



Thulamela Local Municipality 2022
(Registration number LIM343)
Annual Financial Statements
for the year ended 30 June 2022

Thulamela Local Municipality 2022

(Registration number LIM343)

Annual Financial Statements for the year ended 30 June 2022

General Information

Legal form of entity	Thulamela Local Municipality
Nature of business and principal activities	Provision of services (sanitation, refuse and other services) to communities in a sustainable manner, to promote social and economic development and to promote a safe and healthy environment
The following is included in the scope of operation	Rates and waste management and general services Local government activities Planning and promotion of the integrated development plan Land, economic and environmental development The mandate of the municipality is in terms of section 152 of the Constitution of South Africa
Mayoral committee	
Executive Mayor	Cllr Rambuda AS - Appointed 12th of November 2021
Speaker	Cllr Tshifhango AS - Term ended 29 October 2021 Cllr Mutheiwana FA - Appointed 12th of November 2021 Cllr Mulovhedzi HP - Term ended 29 October 2021 Cllr Malada TP - Appointed 12th of November 2021 Cllr Mahosi NG - Term ended 29 October 2021
Chief Whip	Cllr Maduse LS - Appointed 12th of November 2021 Cllr Lieba NA - Appointed 12th of November 2021 Cllr Madondo LM - Appointed 12th of November 2021 Cllr Mulaudzi KE - Appointed 12th of November 2021 Cllr Shavhani ME - Appointed 12th of November 2021 Cllr Kwinda SC - Appointed 12th of November 2021 Cllr Ligege PV - Appointed 12th of November 2021 Cllr Mulovhedzi MK - Appointed 12th of November 2021 Cllr Mashawana NE - Appointed 12th of November 2021 Cllr Malada TP - Term ended 29 October 2021 Cllr Mulaudzi KE - Term ended 29 October 2021 Cllr Netshipise L - Term ended 29 October 2021 Cllr Netshisaulu TE - Term ended 29 October 2021 Cllr Mulaudzi SN - Term ended 29 October 2021 Cllr Ligaraba LE - Term ended 29 October 2021 Cllr Rambuda AS - Term ended 29 October 2021 Cllr Mutheiwana FA - Term ended 29 October 2021 Cllr Maduse LS - Term ended 29 October 2021 Cllr Kwinda MR - Term ended 29 October 2021
EXCO	Cllr Tshifhango AS term ended 29 October 2021 Cllr Mulovhedzi HP term ended 29 October 2021 Cllr Mahosi NG term ended 29 October 2021 Cllr Malada T.P term ended 29 October 2021 Cllr Mulaudzi KE term ended 29 October 2021 Cllr Netshipise L term ended 29 October 2021 Cllr Netshisaulu T.E term ended 29 October 2021 Cllr Mulaudzi SN term ended 29 October 2021 Cllr Ligaraba LE term ended 29 October 2021 Cllr Rambuda AS term ended 29 October 2021 Cllr Mutheiwana FA term ended 29 October 2021 Cllr Maduse LS term ended 29 October 2021
Councillors	

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Cllr Kwinda MR term ended 29 October 2021
Cllr Netshifhefhe M term ended 29 October 2021
Cllr Madzunya E term ended 29 October 2021
Cllr Netshifhefhe K.J - MPAC member term ended 29 October 2021
Cllr Malindi O.T - MPAC Chairperson term ended 29 October 2021
Cllr Lieba P term ended 29 October 2021
Cllr Madondo L.M term ended 29 October 2021
Cllr Netshipise L term ended 29 October 2021
Cllr Mamushiana TD term ended 29 October 2021
Cllr Ramaano L.P term ended 29 October 2021
Cllr Tshigwili T term ended 29 October 2021
Cllr Mandiwana N.E term ended 29 October 2021
Cllr Nemaranzhe K term ended 29 October 2021
Cllr Phalanndwa NR term ended 29 October 2021
Cllr Nelufhangani TL term ended 29 October 2021
Cllr Sengani M.P term ended 29 October 2021
Cllr Tuwani TT - MPAC member term ended 29 October 2021
Cllr Nenzhelele N term ended 29 October 2021
Cllr Munenyiwa ME term ended 29 October 2021
Cllr Maphiri TB term ended 29 October 2021
Cllr Hlumulu FM term ended 29 October 2021
Cllr Mathambo R term ended 29 October 2021
Cllr Munyai NG term ended 29 October 2021
Cllr Gundula T.G term ended 29 October 2021
Cllr Netshishivhe AA term ended 29 October 2021
Cllr Mabuda MG term ended 29 October 2021
Cllr Muditambi MM term ended 29 October 2021
Cllr Padelane TS term ended 29 October 2021
Cllr Ndou N F - MPAC member term ended 29 October 2021
Cllr Malaka M G term ended 29 October 2021
Cllr Nelushi TA - MPAC member term ended 29 October 2021
Cllr Davhana AJ term ended 29 October 2021
Cllr Tharaga MD - MPAC member term ended 29 October 2021
Cllr Mutandanyi VV - MPAC member term ended 29 October 2021
Cllr Shitivha TV term ended 29 October 2021
Cllr Mphaphuli M term ended 29 October 2021
Cllr Netangaheni NP term ended 29 October 2021
Cllr Makungo TG term ended 29 October 2021
Cllr Madzivhandila M term ended 29 October 2021
Cllr Ramashia MP term ended 29 October 2021
Cllr Munyai TT - MPAC Member term ended 29 October 2021
Cllr Singo L - MPAC member term ended 29 October 2021
Cllr Rasendedza AM term ended 29 October 2021
Cllr Mbulaheni N term ended 29 October 2021
Cllr Mulaudzi NS term ended 29 October 2021
Cllr Nemalegeni TJ term ended 29 October 2021
Cllr Mawelelewele TM term ended 29 October 2021
Cllr Magatshavha SO term ended 29 October 2021
Cllr Mawela PE term ended 29 October 2021

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Cllr Muedi ET term ended 29 October 2021
Cllr Mundalamo M term ended 29 October 2021
Cllr Tshishonge DE term ended 29 October 2021
Cllr Maphaha NF term ended 29 October 2021
Cllr Magoda TP - MPAC member term ended 29 October 2021
Cllr Marole RT - MPAC member term ended 29 October 2021
Cllr Mashathini MH term ended 29 October 2021
Cllr Nemudzivhadi AS term ended 29 October 2021
Cllr Grace Tshililo term ended 29 October 2021
Cllr Nemugumoni T term ended 29 October 2021
Cllr Mashawana NE term ended 29 October 2021
Cllr Matambela NP term ended 29 October 2021
Cllr Sadiki CS term ended 29 October 2021
Cllr Tshikalange NT - MPAC member term ended 29 October 2021
Cllr Makatu AM term ended 29 October 2021
Cllr Ramulongo MB term ended 29 October 2021
Cllr Dzhalagome MG term ended 29 October 2021
Cllr Kwindi SC term ended 29 October 2021
Cllr Davhana AJ term ended 29 October 2021
Cllr Ramulifho HB - MPAC member term ended 29 October 2021
Cllr Nemadzivhanani FE - MPAC member term ended 29 October 2021
Cllr Netshifhefhe M term ended 29 October 2021
Cllr Ligaraba MJ term ended 29 October 2021
Cllr Nemaranzhe K term ended 29 October 2021
Cllr Nelufhangani TL - Appointed 12th of November 2021
Cllr Vhulahani L - Appointed 12th of November 2021
Cllr Nekhavhambe TS - Appointed 12th of November 2021 - MPAC member
Cllr Nenzhelele N - Appointed 12th of November 2021
Cllr Mbengeni R - Appointed 12th of November 2021 - MPAC member
Cllr Lalumbe RG - Appointed 12th of November 2021
Cllr Matshomo TT - Appointed 12th of November 2021 - MPAC member
Cllr Phalanndwa NB - Appointed 12th of November 2021
Cllr Matshavha M - Appointed 12th of November 2021
Cllr Nemasiwana FJ - Appointed 12th of November 2021
Cllr Netshishivhe AA - Appointed 12th of November 2021
Cllr Ravhuanzwo SL - Appointed 12th of November 2021
Cllr Mabasa HP - Appointed 12th of November 2021
Cllr Netsianda MJ - Appointed 12th of November 2021
Cllr Mukhathi H - Appointed 12th of November 2021
Cllr Mathoma RR - Appointed 12th of November 2021
Cllr Mathidi P - Appointed 12th of November 2021
Cllr Nelushi TA - Appointed 12th of November 2021 - MPAC member
Cllr Mutheiwana FA - Appointed 12th of November 2021
Cllr Tshigwili T - Appointed 12th of November 2021
Cllr Liphadzi TS - Appointed 12th of November 2021 - MPAC member
Cllr Thanyani RD - Appointed 12th of November 2021
Cllr Mphaphuli M - Appointed 12th of November 2021

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Cllr Mulaudzi ER - Appointed 12th of November 2021
Cllr Netangaheni NP - Appointed 12th of November 2021
Cllr Maela RT - Appointed 12th of November 2021
Cllr Madzivhandila M - Appointed 12th of November 2021
Cllr Netshikweta R - Appointed 12th of November 2021
Cllr Ravhura ME - Appointed 12th of November 2021
Cllr Munyai TT - Appointed 12th of November 2021 - MPAC member
Cllr Mmbi NM - Appointed 12th of November 2021 - MPAC member
Cllr Maduse LS - Appointed 12th of November 2021
Cllr Mulaudzi MM - Appointed 12th of November 2021
Cllr Muligwe M - Appointed 12th of November 2021 - MPAC member
Cllr Molaudzi NA - Appointed 12th of November 2021
Cllr Makungo TG - Appointed 12th of November 2021
Cllr Nemalegeni TJ - Appointed 12th of November 2021
Cllr Maganu AE - Appointed 12th of November 2021
Cllr Khangale AC - Appointed 12th of November 2021
Cllr Munzhedzi TE - Appointed 12th of November 2021
Cllr Ligaraba MJ - Appointed 12th of November 2021
Cllr Ligaraba LE - Appointed 12th of November 2021
Cllr Mulaudzi KE - Appointed 12th of November 2021
Cllr Mulaudzi NS - Appointed 12th of November 2021
Cllr Malada TP - Appointed 12th of November 2021
Cllr Mulovhedzi HP - Appointed 12th of November 2021
Cllr Mahosi NG - Appointed 12th of November 2021
Cllr Tshifhango AS - Appointed 12th of November 2021
Cllr Shavhani ME - Appointed 12th of November 2021
Cllr Lieba NA - Appointed 12th of November 2021
Cllr Nekhunguni AE - Appointed 12th of November 2021
Cllr Munenyiwa ME - Appointed 12th of November 2021
Cllr Davhana AJ - Appointed 12th of November 2021
Cllr Radamba NC - Appointed 12th of November 2021
Cllr Muedi ET - Appointed 12th of November 2021
Cllr Dali TS - Appointed 12th of November 2021
Cllr Nemaranzhe K - Appointed 12th of November 2021 - MPAC member
Cllr Lavhengwa L - Appointed 12th of November 2021
Cllr Phosha LS - Appointed 12th of November 2021
Cllr Rambuda AS - Appointed 12th of November 2021
Cllr Kwinda SC - Appointed 12th of November 2021
Cllr Malindi TO - Appointed 12th of November 2021 - MPAC Chairperson
Cllr Madumi MA - Appointed 12th of November 2021
Cllr Mulovhedzi MK - Appointed 12th of November 2021
Cllr Madondo LM - Appointed 12th of November 2021
Cllr Ligege VP - Appointed 12th of November 2021
Cllr Phosiwa L - Appointed 12th of November 2021
Cllr Maphiri ME - Appointed 12th of November 2021
Cllr Begwa FM - Appointed 12th of November 2021 - MPAC member
Cllr Mphaho TW - Appointed 12th of November 2021
Cllr Marole RT - Appointed 12th of November 2021

