel	Accommodation for the newly appointed employee (Mr Shipalana)	121,210.00	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
26-Mar-24	NTT Toyota Hoedspruit	Service and repairs for FFY 776 L	16,393.33	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
27-Mar-24	MIE	Background Screening for Management Rep	4,282.05	Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting.
28-Mar-24	CIGFARO	Registration fees for Mfologela, Masia,	19,250.00	Impractical - Registration of a professional body.
28-Mar-24	EDUCORE CORPORATE	Registration fee for Kgatle	3,739.00	Impractical - Registration of a professional body.
29-Mar-24	Maruleng Auto	Service and repairs for FSL 653L	21,010.02	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
03-Apr-24	Leeto Travel Agency	accommodation for new employee	47,250.00	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
04-Apr-24	BB UD TZANEEN	Service and repairs for BVP 255 L	99,220.30	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
05-Apr-24	Hoyohoyo hotels	Conference for officials attending policy review.	43,200.00	Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse.
05-Apr-24	Karibu Leisure Resort	Accommodation for MFMP Training	230,038.82	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 52. Deviation from supply chain management regulations (continued)

05-Apr-24	SASA	Registration fee for Kgatle S	3,000.00	Impractical - Registration fee of a professional body.
08-Apr-24	NTT Toyota Hoedspruit	Service and repairs for FFK 208 L	12,513.31	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
08-Apr-24	NTT Toyota Hoedspruit	Service and repairs for FFG 808 L	13,079.52	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
08-Apr-24	NTT Toyota Hoedspruit	Service and repairs for FFG 813 L	2,613.05	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
08-Apr-24	Rorisang travel agency	Accommodation for 9 people attending Municipal appeal board sitting.	64,994.40	Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse.
08-Apr-24	Rorisang travel agency	Accommodation and meals for new employee, Magosi Mary. Cashier	43,987.50	Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse.
10-Apr-24	Truvelo manufactures	Calibration of speed measuring machine.	6,154.80	Single provider – truvelo manufacture is the only service provider for the machines.
12-Apr-24	BB UD TZANEEN	Service and repairs for FFG 646 L	12,932.33	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
12-Apr-24	Maruleng Auto	Service and repairs for FRL 345 L	18,293.73	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
12-Apr-24	MIE	Background screening of results	4,243.77	Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting.
12-Apr-24	NTT Toyota Hoedspruit	Service and repairs for FFG 805 L	8,956.43	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
23-Apr-24	Leadership Academy	Registration for Magoro J and Somo L	11,391.90	Impractical - Registration fee of a professional body.
24-Apr-24	Barloworld Equipment	Service and repairs for FKF 638 L	102,549.94	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
24-Apr-24	BB UD TZANEEN	Service and repairs for FFW 072L	44,941.55	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
24-Apr-24	Chartered Institute for Business Accounts	Registration fee for Kgatle S	5,375.01	Impractical – Registration for professional body.
24-Apr-24	IIASA	Registration for Somo L, Mangena F, Magoro J and Malepe E	19,665.00	Impractical - Registration fee for professional body.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 52. Deviation from supply chain management regulations (continued)

24-Apr-24	NTT Toyota Phalaborwa	Service and repairs for FKF 638 L	13,764.30	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
30-Apr-24	NTT Toyota Hoedspruit	Service and repairs for FFG 814L	23,424.42	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
03-May-24	Karibu Leisure Resort	Accommodation for ward committee conference	333,772.95	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
07-May-24	BB UD TZANEEN	Service and repairs for BVP 255 L	7,655.55	Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse
08-May-24	NTT Toyota Hoedspruit	Service and repairs for DPS 476L	62,261.12	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
13-May-24	BB MOTORS TZANEEN	Service and repairs for FGG 646L	103,440.90	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
13-May-24	MIE	Background screening of results	5,802.53	Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting.
13-May-24	NTT Toyota Hoedspruit	Service and repairs for FFY 778L	9,611.79	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
13-May-24	NTT Toyota Hoedspruit	Service and repairs for FFK 205L	19,939.48	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
13-May-24	NTT Toyota Hoedspruit	Service and repairs for FFG 803L	12,138.71	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14-May-24	Lexis Nexis	Traffic department books	3,215.40	Single provider - Lexis Nexis is the sole provider for the NRTA 93/1996 volume 61 to 66 service.
21-May-24	BMW Polokwane	Service and repairs for FKS 048 L	4,555.69	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
23-May-24	Government Printing	Placement of notice for draft rates policy	3,026.32	impractical- to follow SCM processes
27-May-24	SALGA	Payment for job evaluation	8,250.00	Impractical - Registration fee of a professional body.
30-May-24	MIE	Background screening of results	2,413.69	Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting.
31-May-24	BMW Polokwane	Service and repairs for FKS 046 L	115,282.57	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 52. Deviation from supply chain management regulations (continued)