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	<p>Cllr Kwindi MR - Appointed 12th of November 2021 Cllr Mashawana NE - Appointed 12th of November 2021 Cllr Bongwe K - Appointed 12th of November 2021 Cllr Madzimbabala HE - Appointed 12th of November 2021 Cllr Tshisikule K - Appointed 12th of November 2021 Cllr Razwinzhi IE - Appointed 12th of November 2021 Cllr Tshikhuwana LR - Appointed 12th of November 2021 Cllr Ramulifho HB - Appointed 12th of November 2021 - MPAC member Cllr Padelani TS - Appointed 12th of November 2021 Cllr Badamarema M - Appointed 12th of November 2021 Cllr Mafunzwaini RT - Appointed 12th of November 2021 - MPAC member Cllr Vhulahani L - Appointed 12th of November 2021</p>
Grading of local authority	4
Chief Finance Officer (CFO)	<p>Tshivule MM - Term ended 30 June 2022 015 962 7515 tshivulemm@thulamela.gov.za</p>
Accounting Officer	MT Makumule (Acting)
Business address	<p>Old Agrievan building Thohoyandou 0950</p>
Postal address	<p>Private bag X5066 Thohoyandou 0950</p>
Auditors	<p>Auditor General South Africa Registered Auditors</p>
Attorneys	<p>Nengwekhulu Tshiwandala Incorporated Makhuvha EM Attorneys TT Ngobeni Attorneys Tshitangano Attorneys NRM Attorneys Verveen Attorneys Rambevha Morabane Mudau and Netshipise Attorneys Inc Madima M Attorneys Inc Phungo Inc Khathutshelo A Mainganye Attorneys Tshiredo Attorneys</p>

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Abbreviations used:

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IMFO	Institute of Municipal Finance Officers
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant (Previously CMIP)

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

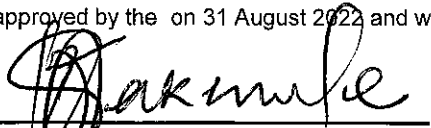
The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale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

The accounting officer certify that the salaries, allowances and benefits of councillor's as disclosed in Note 32 and 33 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

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

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

The annual financial statements set out on pages 10 to 96, which have been prepared on the going concern basis, were approved by the on 31 August 2022 and were signed on its behalf by:



Accounting Officer
MT Makumule (Acting)

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Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services and maintaining the best interests of the local community and operates principally in South Africa.

During the year the municipality was unable to spend on capital (2021/2022 financial year) due to court judgment between Minister of Finance Vs Afribusiness which declared Preferential Procurement Regulations: 2017 as invalid and unconstitutional and treasury issued an advice to all organs of the state to put all procurement processes on hold

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 was R 182 894 313 (2021: surplus R 287 024 094).

2. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus of R 2 610 033 667 and that the municipality's total assets exceed its liabilities by R 2 610 033 667.

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

Notice 46470 of 02 June 2022 on determination of of Upper limits of salaries, allowances and benefits of members of councillors that takes effect from 1 July 2021 was received after the reporting period before the financials were issued and the municipality has accrued for the amount payable at year end.

4. Accounting Officers' interest in contracts

The Accounting Officer does not have any interest in contracts, either direct or indirect.

5. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed 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 ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Board meetings and monitor the municipality's compliance with the code on a three monthly basis.

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Accounting Officer's Report

Audit and risk committee

The audit committee members for the year ended 30 June 2022 were as follows:

Ms. Mudau S F	- Chairperson
Mr. Netshisimanani T	- Member
Mr. Mathabathe M	- Member
Ms Nephumbada M	- Member

Internal audit

The municipality has a fully functional internal audit unit. This is in compliance with the Municipal Finance Management Act, 2003.

7. Auditors

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

The annual financial statements set out on pages 10 to 96, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:

Accounting Officer
MT Makumule (Acting)

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Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	4	1 722 076 388	1 632 115 132
Intangible assets	5	499 130	1 005 833
		1 722 575 518	1 633 120 965
Current Assets			
Inventories	6	29 771 788	27 091 912
Receivables from non-exchange transactions	8	19 226 796	21 932 161
VAT receivable	14	5 881 666	-
Receivables from exchange transactions	7	18 927 233	43 052 246
Cash and cash equivalents	9	988 403 101	891 291 688
		1 062 210 584	983 368 007
Total Assets		2 784 786 102	2 616 488 972
Liabilities			
Non-Current Liabilities			
Employee benefit obligation	10	15 194 473	13 252 526
Provisions	11	31 993 912	32 410 056
		47 188 385	45 662 582
Current Liabilities			
Payables from exchange transactions	12	96 279 059	73 279 381
VAT payable	13	-	33 181 702
Consumer deposits	15	363 209	336 455
Employee benefit obligation	10	1 963 580	1 515 937
Unspent conditional grants and receipts	16	4 012 953	10 639 179
Provisions	11	24 945 249	24 734 393
		127 564 050	143 687 047
Total Liabilities		174 752 435	189 349 629
Net Assets		2 610 033 667	2 427 139 343
Accumulated surplus		2 610 033 667	2 427 139 343
Total Net Assets		2 610 033 667	2 427 139 343

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Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Sale of goods	17	6 757 036	7 755 058
Service charges	18	25 995 649	24 637 871
Rendering of services	19	2 710 514	2 651 919
Rental of facilities and equipment	20	3 290 970	2 769 356
Interest received from exchange receivables	21	21 175 183	19 345 122
Agency services	22	9 417 738	9 790 676
Licences and permits	23	446 233	617 524
Commissions received	24	16 142	119 865
Other income	25	4 678 328	4 162 345
Interest received - investment	26	27 838 728	18 174 152
Total revenue from exchange transactions		102 326 521	90 023 888
Revenue from non-exchange transactions			
Property rates	27	90 940 362	87 839 705
Government grants & subsidies	28	652 161 226	689 117 821
Public contributions and donations	29	-	5 332 000
Fines, Penalties and Forfeits	30	9 129 024	9 202 112
Interest from non-exchange receivables	31	14 823 164	12 382 923
Total revenue from non-exchange transactions		767 053 776	803 874 561
Total revenue		869 380 297	893 898 449
Expenditure			
Employee related costs	32	(297 911 342)	(287 346 663)
Remuneration of councillors	33	(30 656 831)	(30 744 339)
Depreciation and amortisation	34	(58 536 096)	(54 641 658)
Finance costs	35	(2 859 701)	(1 275 038)
Lease rentals on operating lease	36	(2 425 555)	(3 876 646)
Debt Impairment	37	(93 731 410)	(71 275 867)
Contracted services	38	(83 465 950)	(58 161 174)
Transfers and Subsidies	39	(4 786 272)	(3 773 015)
General Expenses	40	(77 849 817)	(66 526 555)
Total expenditure		(652 222 974)	(577 620 955)
Operating surplus		217 157 323	316 277 494
Loss on disposal of assets and liabilities - Asset write off		(7 142 644)	(5 465 524)
Actuarial gains/losses	10	(1 527 081)	101 841
Impairment loss	41	(4 866 551)	(9 053 532)
Inventories losses/write-downs		(572 259)	(1 244 914)
Loss on transfer of assets	42	(20 003 478)	(11 441 739)
Land write down		(150 997)	(2 149 532)
		(34 263 010)	(29 253 400)
Surplus for the year		182 894 313	287 024 094

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2020	2 140 115 249	2 140 115 249
Changes in net assets		
Surplus for the year	287 024 094	287 024 094
Total changes	287 024 094	287 024 094
Balance at 01 July 2021	2 427 139 354	2 427 139 354
Changes in net assets		
Surplus for the year	182 894 313	182 894 313
Total changes	182 894 313	182 894 313
Balance at 30 June 2022	2 610 033 667	2 610 033 667

Note(s)

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Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Property Rates		50 600 072	55 503 349
Service Charges - refuse		38 088 127	9 532 647
Grants		652 161 226	689 117 821
Interest income		27 838 728	18 174 152
Sale of goods		6 757 036	7 755 058
Rendering of services		2 710 514	2 651 919
Rental of facilities and equipment		3 290 970	2 769 356
Agency services		9 417 738	9 790 676
Licences and permits		446 233	617 524
Commissions received		16 142	119 865
Fines, Penalties and Forfeits		7 443 524	6 704 482
Other Income		3 708 955	2 700 433
		802 479 265	805 437 282
Payments			
Employee costs		(327 315 100)	(315 448 028)
Suppliers		(195 189 731)	(113 472 468)
Finance costs		(2 859 701)	(1 275 038)
		(525 364 532)	(430 195 534)
Net cash flows from operating activities	43	277 114 733	375 241 748
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(179 805 320)	(131 086 854)
Purchase of other intangible assets	5	(198 000)	(260 000)
Net cash flows from investing activities		(180 003 320)	(131 346 854)
Net increase/(decrease) in cash and cash equivalents		97 111 413	243 894 894
Cash and cash equivalents at the beginning of the year		891 291 688	647 396 794
Cash and cash equivalents at the end of the year	9	988 403 101	891 291 688

The accounting policies on pages 16 to 41 and the notes on pages 42 to 96 form an integral part of the annual financial statements.

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	11 505 205	(2 705 205)	8 800 000	6 757 036	(2 042 964)	N1
Service charges	27 070 164	394 850	27 465 014	25 995 649	(1 469 365)	Less than 10%
Rendering of services	4 207 766	(858 870)	3 348 896	2 710 514	(638 382)	N2
Rental of facilities and equipment	2 332 800	615 600	2 948 400	3 290 970	342 570	N3
Interest received (trading)	23 620 682	(985 682)	22 635 000	21 175 183	(1 459 817)	Less than 10%
Agency services	13 533 000	(4 533 000)	9 000 000	9 417 738	417 738	N4
Licences and permits	996 240	(375 640)	620 600	446 233	(174 367)	N5
Commissions received	208 200	(188 200)	20 000	16 142	(3 858)	N6
Other income	7 492 877	(2 375 627)	5 117 250	4 678 328	(438 922)	Less than 10%
Interest received - investment	16 656 000	7 344 000	24 000 000	27 838 728	3 838 728	N7
Total revenue from exchange transactions	107 622 934	(3 667 774)	103 955 160	102 326 521	(1 628 639)	
Revenue from non-exchange transactions						
Property rates	97 094 347	(1 534 347)	95 560 000	90 940 362	(4 619 638)	Less than 10%
Government grants & subsidies	643 174 000	13 000 000	656 174 000	652 161 226	(4 012 774)	Less than 10%
Fines, Penalties and Forfeits	11 825 656	(854 656)	10 971 000	9 129 024	(1 841 976)	N8
Interest from non-exchange receivables	9 791 741	4 108 259	13 900 000	14 823 164	923 164	Less than 10%
Total revenue from non-exchange transactions	761 885 744	14 719 256	776 605 000	767 053 776	(9 551 224)	
Total revenue	869 508 678	11 051 482	880 560 160	869 380 297	(11 179 863)	
Expenditure						
Personnel	(322 970 901)	8 612 793	(314 358 108)	(297 911 342)	16 446 766	Less than 10%
Remuneration of councillors	(34 721 335)	1 970 173	(32 751 162)	(30 656 831)	2 094 331	Less than 10%
Depreciation and amortisation	(62 098 108)	2 891 609	(59 206 499)	(58 536 096)	670 403	Less than 10%
Impairment loss/ Reversal of impairments	(14 000)	(5 152 825)	(5 166 825)	(4 866 551)	300 274	Less than 10%
Finance costs	(10 000)	(2 859 701)	(2 869 701)	(2 859 701)	10 000	Less than 10%
Lease rentals on operating lease	(3 324 804)	-	(3 324 804)	(2 425 555)	899 249	N9
Debt Impairment	(124 200 000)	28 827 081	(95 372 919)	(93 731 410)	1 641 509	Less than 10%
Contracted Services	(101 253 933)	14 636 372	(86 617 561)	(83 465 950)	3 151 611	Less than 10%
Transfers and Subsidies	(8 930 000)	1 949 900	(6 980 100)	(4 786 272)	2 193 828	N10
General Expenses	(93 185 630)	2 217 779	(90 967 851)	(77 849 817)	13 118 034	N11
Total expenditure	(750 708 711)	53 093 181	(697 615 530)	(657 089 525)	40 526 005	
Operating surplus	118 799 967	64 144 663	182 944 630	212 290 772	29 346 142	
Loss on disposal of assets and liabilities	(1 954 625)	(5 677 088)	(7 631 713)	(7 142 644)	489 069	Less than 10%
Actuarial gains/losses	-	(1 527 081)	(1 527 081)	(1 527 081)	-	Less than 10%
Inventories losses/write-downs	(1 500 000)	1 410 981	(89 019)	(572 259)	(483 240)	Less than 10%
Loss on transfer of assets	(500 000)	(22 500 000)	(23 000 000)	(20 003 478)	2 996 522	N12
Land write down	(3 000 000)	2 714 932	(285 068)	(150 997)	134 071	N13

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	(6 954 625)	(25 578 256)	(32 532 881)	(29 396 459)	3 136 422	
Surplus for the year	111 845 342	38 566 407	150 411 749	182 894 313	32 482 564	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	111 845 342	38 566 407	150 411 749	182 894 313	32 482 564	

Budget differences

In terms of MFMA section 31 and Virement Policy of the municipality, the municipality can shift funds within budget parameters. The changes between Schedule B (Final Approved Budget) and Final Budget were due to reallocation within budget parameters.

In this disclosure, materiality has been assumed to be all the variance which are 10% or more. Below are explanations of differences identified:

N1. Sale of goods

Variance is due to decrease in selling of sites

N2. Rendering of services

Variance is due to low collection on budgeted items

N3. Rental of facilities and equipment

Variance is due to changes in lockdown regulations from level 4 to level 1

N4. Agency services

Variance is due to changes in lockdown regulations from level 4 to level 1

N5. Licences and permits

Variance is due to decrease in licencing of spaza/hawkers.

N6. Commissions received

Variance is due to decrease in stoporders

N7. Interest received - investment

Variance is caused by the increase in the repo rate of the South African reserve bank.

N8. Fines, Penalties and Forfeits

Variance is due to the new billing of undevelopment of sites

N9. Lease rentals on operating lease

Variance is due to decrease in number of machines during the financial year

N10. Transfers and Subsidies

Variance is caused by over-budgeting

N11. General Expenses

Variance is caused by low spending on some budgeted items

N12. Loss on transfer of assets

Variance is caused by over-budgeting.

N13. Land write down

Variance is due to verification that only found invention on the resident

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Accounting Policies

Figures in Rand

Note(s)

2022

2021

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

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

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

1.4 Significant judgements and sources of estimation uncertainty

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

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

1.5 Property, plant and equipment

Initial recognition and measurement

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.

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Accounting Policies

1.5 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.

Subsequent measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it meets the recognition criteria of Property, Plant and equipment.

Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives to their estimated residual values. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Land is not depreciated as it is deemed to have an indefinite useful life.

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

Item	Depreciation method	Average useful life
Plant and machinery	Straight-line	4 - 20 years
Motor vehicles	Straight-line	10 - 19 years
Furniture and Office equipment	Straight-line	4 - 23 years
Computer equipment	Straight-line	4 - 23 years
Office equipment	Straight-line	3 - 5 years
Roads and Stormwater Infrastructure	Straight-line	10 - 80 years
Community and buildings	Straight-line	10 - 60 years
Solid waste infrastructure	Straight-line	10 - 50 years
Electrical Infrastructure	Straight-line	30 - 40 years

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

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Accounting Policies

1.5 Property, plant and equipment (continued)

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

The 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 in accordance with the Standards of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

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

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

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.

1.6 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.7 Intangible assets

Initial recognition and measurement

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.

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Accounting Policies

1.7 Intangible assets (continued)

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.

Intangible assets are initially recognised at cost. An intangible asset acquired at no or nominal cost, the cost is deemed to be equal to its fair value as at the date of acquisition. Where an intangible asset 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.

Subsequent measurement - Cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Computer software

The amortisation period, residual values and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

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

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

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Accounting Policies

1.7 Intangible assets (continued)

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

Derecognition

Intangible assets are derecognised:

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

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

1.8 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.

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

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Accounting Policies

1.8 (continued)

- 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.

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 unitised 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;

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Accounting Policies

1.8 (continued)

- 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.

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Accounting Policies

1.8 (continued)

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at fair value
Receivables from non-exchange transactions	Financial asset measured at fair value
Cash and cash equivalents	Financial asset measured at fair value
VAT receivables	Financial asset measured at fair value
Other receivables	Financial asset measured at fair value

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
VAT payables	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Employee benefit obligation	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value
- Financial instruments at amortised cost
- Financial instruments at cost

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

Gains and losses

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

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

Impairment of Financial Instruments

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

Offsetting

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- currently has a legally enforceable right to set off the recognised amounts; and

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Accounting Policies

1.8 (continued)

- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Derecognition

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

1.9 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.

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

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1.9 Statutory receivables (continued)

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.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

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.

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

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1.9 Statutory receivables (continued)

- 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.

1.10 Leases

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

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

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

Subsequent Measurement

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.

Operating leases - lessee

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

1.11 Inventories

Initial recognition

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.

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process. Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired (including land held for sale).

Subsequent measurement

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

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Accounting Policies

1.11 Inventories (continued)

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

Redundant and slow-moving inventories are identified and written down in this way. 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.

Derecognition

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.12 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.

1.13 Employee benefits

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

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:

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Accounting Policies

1.13 Employee benefits (continued)

- 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.

Recognition and measurement

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.

Bonus, incentive and performance related payments

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 payment

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1.13 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans, depending on the economic substance of the plan as derived from its principal terms and conditions. In order to be classified as a defined contribution plan a post-employment benefit plan must require the entity to pay fixed contributions into a separate entity.

Recognition and measurement

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.

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1.13 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

Other long-term employee benefits

Other long-term employee benefits may include, for example:

- long-term compensated absences such as long service or sabbatical leave;
- other long service benefits;
- long-term disability benefits;
- bonus, incentive and performance related payments payable twelve months or more after the end of the reporting period in which the employees render the related service;
- deferred compensation paid twelve months or more after the end of the reporting period in which it is earned; and
- compensation payable by the entity until an individual enters new employment.

Recognition and measurement

The amount recognised as a liability for other long-term employee benefits shall be 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

Other post retirement obligations

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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1.14 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.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

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1.14 Provisions and contingencies (continued)

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, a 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.

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy and.
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

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

1.15 Commitments

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

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Accounting Policies

1.15 Commitments (continued)

Commitment is the amount that has been committed but not yet incurred. It is the difference between the contracted amount and the actual expenditure as at year end. This amount is disclosed on the Notes to the Annual Financial Statement

1.16 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 by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

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.

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1.16 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

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

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

1.17 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 arises 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.

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.

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.

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1.17 Revenue from non-exchange transactions (continued)

Measurement

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

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

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.

Property rates

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

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

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

Transfers

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

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

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

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

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1.17 Revenue from non-exchange transactions (continued)

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.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

The municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.18 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.19 Investment income

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

1.20 Borrowing costs

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

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

1.21 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).

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Accounting Policies

1.21 Accounting by principals and agents (continued)

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 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.

1.22 Comparative figures

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

When the presentation or classification of items in the financial statements is amended, comparative amounts are reclassified, unless the reclassification is impracticable. When comparative amounts are reclassified, the following is disclosed:

- the nature of the reclassification;
- the amount of each item or class of items that is reclassified; and
- the reason for the reclassification.

When it is impracticable to reclassify comparative amounts, the following is disclosed:

- the reason for not reclassifying the amounts; and
- the nature of the adjustments that would have been made if the amounts had been reclassified.