31-May-24	MIE	Background screening of results	4,592.63	Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting.
06-Jun-24	Ntt Toyota Phalaborwa	Service and repairs for FFG 809L	10,330.40	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
06-Jun-24	Ntt Toyota Phalaborwa	Service and repairs for FFY 776 L	10,720.30	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
11-Jun-24	MIE	Background screening of results	2,956.75	Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting.
12-Jun-24	PG Glass Phalaborwa	Service and repairs for FSB 053 L	3,500.00	Impractical - to follow SCM processes because the payment of the excess is recommended by the insurance company
14-Jun-24	Ntt Toyota Phalaborwa	Service and repairs for DPS 476 L	7,255.30	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14-Jun-24	SASA	Registration fee for Kgatla J and Sekgoka B	12,000.00	Impractical- SASA is the only service provider running the workshop
20-Jun-24	BB UD TZANEEN (PTY) LTD	Service and repairs for BVP 257 L	80,327.91	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
25-Jun-24	IMPISA	Membership fee	24,600.00	Impractical - Registration fee for professional body.

### 53. Segment information

#### General information

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 53. Segment information (continued)

#### Identification of segments

The municipality is organised and reports to management and council on the basis of six (06) major functional areas:

- Executive Support, which includes the office of the municipal manager and Council support (mayor, speaker, chief whip, MPAC, etc.). This functional area is mainly involved in providing strategic management service and direction as well as oversight on other functional areas of the municipality. The area is primarily a support and oversight function.
- Corporate Services include Human Resources, Information Systems Support, Employee support and wellness. This area is mainly functional as well.
- Budget and Treasury Office is responsible for the overall financial management of the municipality and plays a supporting role to other functional areas of the municipality.
- Community Services is a service delivery functional area responsible for service delivery oriented programs such as refuse removal, landfill and environmental management, traffic and licensing services as well as social services.
- Infrastructure Development services is responsible for provision of basic services such as roads maintenance, implementation of infrastructure projects, etc. Water and electricity functions are not a mandate of the municipality.
- Economic Development and Planning is responsible for functions such as local economic development, land use management, valuation services, etc.

The departments are centralised to provide service delivery function to all the geographical areas namely Ward 1 to Ward 14 on implementation of infrastructure requirements of the municipality.

Based on how the budget of the municipality is determined, annually the communities from all wards are consulted on their needs through the Integrated Development Plan processes. This information is then used to allocate resources available to implement these needs. Resources are not allocated based on how the unit has performed or the activity within the unit has performed, but based on the needs priorities and the available funds at the time that the municipality holds.

Municipal revenue, expenditure and assets are not reviewed as per geographical area, these are the same services across all wards and presented as a consolidated figure. The service provided to communities are the same for all wards, therefore the level of information of each ward within the municipal jurisdiction may not be relevant for decision making purposes.

In conclusion, the municipality's segment reporting was not determined per geographical area but rather on functional areas. Based on the above, management is proposing to revise its segment reporting for the 2023/24 financial year as follows;

- Technical services – Reportable Segment
- Community Services – Reportable Segment
- Planning and economic development – Reportable Segment
- Executive Management – Not a reportable segment.
- Budget and Treasury – Not a reportable segment
- Corporate services – Not a reportable segment.

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)  
Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

53. Segment information (continued)

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
Technical services	provision of basic services such as roads maintenance, implementation of infrastructure projects, etc. Water and electricity functions are not a mandate of the municipality.
Community services	responsible for service delivery oriented programs such refuse removal, landfill and environmental management, traffic and licensing services as well as social services.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 53. Segment information (continued)

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

2024

	Technical Services	Community Services	Total
<b>Revenue</b>			
Agency services	180,145	2,820,334	3,000,479
License and permits	-	3,896,919	3,896,919
Other revenue	-	2,434	2,434
Rental of facilities and equipment	-	410,484	410,484
Services charges	-	5,385,733	5,385,733
Fines, penalties and forfeits	-	869,800	869,800
<b>Total segment revenue</b>	<b>180,145</b>	<b>13,385,704</b>	<b>13,565,849</b>
<b>Entity's revenue</b>			<b>13,565,849</b>
<b>Expenditure</b>			
Salaries and wages	19,015,385	25,507,574	44,522,959
Depreciation and amortisation	17,288,877	12,842,451	30,131,328
Contracted services	3,976,624	30,007,288	33,983,912
General expenses	3,782,660	18,024,120	21,806,780
<b>Total segment expenditure</b>	<b>44,063,546</b>	<b>86,381,433</b>	<b>130,444,979</b>
<b>Total segmental surplus/(deficit)</b>	<b>(43,883,401)</b>	<b>(72,995,729)</b>	<b>(116,879,130)</b>
Loss on disposal of assets			(277,255)
Impairment loss			(26,121)
Fair value adjustments			699,849
Actuarial gains/losses			(135,026)
<b>Entity's surplus (deficit) for the period</b>			<b>261,447</b>

## MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand

	Technical Services	Community Services	Total
<b>53. Segment information (continued)</b>			
<b>Assets</b>			
Property, plant and equipment	694,083,093	118,322,492	812,405,585
Receivables from exchange transactions	-	1,638,163	1,638,163
<b>Total segment assets</b>	<b>694,083,093</b>	<b>119,960,655</b>	<b>814,043,748</b>
<b>Total assets as per Statement of financial Position</b>			<b>814,043,748</b>
<b>Liabilities</b>			
Payables from exchange transactions	8,176,816	1,078,914	9,255,730
<b>Total liabilities as per Statement of financial Position</b>			<b>9,255,730</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 53. Segment information (continued)

2023

	Basic Services	Community halls and Facilities	Executive council	Finance	Total
<b>Revenue</b>					
Government grants and subsidies	-	-	-	231,843,867	231,843,867
Agency fees	2,329,780	636,520	-	-	2,966,300
Interest received - Investment	-	-	8,336,522	-	8,336,522
License and permits	-	2,860,584	-	-	2,860,584
Other revenue	-	4,439,800	-	272,559	4,712,359
Rental of facilities and equipment	-	431,214	-	-	431,214
Services charges	-	4,923,218	-	-	4,923,218
Donation of other assets	-	7,357,196	-	-	7,357,196
Fines, penalties and forfeits	-	1,062,500	-	-	1,062,500
Interest receivables	-	-	-	13,922,385	13,922,385
Property rates	-	-	-	126,525,469	126,525,469
Gains from fair-valuing of assets	-	-	-	344,884	344,884
Reversal of impairment of assets	-	-	-	16,934	16,934
Actuarial gains/(losses)	-	-	-	937,436	937,436
<b>Total segment revenue</b>	<b>2,329,780</b>	<b>21,711,032</b>	<b>8,336,522</b>	<b>373,863,534</b>	<b>406,240,868</b>
<b>Entity's revenue</b>					<b>406,240,868</b>



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

	Basic Services	Community halls and Facilities	Executive council	Finance	Total
<b>53. Segment information (continued)</b>					
<b>Expenditure</b>					
Salaries and wages	15,274,540	22,208,516	27,970,518	21,892,375	87,345,949
Remuneration of councillors	-	-	11,257,219	-	11,257,219
Depreciation and amortisation	-	-	-	27,732,170	27,732,170
Debt impairment	-	-	-	25,643,166	25,643,166
Contracted services	2,173,817	15,219,136	6,816,531	9,859,990	34,069,474
Finance costs	-	-	-	2,002,589	2,002,589
Loss on disposal of assets and liabilities	-	-	-	1,518,565	1,518,565
General expenses	1,303,404	10,511,506	12,232,579	38,638,367	62,685,856
<b>Total segment expenditure</b>	<b>18,751,761</b>	<b>47,939,158</b>	<b>58,276,847</b>	<b>127,287,222</b>	<b>252,254,988</b>
<b>Total segmental surplus/(deficit)</b>	<b>(16,421,981)</b>	<b>(26,228,126)</b>	<b>(49,940,325)</b>	<b>246,576,312</b>	<b>153,985,880</b>
<b>Assets</b>					
Heritage assets	-	-	372,500	-	372,500
Intangible assets	-	-	-	90,611	90,611
Investment property	-	-	-	10,480,838	10,480,838
Property, plant and equipment	602,723,796	67,502,120	83,517,160	196,207,130	949,950,206
Inventory	-	-	-	120,956	120,956
VAT receivables	-	-	-	23,645,100	23,645,100
Cash and cash equivalents	-	-	-	150,718,638	150,718,638
Other receivables	-	-	-	1,885,212	1,885,212
Receivables from exchange transactions	-	-	-	1,446,222	1,446,222
Receivable from non-exchange transactions	-	-	-	38,271,448	38,271,448
<b>Total segment assets</b>	<b>602,723,796</b>	<b>67,502,120</b>	<b>83,889,660</b>	<b>422,866,155</b>	<b>1,176,981,731</b>
<b>Total assets as per Statement of financial Position</b>					<b>1,176,981,731</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