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Accounting Policies

1.22 Comparative figures (continued)

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

1.23 Unauthorised expenditure

Unauthorised expenditure means:

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

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).

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

1.24 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).

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 as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Irregular expenditure

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

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).

1.26 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.

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Accounting Policies

1.26 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.27 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 accrual basis and presented by economic classification linked to performance outcome objectives.

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

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

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.

Presentation of a comparison of the budget amounts for which it is held publicly accountable and actual amounts is presented as a separate additional financial statement. The comparison of budget and actual amounts is present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

1.28 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.

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Accounting Policies

1.28 Related parties (continued)

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.

The municipality discloses:

- The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration within this category, showing separately major classes of key management personnel and including a description of each class;
- The total amount of all other remuneration and compensation provided to key management personnel, and close members of the family of key management personnel, by the municipality.

1.29 Events after reporting date

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

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

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

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

1.30 Value Added Tax

The municipality applies the payment basis for VAT purposes as per the Value-Added Tax Act. Output tax is paid to SARS as and when the purchase consideration are received and input will be claimed as and when payment is made.

1.31 Contingent Liabilities

A contingent liability is: (a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or (b) a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.

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Accounting Policies

1.32 General expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence's of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

Recognition and measurement

Expenses are recognised on an accrual basis.

This means a basis of accounting under which transactions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate.

1.33 Accumulated Surplus

The municipality's surplus or deficit for the year is accounted in the accumulated surplus reserve in the statement of changes in net assets.

1.34 Long term debtors

Long term debtors are debtors that are receivable for a period exceeding 12 months from year end. These debtors arise from the payment agreement between the customer and the Municipality.

1.35 Errors

A prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the opening balances of assets, liabilities and net assets are restated for the earliest period for which retrospective restatement is practicable (which may be the current period).

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the comparative information is restated to correct the error prospectively from the earliest date practicable.

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2. Changes in accounting policy

An accounting policy is changed only if the change:

- is required by a Standard of GRAP; or
- results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

A change in accounting policy is applied retrospectively, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change. When it is impracticable to determine the period-specific effects of changing an accounting policy on comparative information for one or more prior periods presented, the entity shall apply the new accounting policy to the carrying amounts of assets and liabilities as at the beginning of the earliest period for which retrospective application is practicable, which may be the current period, and shall make a corresponding adjustment to the opening balance of each affected component of net assets for that period.

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of applying a new accounting policy to all prior periods, the entity shall adjust the comparative information to apply the new accounting policy prospectively from the earliest date practicable.

3. New standards and interpretations

3.1 Standards and interpretations issued, but not yet effective

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

GRAP 25 (as revised): Employee Benefits

Background

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

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

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

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

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

Key amendments to GRAP 25

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

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

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

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3. New standards and interpretations (continued)

GRAP 104 (as revised): Financial Instruments

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

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

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

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

The municipality expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

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

iGRAP 21: The Effect of Past Decisions on Materiality

Background

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The effective date of these interpretation have not yet been set. 01 April 2023.

The municipality expects to adopt the interpretation for the first time in the 2022/2023 01 April 2023.

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

GRAP 2020: Improvements to the standards of GRAP 2020

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3. New standards and interpretations (continued)

Every three years, the Accounting Standards Board undertakes periodic revisions of the Standards of GRAP, in line with best practice internationally among standard setters.

Improvements to Standards of GRAP are aimed at aligning the Standards of GRAP with international best practice, to maintain the quality and to improve the relevance of the Standards of GRAP.

Amendments include,

GRAP 5 – Borrowing Costs

- For general borrowings, borrowing costs eligible for capitalisation determined by applying a capitalisation rate
 - Clarify that borrowings made specifically for purposes of obtaining a qualifying asset are excluded until substantially all the activities necessary to prepare asset for intended use or sale are complete

GRAP 13 – Leases

- Operating leases & Sale and leaseback transactions are currently assessed for impairment in accordance with GRAP 26
- Clarify that these arrangements may also be assessed in accordance with GRAP 21

GRAP 16 – Investment Property

- Clarify that GRAP 21 may be applied to assess investment property for impairment
- Include heading "Classification of property as investment property" (par 6 and 7) & delete existing headings
- Investment property under construction (within scope of GRAP 16)
 - Added heading "Guidance on initially measuring self-constructed investment property at fair value"
 - Added clarification that investment property is measured at fair value at earliest of:
 - o completion of construction or development; or
 - o when fair value becomes reliably measurable
- Clarify requirements on transfers to and from Investment property
 - Change in use involves an assessment on whether:
 - o property meets, or ceases to meet definition of investment property and
 - o evidence exists that a change in use has occurred
 - List of examples of a change in use is regarded as non-exhaustive

GRAP 17 – Property, Plant and Equipment

- Delete example indicating that quarries and land used for landfill may be depreciated in certain instances
 - Land has an unlimited useful life and cannot be consumed through its use

GRAP 20 – Related Party Disclosures

- Clarify that entity, or any member of a group of which it is part, providing management services to reporting entity (or controlling entity of reporting entity) is a related party
 - Disclose amounts incurred by the entity for the provision of management services that are provided by a separate management entity
 - If an entity obtains management services from another entity ("the management entity") the entity is not required to apply the requirements in paragraph .35 to the remuneration paid or payable by the management entity to the management entity's employees or those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions
 - Management services are services where employees of management entity perform functions as "management" as defined

GRAP 24 – Presentation of Budget Information in Financial Statements

- Terminology amended
 - Primary financial statements amended to "financial statements" or "face of the financial statements"

GRAP 31 – Intangible Assets

- Extend requirement to consider whether reassessing useful life of intangible asset as finite rather as indefinite indicates that asset may be impaired
 - Both under cost model or revaluation model

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3. New standards and interpretations (continued)

GRAP 32 – Service Concession Arrangements: Grantor

- Clarify disclosure requirement for service concession assets
 - Disclose carrying amount of each material service concession asset recognised at the reporting date

GRAP 37 – Joint Arrangements

- Application guidance clarified
 - When party obtains joint control in a joint operation where activity of joint operation constitutes a function (GRAP 105 or GRAP 106), previous held interest in joint operation is not remeasured

GRAP 106 – Transfer of Functions Between Entities Not Under Common Control

- When party obtains control of joint operation and entity had rights to assets, or obligations to liabilities before acquisition date, it comprises an acquisition received in stages
 - Apply the requirements for an acquisition achieved in stages, including remeasuring previously held interest in joint operation

GRAP 1 (amended): Presentation of Financial Statements

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

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

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

Statement of financial position and statement of financial performance

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

Notes structure

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

Disclosure of accounting policies

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

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

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

The municipality expects to adopt the amendment for the first time in the 2024/2025 annual financial statements.

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

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4. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	122 072 440	-	122 072 440	124 221 972	(2 149 532)	122 072 440
Plant and machinery	18 657 395	(3 873 072)	14 784 323	12 791 880	(3 057 718)	9 734 162
Furniture and fixtures	15 490 479	(9 868 160)	5 622 319	15 295 989	(9 500 148)	5 795 841
Motor vehicles	89 641 971	(26 403 332)	63 238 639	78 998 915	(22 094 376)	56 904 539
Computer equipment	16 100 262	(6 743 858)	9 356 404	11 677 692	(6 215 658)	5 462 034
Roads and Stormwater Infrastructure	1 357 210 522	(475 674 660)	881 535 862	1 188 736 422	(439 769 800)	748 966 622
Community assets	360 077 059	(105 643 835)	254 433 224	290 080 287	(95 346 115)	194 734 172
Solid waste infrastructure	26 732 701	(16 055 973)	10 676 728	30 008 546	(13 728 851)	16 279 695
Electrical Infrastructure	54 280 394	(12 913 704)	41 366 690	46 428 285	(11 501 563)	34 926 722
Roads and Stormwater-Work in Progress	221 572 593	(695 684)	220 876 909	299 860 785	-	299 860 785
Community Assets-Work in Progress	84 369 536	-	84 369 536	128 847 529	-	128 847 529
Computer Equipment - Work in Progress	-	-	-	1 973 693	-	1 973 693
Solid Waste-Work in Progress	6 189 040	-	6 189 040	4 189 467	-	4 189 467
Electricity-Work in Progress	7 554 274	-	7 554 274	2 367 451	-	2 367 451
Total	2 379 948 666	(657 872 278)	1 722 076 388	2 235 478 893	(603 363 761)	1 632 115 132

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers received	Transfers made	Depreciation	Impairment loss	Impairment reversal	Total
Land	122 072 440	-	-	-	-	-	-	-	122 072 440
Plant and machinery	9 734 162	6 742 153	(350 924)	-	-	(1 341 068)	-	-	14 784 323
Furniture and fixtures	5 795 841	1 149 976	(343 150)	134 347	-	(966 349)	(149 205)	859	5 622 319
Motor vehicles	56 904 539	13 792 687	(2 018 676)	-	-	(5 439 911)	-	-	63 238 639
Computer equipment	5 462 034	568 753	(152 027)	4 562 651	-	(1 087 591)	-	12 584	9 356 404
Roads and Stormwater Infrastructure	748 966 622	8 668 030	(4 000 317)	166 851 099	-	(36 104 218)	(2 845 354)	-	881 535 862
Community assets	194 734 172	1 387 999	(221 126)	68 904 239	-	(9 182 308)	(1 189 752)	-	254 433 224
Solid waste infrastructure	16 279 695	(3 275 845)	-	-	-	(2 327 122)	-	-	10 676 728
Electrical Infrastructure	34 926 722	-	(6 967)	7 879 213	-	(1 432 278)	-	-	41 366 690
Roads and Stormwater-Work in Progress	299 860 765	96 442 139	-	-	(174 730 311)	-	(695 684)	-	220 876 909
Community Assets-Work in Progress	128 847 529	24 426 247	-	-	(68 904 240)	-	-	-	84 369 536
Computer Equipment - Work in Progress	1 973 693	2 723 307	-	-	(4 697 000)	-	-	-	-
Solid Waste-Work in Progress	4 189 467	1 999 573	-	-	-	-	-	-	6 189 040
Electricity-Work in Progress	2 367 451	25 190 301	(20 003 478)	-	-	-	-	-	7 554 274
	1 632 115 132	179 805 320	(27 096 665)	248 331 549	(248 331 551)	(57 880 845)	(4 879 995)	13 443	1 722 076 388

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Additions through donations	Disposals	Transfers received	Transfers made	Land write down	Depreciation	Impairment loss	Total
Land	123 455 574	-	-	-	775 044	(8 646)	(2 149 532)	-	-	122 072 440
Plant and machinery	5 847 991	1 326 923	3 650 500	(217 299)	-	-	-	(866 926)	(7 027)	9 734 162
Furniture and fixtures	7 048 710	381 436	63 000	(307 746)	-	-	-	(1 383 027)	(6 532)	5 795 841
Motor vehicles	59 660 467	2 911 696	1 560 500	(1 501 444)	-	-	-	(5 726 680)	-	56 904 539
Computer equipment	6 575 830	1 205 694	58 000	(962 981)	-	-	-	(1 381 718)	(32 791)	5 462 034
Roads and Stormwater Infrastructure	775 958 584	-	-	-	14 222 132	-	-	(32 800 080)	(8 414 014)	748 966 622
Community assets	196 561 946	9 001 596	-	(2 457 363)	478 430	-	-	(8 271 966)	(578 471)	194 734 172
Solid waste infrastructure	15 831 953	406 314	-	(18 694)	2 377 365	-	-	(2 314 129)	(3 114)	16 279 695
Electrical Infrastructure	35 774 132	-	-	-	429 500	-	-	(1 265 328)	(11 582)	34 926 722
Roads and Stormwater-Work in Progress	224 452 949	89 629 948	-	-	-	(14 222 132)	-	-	-	299 860 765
Community Assets-Work in Progress	116 947 644	12 378 315	-	-	-	(478 430)	-	-	-	128 847 529
Computer Equipment - Work in Progress	-	1 973 693	-	-	-	-	-	-	-	1 973 693
Solid Waste-Work in Progress	6 566 831	-	-	-	-	(2 377 364)	-	-	-	4 189 467
Electricity-Work in Progress	2 367 451	11 871 239	-	(11 441 739)	-	(429 500)	-	-	-	2 367 451
	1 577 050 062	131 086 854	5 332 000	(16 907 266)	18 282 471	(17 516 072)	(2 149 532)	(54 009 854)	(9 053 531)	1 632 115 132

Included under Land are strategic assets held in order to fulfil the municipality's main mandate in the foreseeable future. These assets represent vacant land owned by the municipality for which specific usage has not been determined. The municipality uses the Thulamela Land Use Management Scheme 2006 to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations. In line with Land Use Management Scheme 2006 the land zoned Municipal could be used to develop inter alia:

- Agricultural buildings
- Agricultural land
- Nature conservation
- Recreational
- Reservoir
- Cemetery

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4. Property, plant and equipment (continued)

- Dumping site
- Taxi rank
- Taxi holding area

Pledged as security

No assets has been pledged as security.

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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2022

	Included within Road and Stormwater Infrastructure	Included within Community	Included within Electricity	Included within Solid Waste	Included within Computer Equipment	Total
Opening balance	299 860 766	128 847 502	2 367 452	4 189 467	1 973 696	437 238 883
Additions/capital expenditure	96 442 139	24 426 247	25 190 301	1 999 572	2 723 304	150 781 563
Disposal	-	-	(20 003 478)	-	-	(20 003 478)
Impairment loss	(695 684)	-	-	-	-	(695 684)
Transferred to completed items	(174 730 311)	(68 904 238)	-	-	(4 697 000)	(248 331 549)
	220 876 910	84 369 511	7 554 275	6 189 039	-	318 989 735

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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2021

	Included within Road and Stormwater Infrastructure	Included within Community	Included within Electricity	Included within Solid Waste	Included within Computer Equipment	Total
Opening balance	224 452 950	116 947 619	2 367 452	6 566 831	-	350 334 852
Additions/capital expenditure	89 629 948	12 378 313	11 871 239	-	1 973 696	115 853 196
Disposal	-	-	(11 871 239)	-	-	(11 871 239)
Transferred to completed items	(14 222 132)	(478 430)	-	(2 377 364)	-	(17 077 926)
	299 860 766	128 847 502	2 367 452	4 189 467	1 973 696	437 238 883

Included in Work In Progress (WIP) total carrying value are projects which are taking significantly longer to complete. The total carrying value of such projects is:

Reasons for significant delays	Project Name	Class	Source of funding	Carrying value
The project is currently waiting for the community to agree on where the municipality wants to build the bridge	Dzwerani Bridge	Roads and Stormwater-WIP	Own	1
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Lwamondo Zwavhavhli Ring Road	Roads and Stormwater-WIP	Own	1 642 289
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Tsrisaulu Riverside Ring Road	Roads and Stormwater-WIP	Own	1 052 967
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Tshishushuru ring road	Roads and Stormwater-WIP	Own	1 460 788
There was an error on the design , especially the glass, the will in the 2022-2023 to complete the remaining work	Upgrading of Makwarela Stadium Phase 1	Community Assets-WIP	MIG	42 336 477
Lack of funding , its on the IDP and the project will continue	New Office Building Block sibasa (Traffic)	Community Assets-WIP	Own	10 352 194
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Makumbani Access Road	Roads and Stormwater-WIP	MIG	1 332 064
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Manlini M Access Road	Roads and Stormwater-WIP	Own	1 270 746

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4. Property, plant and equipment (continued)

Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Shayandima Ext 3 Streets	Roads and Stormwater-WIP	Own	1 310 648
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Tshilungoma ring road	Roads and Stormwater-WIP	Own	1 314 713
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Construction of Thohoyandou K & K Portion Street	Roads and Stormwater-WIP	Own	1 315 789
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Thohoyandou J EXT. 1 Ring Road	Roads and Stormwater-WIP	Own	1 301 863
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Shayandima A and Ext 3 Streets	Roads and Stormwater-WIP	Own	1 315 309
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Tshilungoma bus and Fondwe Clinic Road	Roads and Stormwater-WIP	Own	1 260 180
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Lwamondo Teritorial Road	Roads and Stormwater-WIP	Own	1 492 541
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Thohoyandou M Streetlight	Electricity-WIP	Own	300 000
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Upgrade Mapate Access Road	Roads and Stormwater-WIP	Own	1 086 600
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Thohoyandou C Streets Lights	Electricity-WIP	Own	260 821
Lack of funding, its on the IDP and the project will continue	Thulamela Show Site	Community Assets-WIP	Own	198 319
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Thohoyandou E Street Light	Electricity-WIP	Own	290 000
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Makwabela Ext 3 and 4 Streets Lights	Electricity-WIP	Own	259 000
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Hollywood to 2 Ten Street Lights	Electricity-WIP	Own	260 870
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Shayandima Ext Street Lights	Electricity-WIP	Own	260 870
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Thohoyandou L Street Lighting	Electricity-WIP	Own	260 000
Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project	Makhuva Ring Road	Roads and Stormwater-WIP	Own	1 500 000

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4. Property, plant and equipment (continued)

Project is on Shelf, feasibility studies done, awaiting funding for implementation. Management intend to continue with the project

The Project will continue, new site was allocated as the previous site was no longer available for use

Thohoyandou D and E Streetlight	Electricity-WIP	Own	215 021
Tshaulu Testing Station	Community Assets-WIP	Own	1 865 396
			75 515 466

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Maintenance of Buildings and Facilities	2 103 465	383 102
Maintenance of Equipment	4 020 812	3 278 188
Maintenance of Unspecified Assets	21 610 750	12 468 867
	27 735 027	16 130 157

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.

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5. Intangible assets

	2022		2021			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	4 331 027	(3 831 897)	499 130	4 300 027	(3 294 194)	1 005 833

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	1 005 833	198 000	(49 452)	(655 251)	499 130

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 377 635	260 000	(631 802)	1 005 833

Pledged as security

No intangible assets has been pledged as security.

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6. Inventories		
Consumable stores	11 457 277	7 818 164
Unsold Properties Held for Resale	18 465 508	20 518 662
	29 922 785	28 336 826
Inventories (write-downs)	(150 997)	(1 244 914)
	29 771 788	27 091 912

Unsold Sites were written down to Net Realisable Value (NRV) of R1 each during the current year due to illegal occupation of sites owned by the municipality.

The total value of the write-down is shown on the face of the Statement of Financial Performance as R150 997 as of 30 June 2022 (2021: R1 244 914).

Inventory pledged as security

No inventory has been pledged as security.

7. Receivables from exchange transactions

Gross balances

Accrued Interest	172 586	-
Other debtors	2 553 950	2 359 618
Sundry debtors	2 502 521	1 900 066
Consumer debtors - Refuse	137 249 980	116 404 990
Consumer debtors - Service charges	82 890 205	333 630 968
	225 369 242	454 295 642

Less: Allowance for impairment

Consumer debtors - Refuse	(128 709 629)	(106 379 971)
Consumer debtors - Service charges	(77 732 380)	(304 863 425)
	(206 442 009)	(411 243 396)

Net balance

Accrued Interest	172 586	-
Other debtors	2 553 950	2 359 618
Sundry debtors	2 502 521	1 900 066
Consumer debtors - Refuse	8 540 351	10 025 019
Consumer debtors - Service charges	5 157 825	28 767 543
	18 927 233	43 052 246

Sundry Debtors

Current (0 -30 days)	369 099	139 150
31 - 60 days	42 855	89 889
61 - 90 days	77 252	87 080
91 - 120 days	75 267	83 119
121 - 365 days	548 145	1 500 828
> 365 days	1 389 903	-
	2 502 521	1 900 066

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Figures in Rand	2022	2021
7. Receivables from exchange transactions (continued)		
Refuse		
Current (0 -30 days)	2 898 037	2 975 898
31 - 60 days	2 660 630	2 536 864
61 - 90 days	2 578 127	2 479 553
91 - 120 days	2 537 288	2 404 506
121 - 365 days	126 575 898	106 008 170
	137 249 980	116 404 991
Service charges		
Current (0 -30 days)	(4 396 531)	2 201 874
31 - 60 days	1 044 912	1 666 342
61 - 90 days	981 631	1 765 959
91 - 120 days	850 835	1 629 471
121 - 365 days	84 409 360	326 367 320
	82 890 207	333 630 966
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	(2 202 811)	3 222 621
31 - 60 days	3 561 331	3 058 046
61 - 90 days	2 649 459	3 037 449
91 - 120 days	2 522 385	2 998 532
121 - 365 days	178 988 887	363 182 143
	185 519 251	375 498 791
Industrial/ commercial		
Current (0 -30 days)	613 969	1 228 587
31 - 60 days	790 734	1 025 470
61 - 90 days	749 272	1 036 733
91 - 120 days	650 558	924 510
121 - 365 days	27 463 530	64 007 696
	30 268 063	68 222 996
National and provincial government		
Current (0 -30 days)	90 349	726 564
31 - 60 days	140 404	119 690
61 - 90 days	113 354	171 331
91 - 120 days	109 263	110 935
121 - 365 days	3 899 505	5 185 652
	4 352 875	6 314 172
Total		
Current (0 -30 days)	(1 498 494)	5 177 772
31 - 60 days	3 705 542	4 203 207
61 - 90 days	3 559 758	4 245 512
91 - 120 days	3 388 123	4 033 977
121 - 365 days	210 985 257	432 375 490
	220 140 186	450 035 958
Less: Allowance for impairment	(206 442 009)	(411 243 396)
	13 698 177	38 792 562

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Figures in Rand	2022	2021
7. Receivables from exchange transactions (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(411 243 396)	(384 194 351)
Contributions to allowance	204 801 387	(27 049 045)
	(206 442 009)	(411 243 396)

Receivables from exchange transactions general information

Basis used to assess and test whether a statutory receivable is impaired

The estimate were determined by the judgment of the management of the municipality, supplemented by experience of past practices and statistics in relation to uncollectable debt. The effects of the time value of money has been ignored due to the fact that the debt is immediately payable.