	Basic Services	Community halls and Facilities	Executive council	Finance	Total
<b>53. Segment information (continued)</b>					
<b>Liabilities</b>					
Employee benefit obligation	-	-	-	11,934,000	11,934,000
Finance lease obligation	-	-	-	1,252,028	1,252,028
Provisions	-	-	-	4,426,673	4,426,673
Unspent conditional grants and receipts	-	-	-	1,605,785	1,605,785
payable from exchange transactions	16,025,420	2,514,047	10,254,250	31,520,680	60,314,397
Trade and other payables	1,114,000	3,098,806	-	1,315,279	5,528,085
<b>Total segment liabilities</b>	<b>17,139,420</b>	<b>5,612,853</b>	<b>10,254,250</b>	<b>52,054,445</b>	<b>85,060,968</b>
<b>Total liabilities as per Statement of financial Position</b>					<b>85,060,968</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 54. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

#### Details of the arrangement(s) is|are as follows:

The municipality has been appointed to distribute water to local residences as distribution agent by the district municipality for which it is then entitled to a commission/agency fee for service rendered. The municipality accounts for revenue, expenditures and receivables relating to water transactions into loan account and it is disclosed under the same section of the annual financial statements. Refer to disclosure note for other receivables for full details note 10. The municipality is entitled to 5%.

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

There are no significant risks associated with the arrangement.

The municipality is the agent.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 54. Accounting by principals and agents (continued)

#### Municipality as an agent

##### Agent for the Limpopo Department of Roads and Transport

The municipality acts as an agent for the Limpopo Department of Roads and Transport, where it provides motor vehicle registration and licenses services on behalf of the Department. The municipality get 20% of the total revenue collected.

##### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R3,000,479 (2023: R2,966,300) excluding VAT.

##### Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal(s) that have been recognised by the entity are R1 078 914 (2023: R1 364 471)

Corresponding rights of reimbursement that have been recognised as assets are R41 189 586 (2023: R35 867 331).

##### Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

##### Category(ies) of revenue received or to be received on behalf of the principal, are:

Categories	Additional details
Services charges - Water and sanitation	District
Licensing and permits	Department of roads and transport

##### Category(ies) of expenses paid or accrued on behalf of the principal, are:

Categories	Additional details
Employee related costs	District
Repairs and maintenance	District
General expenses	District

##### Amount of revenue received on behalf of the principal during the reporting period

Services charges - Water and sanitation	3,479,430	5,503,720
Licensing and permits	16,216,917	17,250,928
	<b>19,696,347</b>	<b>22,754,648</b>

##### Amount of revenue to be received on behalf of the principal during the reporting period

Balance at the beginning of the year	1,364,571	94,592
Revenue received on behalf of principal (incl commission)	16,216,917	17,623,518
Commission	(3,529,041)	(5,826,884)
Revenue paid over to the principal	(12,973,533)	(10,526,655)
	<b>1,078,914</b>	<b>1,364,571</b>

##### Amount of expenses paid on behalf of the principal during the reporting period

Employee related costs	5,032,065	5,237,845
Repairs and maintenance	885,381	610,911
General expenses	2,721,642	923,587
	<b>8,639,088</b>	<b>6,772,343</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 54. Accounting by principals and agents (continued)

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

#### Reconciliation of the carrying amount of receivables

##### Service charges - Water and sanitation \_District

Opening balance	35,867,331	33,498,308
Revenue that principal is entitled to	(5,118,801)	(5,557,657)
Accounts due to the principal - services	(1,594,801)	(879,151)
Amounts of expenses paid on behalf of the principal	8,639,088	6,772,343
Amount due by principal for management fees	3,189,602	1,758,302
Other - agency fee	207,167	275,186
	<b>41,189,586</b>	<b>35,867,331</b>

##### All categories

Opening balance	35,867,331	33,498,308
Revenue that principal is entitled to	(5,118,801)	(5,557,657)
Accounts due to the principal - services	(1,594,801)	(879,151)
Amounts of expenses paid on behalf of the principal	8,639,088	6,772,343
Amount due by principal for management fees	3,189,602	1,758,302
Other - agency fee	207,167	275,186
	<b>41,189,586</b>	<b>35,867,331</b>

#### Reconciliation of the carrying amount of payable

##### Licence and permits - Limpopo Department of Roads and Transport

Opening balance	1,364,571	94,592
Revenue received on behalf of the principal (incl commission)	16,216,917	17,406,352
Revenue recognised by the municipality as agency fees	(3,529,041)	(3,291,483)
Revenue paid over to the principal	(12,973,533)	(12,844,890)
	<b>1,078,914</b>	<b>1,364,571</b>

##### All categories

Opening balance	1,364,571	94,592
Revenue received on behalf of the principal (incl commission)	16,216,917	17,406,352
Cash paid on behalf of the principal	(3,529,041)	(3,291,483)
Amounts transferred to the principal	(12,973,533)	(12,844,890)
	<b>1,078,914</b>	<b>1,364,571</b>