In assessing whether statutory receivables are impaired, management assessed whether there are any indications that:

- (a) Individually significant receivables are impaired; and/or
- (b) Groups of similar, individually insignificant, receivables are impaired.

The total debtors were separated into groups of similar receivables with similar risk profiles and assessed for impairment. Where a specific group of debtors was deemed to be fully recoverable then those receivables were not included in the assessment, an example of this is debt owed by government entities.

The grouping was based on the type of debtor, i.e. government, business, residential, employees and councillors, exhibiting similar characteristics which provide information about the possible collectability of the amounts owing to the municipality.

In estimating the future cash flows, management considered both the amount and timing of the cash flows that it will receive in future. In line with par 12 of the Credit Control Policy, the municipality does not see itself as a credit provision institution and hence the effect of the time value of money is not considered as all outstanding amounts are immediately payable.

In determining the amount impaired, management estimates the cash flows that it expects to collect based on facts and circumstances at the reporting date.

The future cash flows of a group of receivables that were individually or collectively evaluated for impairment were estimated using historical experience. For this purpose management adopted the payment pattern of each receivable over the previous 12 months as the most appropriate methodology as it reflects the amount likely to be collected in future.

The impairment loss was measured 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 receivable, or group of statutory receivables, shall be reduced, either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

Consumer debtors pledged as security

No consumer debtors were pledged as security in the current financial year.

8. Receivables from non-exchange transactions

Gross balances

Consumer debtors - Rates	287 443 127	232 279 673
Traffic fines	33 517 663	31 832 163
	320 960 790	264 111 836

Less: Allowance for impairment

Consumer debtors - Rates	(269 557 038)	(212 257 442)
Traffic fines	(32 176 956)	(29 922 233)
	(301 733 994)	(242 179 675)

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Figures in Rand	2022	2021
8. Receivables from non-exchange transactions (continued)		
Net balance		
Consumer debtors - Rates	17 886 089	20 022 231
Traffic fines	1 340 707	1 909 930
	19 226 796	21 932 161
Rates		
Current (0 -30 days)	8 135 692	8 024 282
31 - 60 days	6 454 782	7 206 601
61 - 90 days	6 234 776	5 935 540
91 - 120 days	6 167 461	5 784 067
121 - 365 days	260 450 415	205 329 182
	287 443 126	232 279 672
Traffic fines		
Current (0 -30 days)	58 900	208 000
31 - 60 days	67 300	307 900
61 - 90 days	278 750	326 900
91 - 120 days	283 000	303 850
121 - 365 days	32 829 713	30 685 513
	33 517 663	31 832 163

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Figures in Rand	2022	2021
8. Receivables from non-exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	3 045 728	3 033 933
31 - 60 days	2 950 258	3 582 200
61 - 90 days	2 897 030	2 852 297
91 - 120 days	2 858 729	2 813 341
121 - 365 days	154 711 678	129 286 660
	166 463 423	141 568 431
Industrial/ commercial		
Current (0 -30 days)	2 822 867	2 941 572
31 - 60 days	1 373 734	1 669 499
61 - 90 days	1 293 516	1 166 582
91 - 120 days	1 196 803	1 089 837
121 - 365 days	46 687 301	37 799 651
	53 374 221	44 667 141
National and provincial government		
Current (0 -30 days)	2 267 098	2 048 777
31 - 60 days	2 130 791	1 954 902
61 - 90 days	2 044 231	1 916 660
91 - 120 days	2 111 929	1 880 888
121 - 365 days	59 051 436	38 242 871
	67 605 485	46 044 098
Total		
Current (0 -30 days)	8 135 692	8 024 282
31 - 60 days	6 454 782	7 206 601
61 - 90 days	6 234 776	5 935 540
91 - 120 days	6 167 461	5 784 067
121 - 365 days	260 450 415	205 329 182
	287 443 126	232 279 672
Less: Allowance for impairment	(269 557 038)	(212 257 442)
	17 886 088	20 022 230
Reconciliation of allowance for impairment		
Balance at beginning of the year	(242 179 675)	(200 967 479)
Contributions to allowance	(59 554 319)	(41 212 196)
	(301 733 994)	(242 179 675)

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8. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Traffic fines are governed by Administrative Adjudication of Road Traffic Offences Act, No. 46 of 1998 (AARTO) and National Road Traffic Act, No. 93 of 1996 of South Africa, hence this is therefore recognised as a statutory receivable. The receivable is calculated by determining the value of the fine to be paid on initial recognition, and accounting for subsequent measurement by taking into account reductions and discounts made to the value of the fine payable in terms of the court of law. No interest is charged on outstanding fines, and any additional penalties applied by the court is paid by the offender to the court directly, and is therefore not considered to be revenue for the municipality.

Property rates is levied in terms of the Municipal Property Rates Act 6 of 2004, hence this is therefore recognised as a statutory receivable. The receivable is calculated by applying the Council approved rates randages against the valuation of individual properties within the municipality jurisdiction. Council approved rebates and exemptions are further applied to reduce the receivable.

Basis used to assess and test whether a statutory receivable is impaired

The estimate were determined by the judgment of the management of the municipality, supplemented by experience of past practices and statistics in relation to uncollectable debt. The effects of the time value of money has been ignored due to the fact that the debt is immediately payable.

In assessing whether statutory receivables are impaired, management assessed whether there are any indications that:

- (a) Individually significant receivables are impaired; and/or
- (b) Groups of similar, individually insignificant, receivables are impaired.

The total debtors were separated into groups of similar receivables with similar risk profiles and assessed for impairment. Where a specific group of debtors was deemed to be fully recoverable then those receivables were not included in the assessment, an example of this is debt owed by government entities.

The grouping was based on the type of debtor, i.e. government, business, residential, employees and councillors, exhibiting similar characteristics which provide information about the possible collectability of the amounts owing to the municipality.

In estimating the future cash flows, management considered both the amount and timing of the cash flows that it will receive in future. In line with par 12 of the Credit Control Policy, the municipality does not see itself as a credit provision institution and hence the effect of the time value of money is not considered as all outstanding amounts are immediately payable.

In determining the amount impaired, management estimates the cash flows that it expects to collect based on facts and circumstances at the reporting date.

The future cash flows of a group of receivables that were individually or collectively evaluated for impairment were estimated using historical experience. For this purpose management adopted the payment pattern of each receivable over the previous 12 months as the most appropriate methodology as it reflects the amount likely to be collected in future.

The impairment loss was measured 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 receivable, or group of statutory receivables, shall be reduced, either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

Impairment of traffic fine debtors were based only on historical payment trend of total debt.

Included in consumer debtors - Rates is fines for illegal use of land which we could not be separated due to mSCOA mapping.

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9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	395 611 849	311 820 865
Short-term deposits	591 135 679	577 852 253
Money market	1 655 573	1 618 570
	988 403 101	891 291 688

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for services rendered by the Post Office to the Municipality - 850 000	850 000	850 000
Included in the main primary bank account is a guarantee/security of R850 000 to the Post Office. Should the Municipality fail to meet payment obligations with the Post Office the amount will be paid over to the Post Office by the bank. Terms and conditions		
Total financial assets pledged as collateral for loan with DBSA - 1 062 500	1 062 500	1 062 500
Included in the money market bank account is a guarantee/security of R1 062 500 to the DBSA. Should the Municipality fail to meet payment obligations with DBSA the amount will be paid over to DBSA by the bank. Terms and conditions		

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
FNB BANK - CHEQUE - 54660078973	395 159 040	311 493 198	395 611 850	311 820 865
FNB BANK - CALL - 62090588016	189 363 724	185 142 254	189 363 724	185 142 255
FNB BANK - CALL - 62090588793	401 771 955	392 709 999	401 771 955	392 709 999
FNB BANK - MONEY MARKET - 62336900320	1 655 573	1 618 570	1 655 574	1 618 570
Total	987 950 292	890 964 021	988 403 103	891 291 689

The difference between the Cash and cash equivalents balance for the Cheque (primary) account as per the underlying accounting records and the Bank confirmation/certificate is caused by outstanding deposits and payments. These are payments made and receipts received close to year end, therefore, they do not yet reflect in the banking systems.

Outstanding deposits reflecting in the Cashbook and not yet reflecting in the bank as at 30 June 2022 - Cheque Account	453 870
Payments reflecting in the bank and not yet reflecting in the cashbook as at 30 June 2022 - Cheque Account	<u>0</u>
Net difference between the Cashbook and Bank Confirmed Balance	<u>453 870</u>

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10. Employee benefit obligations

Defined benefit plan

Long service awards

Long service benefits are awarded in the form of a number of leave days awarded once an employee has completed a certain number of years in service.

The municipality provides long-service awards to its permanent employees.

The municipality offers rewards for specified year intervals of completed service.

In accordance with prevailing legislation, the defined benefits funds are actuarially valued at intervals of every year. The Projected Unit Credit Method has been used to value the liabilities. The latest valuation was performed for Thulamela Local Municipality as at 30 June 2022 by qualified experts.

The accumulated defined benefit obligation in respect of the long-service awards are provided, based on calculations of independent actuaries, using methods and assumptions consistent with GRAP 25 (Employee Benefits).

Long service award relate to the legal obligation to provide long service leave awards. Actuarial benefits have been calculated for 584 eligible employees as at 30 June 2022 that are entitled to long service awards. The long service awards liability is not a funded arrangement. i.e. no separate assets have been set aside to meet this liability.

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(17 158 053)	(14 768 463)
Non-current liabilities	(15 194 473)	(13 252 526)
Current liabilities	(1 963 580)	(1 515 937)
	(17 158 053)	(14 768 463)

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

Opening balance	14 768 463	13 829 533
Benefits paid	(1 515 937)	(1 264 729)
Net expense recognised in the statement of financial performance	3 905 527	2 203 659
	17 158 053	14 768 463

Net expense recognised in the statement of financial performance

Current service cost	1 233 789	1 177 142
Interest cost	1 144 657	1 128 358
Actuarial (gains) losses	1 527 081	(101 841)
	3 905 527	2 203 659

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	1 527 081	(101 841)
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10. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.54 %	8.17 %
CPI	7.45 %	5.12 %
Expected increase in salaries	8.45 %	6.12 %
Net Discount Rate	1.93 %	1.93 %
Normal retirement age (years)	65	65
Average retirement age (years)	63	
Mortality	SA85-90	SA85-90

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

Discount rate

GRAP25 requires that the market returns on high quality corporate interest bearing bonds should be used on the balance sheet date. Should a deep market of high quality corporate bonds not exist (as is the case in South Africa), the market yields (at the end of the reporting period) on government bonds of a consistent currency and term to that of the liabilities should be used to set the discount rate.

The duration as at 30 June 2022 was calculated to be 8,3 years, which was used to determine the discount rate based on the long term yield on the zero coupon government bond curve as at 30 June 2022. This discount rate was 11,54% p.a.

A discount rate of 8,17% per annum was used in the previous valuation.

The current duration of the past service liability was calculated as 8,3 years, which can be used to determine the discount rate in the next valuation.

Inflation rate

Our expectation of future inflation amounted to 7,45% p.a. on the valuation date. This was calculated as the real difference between the yield on long-term government bonds of 11,54% and the index-linked bond yield of 3,81% i.e. $[1,1154/1,0381]-1$.

Inflation was assumed to be 5,12% p.a. in the previous valuation.

Salary increases

Escalation in the general level of salaries as a result of inflation and real salary increases. The general trend is for salaries to increase faster than the increase in inflation. We used a salary escalation rate of 8,45% per annum in addition to the above-mentioned merit increases, which includes real growth of approximately 1% per annum (i.e. an inflation rate of 7,45% has been assumed).

In the calculations, we assume that the salary increases are given on 1 July of each year.

A salary escalation rate of 6,12% per annum was used in the previous valuation.

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10. Employee benefit obligations (continued)

Other assumptions

The results in the main report are based on a discount rate of 11,54% per annum and a salary escalation rate of 7,45% per annum with additional provision for merit increases. This implies a real return of 3,81% per annum (1,1154/1,0745-1), without merit increases.

The results are sensitive to the real rate that is assumed. This is illustrated by doing the calculations using the same salary escalation rate but different discount rates.

The liabilities calculated using different real rates compare as follows:

	One percentage point increase	One percentage point decrease
Employer's accrued liability	16 228 024	18 193 112
Employer's current service cost	1 208 847	1 386 497
Employer's interest cost	2 034 994	1 917 554

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

	2022 R	2021 R	2020 R	2019 R	2018 R
Present value of Defined benefit obligation	(17 158 053)	(14 768 463)	(13 829 533)	(12 578 748)	(12 395 762)
Experience adjustments on plan liabilities	1 527 081	(101 841)	(76 510)	90 416	(335 381)

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11. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Additions	Change in discount factor	Change in provision of obligation	Total
Environmental rehabilitation	32 410 056	-	2 859 701	(3 275 845)	31 993 912
Provision for leave	24 734 393	210 856	-	-	24 945 249
	57 144 449	210 856	2 859 701	(3 275 845)	56 939 161

Reconciliation of provisions - 2021

	Opening Balance	Additions	Change in discount factor	Change in provision of obligation	Total
Environmental rehabilitation	31 334 703	-	1 259 398	(184 045)	32 410 056
Provision for leave	23 419 396	1 314 997	-	-	24 734 393
	54 754 099	1 314 997	1 259 398	(184 045)	57 144 449

Non-current liabilities				31 993 912	32 410 056
Current liabilities				24 945 249	24 734 393
				56 939 161	57 144 449

Environmental rehabilitation provision

The provision for environmental rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. For this landfill the rate associated with the maximum period of 5 years was used, i.e. 3% above CPI.

Key Assumptions used:

The Remaining Useful life (RUL) of landfill site	5
CPI	6.6085%
Discount rate	9.6085%
Net effective discount rate	3%

Provision for leave

The Municipality grants its employees either 22 or 24 working days leave per year in recognition of services rendered. Provision is made for employees who are having leave credit at the end of the financial period and is provided up to 48 days in terms of the SALBC agreement. The leave provision is calculated by taking the total basic salary/no of working days per year x number of days unused. The municipality has decided not to assess the provision quarterly, however to calculate the provision for leave towards end of financial year to salvage cost.

12. Payables from exchange transactions

Trade payables	34 704 185	6 288 236
Income received in advance	11 617 114	11 657 951
Accruals	3 847 647	8 174 419
Retentions	39 104 206	39 787 116
Accrued bonus	6 034 220	5 854 512
Unallocated deposits	971 687	1 517 147
	96 279 059	73 279 381

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13. VAT payable

Vat payable	-	33 181 702
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The municipality is registered for VAT on a cash basis with SARS. Vat is payable over to SARS only once the payment is received from debtors and is receivable from SARS once the payment has been made to creditors. The amount above is an accumulation of the accrual and cash basis of taking VAT into account.

14. VAT receivable

VAT	5 881 666	-
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15. Consumer deposits

Building plans	55 106	48 842
Rental of facilities	308 103	287 613
	363 209	336 455

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	-	10 639 179
Municipal Disaster Relief Grant	4 012 953	-
	4 012 953	10 639 179

Movement during the year

Balance at the beginning of the year	10 639 179	-
Additions during the year	645 535 000	699 757 000
Income recognition during the year	(652 161 226)	(689 117 821)
	4 012 953	10 639 179

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

17. Sale of goods

Tender documents	197 997	265 805
Sale of property	6 559 039	7 489 253
	6 757 036	7 755 058

18. Service charges

Solid waste	25 995 649	24 637 871
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Figures in Rand	2022	2021
19. Rendering of services		
Building plan fees	511 176	655 859
Property rezoning	92 029	136 328
Application of deed grant	214 202	189 103
Advertising	35 964	20 639
Application fees for land usage	385 031	281 999
Application of sub-division	140 129	121 682
Property transfer fees	624 730	686 284
Cemetery and Burials	432 218	422 738
Clearance certificates	52 586	53 213
Traffic control	-	1 131
Trading of animals	2 877	9 030
Demolition application fees	219 572	73 913
	2 710 514	2 651 919

20. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	3 290 970	2 769 356
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21. Interest received from exchange receivables

Interest received from exchange receivables	21 175 183	19 345 122
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22. Agency services

Vehicle Registration	9 417 738	9 790 676
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Thulamela Local Municipality acts as an implementing agent on behalf of the Department of Transport (Principal) as they administer certain functions on behalf of the Department such as licensing and registration of motor vehicles.

The Municipality would retain a certain portion of all receipts as compensation (agency fees) for administering these services on behalf of the Department.

The Department uses the Municipality and its staff due to the proximity of the Municipality to households.

The Municipality only recognised the net revenues (agency fees) that accrued to it and only the expenditure incurred by the Municipality.

23. Licences and permits

Trading	446 233	617 524
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The Trading licences relates to Spaza/Hawker licences.

24. Commissions received

Commissions received	16 142	119 865
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Figures in Rand	2022	2021
25. Other income		
Skills development fund refund	1 186 323	1 438 617
Staff recoveries	16 230	48 004
Printing and photocopying	237 177	237 102
Insurance	1 294 420	1 118 848
Sundry revenue	1 944 178	1 319 774
	4 678 328	4 162 345
26. Investment revenue		
Interest revenue		
Bank	27 838 728	18 174 152
27. Property rates		
Rates received		
Residential	38 023 993	28 171 324
Commercial	20 086 916	28 782 958
State	32 829 453	30 885 423
	90 940 362	87 839 705
Valuations		
Residential	6 675 542 700	6 680 909 700
Commercial	2 907 245 440	2 901 953 440
State	3 001 253 500	3 013 614 500
Municipal	1 036 007 200	1 030 887 200
	13 620 048 840	13 627 364 840

Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2019. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations. Municipal rates on the tariff listing is applied to property valuations to determine assessment rates. Rates are levied on an annual basis on property owners.

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28. Government grants & subsidies

Operating grants

Equitable share	495 781 179	577 496 000
Integrated National Electrification Programme	23 000 000	12 000 000
Financial Management Grant	1 650 000	1 700 000
Expanded Public Works Programme Grant	6 069 000	7 118 000
Infrastructure Skills Development Grant	5 500 000	3 952 000
	532 000 179	602 266 000

Capital grants

Municipal Infrastructure Grant	111 174 000	86 851 821
Municipal Disaster Relief Grant	8 987 047	-
	120 161 047	86 851 821
	652 161 226	689 117 821

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	156 380 047	111 621 821
Unconditional grants received	495 781 179	577 496 000
	652 161 226	689 117 821

Equitable Share

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

All registered indigents receive a monthly subsidy of R 891 (2021: R 891), which is funded from the grant.

Municipal Infrastructure Grant

Balance unspent at beginning of year	10 639 179	-
Current-year receipts	111 174 000	97 491 000
Conditions met - transferred to revenue	(111 174 000)	(86 851 821)
MIG set-off with equitable share	(10 639 179)	-
	-	10 639 179

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of households.

Expanded Public Works Programme Grant

Current-year receipts	6 069 000	7 118 000
Conditions met - transferred to revenue	(6 069 000)	(7 118 000)
	-	-

The grant was used for extended public works programs.

Financial Management Grant

Current-year receipts	1 650 000	1 700 000
Conditions met - transferred to revenue	(1 650 000)	(1 700 000)
	-	-

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28. Government grants & subsidies (continued)

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA 2003.

Infrastructure Skills Development Grant

Current-year receipts	5 500 000	3 952 000
Conditions met - transferred to revenue	(5 500 000)	(3 952 000)

The grant was used for skills development related to infrastructure improvements.

Integrated National Electrification Programme

Current-year receipts	23 000 000	12 000 000
Conditions met - transferred to revenue	(23 000 000)	(12 000 000)

The grant was used to address the electrification backlog of permanently occupied residents. There after the projects are handed over to Eskom for collection of revenue and maintenance.

Municipal Disaster Relief Grant

Current-year receipts	13 000 000	-
Conditions met - transferred to revenue	(8 987 047)	-
	4 012 953	-

Conditions still to be met - remain liabilities (see note 16).

29. Public contributions and donations

Donations	-	5 332 000
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30. Fines, Penalties and Forfeits

Building Fines	70 554	44 122
Law Enforcement Fines	4 389 892	4 636 210
Municipal Traffic Fines	2 982 770	4 521 780
Undeveloped Sites Fines	1 685 808	-
	9 129 024	9 202 112

31. Interest from non-exchange receivables

Interest from non-exchange receivables	14 823 164	12 382 923
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32. Employee related costs		
Basic	200 874 854	192 732 498
Bonus	15 155 014	14 928 665
Medical aid - company contributions	10 182 680	9 395 695
UIF	1 393 402	1 157 292
Leave pay provision charge	1 546 198	2 144 240
Overtime payments	8 053 632	8 085 996
Long-service awards	2 936 485	2 714 500
Acting allowances	149 425	142 401
Car allowance	20 126 993	19 617 773
Housing benefits and allowances	489 471	484 816
Industrial council levies	70 834	68 638
Cellphone allowances	51 600	51 600
Pension Fund Contribution	36 880 754	35 822 549
	297 911 342	287 346 663
Remuneration of municipal manager		
Annual Remuneration	889 016	1 077 160
Housing allowance, Car Allowance, Travelling claims and Subsistence allowance	120 777	133 005
13th cheque Bonus	89 763	89 763
Leave pay	184 410	-
Acting allowance	35 934	-
Contributions to UIF, SDL, Medical and Pension Funds	211 199	248 966
	1 531 099	1 548 894
Remuneration of chief finance officer		
Annual Remuneration	951 979	951 979
Housing allowance, Car Allowance, Travelling claims and Subsistence allowance	372 973	341 853
Acting allowance	8 791	-
Contributions to UIF, SDL, Medical and Pension Funds	14 489	12 104
	1 348 232	1 305 936
Senior Manager: Corporate services		
Annual Remuneration	956 475	956 475
Housing allowance, Car Allowance, Travelling claims and Subsistence allowance	225 641	192 453
13th cheque Bonus	79 706	79 706
Acting allowance	15 348	-
Contributions to UIF, SDL, Medical and Pension Funds	44 152	46 252
	1 321 322	1 274 886
Senior Manager: Technical services		
Annual Remuneration	1 026 434	1 026 434
Housing allowance, Car Allowance, Travelling claims and Subsistence allowance	192 242	176 094
Contributions to UIF, SDL, Medical and Pension Funds	70 470	65 753
	1 289 146	1 268 281
Senior Manager: Planning and Development		
Annual Remuneration	933 422	933 422
Housing allowance, Car Allowance, Travelling claims and Subsistence allowance	281 445	244 790

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32. Employee related costs (continued)		
13th cheque Bonus	77 785	77 785
Contributions to UIF, SDL, Medical and Pension Funds	14 679	12 092
	1 307 331	1 268 089
Senior manager: Community services		
Annual Remuneration	836 262	836 262
Housing allowance, Car Allowance, Travelling claims and Subsistence allowance	297 353	294 450
13th cheque Bonus	69 689	69 689
Contributions to UIF, SDL, Medical and Pension Funds	71 501	69 004
	1 274 805	1 269 405
33. Remuneration of councillors		
Executive Mayor	1 056 807	934 653
Chief Whip	460 627	711 198
Speaker	515 992	755 895
Councillors	28 623 405	28 342 593
	30 656 831	30 744 339
In-kind benefits		
The remuneration for the Executive Mayor, Speaker, Chief Whip and all other councillors is inclusive of a cellphone allowance, travelling allowance and other benefits. The Executive Mayor, Speaker and Chief whip are full-time. Each is provided with an office.		
The Mayor and the Speaker have use of a Council owned vehicle and driver for official duties.		
The salaries, allowances and benefits are within the upper limits of the framework envisaged in section 219 of the Constitution.		
Refer to note 47: Related Parties for the detailed disclosure regarding councillors' remuneration.		
34. Depreciation and amortisation		
Property, plant and equipment	57 880 845	54 009 854
Intangible assets	655 251	631 804
	58 536 096	54 641 658
35. Finance costs		
Trade and other payables	-	15 640
Environmental rehabilitation provision	2 859 701	1 259 398
	2 859 701	1 275 038
36. Lease rentals on operating lease		
Equipment		
Contractual amounts	2 425 555	3 876 646

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37. Debt impairment		
Provision for bad debts	(145 247 068)	68 261 241
Bad debts written off	238 978 478	3 014 626
	93 731 410	71 275 867
38. Contracted services		
Outsourced Services		
Administrative and Support Staff	523 480	1 228 477
Catering Services	762 101	3 094
Cleaning Services	-	11 760
Hygiene Services	242 972	380 962
Security Services	9 648 404	5 873 671
Consultants and Professional Services		
Business and Advisory	17 169 241	14 738 360
Infrastructure and Planning	6 015 600	837 203
Legal Cost	16 919 928	15 660 616
Contractors		
Artists and Performers	9 500	-
Audio-visual Services	46 431	-
Building	115 518	131 846
Electrical	2 528 125	3 056 028
Employee Wellness	1 702 577	-
Event Promoters	5 950	93 750
Maintenance of Buildings and Facilities	2 103 465	383 102
Maintenance of Equipment	4 020 812	3 278 188
Maintenance of Unspecified Assets	21 610 750	12 468 867
Stage and Sound Crew	41 096	-
Exhibit Installations	-	15 250
	83 465 950	58 161 174
39. Transfer and subsidies		
Grants paid		
Poverty Relief	3 890 939	2 983 839
Other subsidies		
Grant in Aid	895 333	789 176
	4 786 272	3 773 015

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40. General expenses		
Advertising	518 406	380 770
Auditors remuneration	4 134 084	4 470 258
Bank charges	270 664	322 525
Consumables	12 071 219	7 751 401
Entertainment	19 500	18 500
Hire	456 268	420 575
Insurance	10 165 368	8 371 423
Skills Development Fund Levy	2 479 767	1 974 306
Indigent Relief	1 392 221	989 189
Fuel and oil	8 104 163	6 869 994
Postage and courier	769 263	676 993
Printing and stationery	492 104	494 010
Protective clothing	1 827 770	1 356 407
Royalties and license fees	679 711	445 349
Subscriptions and membership fees	4 301 099	3 857 389
Telephone and fax	8 240 119	5 621 584
Travel - local	3 048 888	2 164 390
Title deed search fees	7 137	9 903
Assets expensed	21 000	26 890
Utilities - Other	8 876 093	7 565 875
Conference expenses	1 465 176	933 763
Cost of site sold	325 000	797 327
Dumping fees	3 710 210	3 796 801
Ward committee allowances	2 800 749	4 768 550
Servitudes and land surveys	-	407 822
Signage	959 000	1 010 000
Workmen's compensation fund	714 838	1 024 561
	77 849 817	66 526 555
41. Impairment loss		
Impairments		
Property, plant and equipment	4 866 551	9 053 532
42. Loss on transfer of assets		
Loss on transfer of assets	(20 003 478)	(11 441 739)

Loss on transfer of assets relates to completed INEP electrification projects which were completed and transferred to eskom.

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43. Cash generated from operations		
Surplus	182 894 313	287 024 094
Adjustments for:		
Depreciation and amortisation	58 536 096	54 641 658
Gain on sale of assets and liabilities	7 142 644	5 465 524
Loss on transfer of assets	20 003 478	11 441 739
Land write down	150 997	2 149 532
Impairment deficit	4 866 551	9 053 532
Debt impairment	93 731 410	71 275 867
Movements in retirement benefit assets and liabilities	2 389 590	938 930
Movements in provisions	(205 288)	2 390 350
Inventory losses or write-downs	(572 259)	(1 244 914)
Donation received	-	(5 332 000)
Transfer received/paid from land	-	(766 399)
Changes in working capital:		
Inventories	(2 258 617)	3 577 640
Receivables from exchange transactions	(69 606 397)	(80 181 023)
Receivables from non-exchange transactions	2 705 365	(6 004 713)
Payables from exchange transactions	22 999 690	6 122 521
VAT	(39 063 368)	4 057 658
Unspent conditional grants and receipts	(6 626 226)	10 639 179
Consumer deposits	26 754	(7 427)
	277 114 733	375 241 748

44. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	18 927 233	-	18 927 233
Trade and Other receivables from non-exchange transactions	19 226 796	-	19 226 796
Cash and cash equivalents	988 403 101	-	988 403 101
VAT Receivable	-	5 881 666	5 881 666
	1 026 557 130	5 881 666	1 032 438 796

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	89 525 168	89 525 168
Consumer deposits	363 209	363 209
	89 888 377	89 888 377

2021

Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions	43 052 246	43 052 246
Trade and other receivables from non-exchange transactions	21 932 161	21 932 161
Cash and cash equivalents	891 291 688	891 291 688

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44. Financial instruments disclosure (continued)

956 276 095 956 276 095

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	67 424 869	67 424 869
VAT Payable	33 181 702	33 181 702
Consumer deposits	336 455	336 455
	100 943 026	100 943 026

45. Commitments

Authorised capital expenditure

Approved and contracted

• Property, plant and equipment 119 434 743 173 101 597

Total capital commitments

Approved and contracted 119 434 743 173 101 597

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, grants from National Treasury, etc.

The commitments are exclusive of VAT.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1 585 970	1 072 200
- in second to fifth year inclusive	2 839 285	104 604
	4 425 255	1 176 804

The municipality entered into an operating lease agreement with PBROS Holdings (bid no: 52/2018/2019) for 2 High-end multifunction printers, effective from 5th September 2019. The contract is for 36 months and doesn't permit the municipality to sub-lease/sell the machines to a third party. There is no purchase option at the end of the lease term and there is no escalation clause.

The municipality entered into an operating lease agreement with Edusolution Bookshop CC (bid no:26/2021/2022A) for 42 High-end multifunction printers, effective from 1 June 2022. The contract is for 36 months and doesn't permit the municipality to sub-lease/sell the machines to a third party. There is no purchase option at the end of the lease term and there is no escalation clause. Only 25 printers were received as at year end 30 June 2022.

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46. Contingencies

The table below comprises all the law suits which are deemed to be possible obligations and neither the expense nor the accompanying liability was recognised. Thulamela Municipality's legal counsel has indicated that the likelihood of the court ruling being in favour of the applicant is very slim albeit not remote

Case	Progress	Applicant	Case No.	2022	2021
Bianca Logistics is seeking a relief for damages for failing to get registration documents in time after buying a Grader from the municipality	We have filed a discovery affidavit regarding documents discovered from the Department of Transport & Public works for the alleged tender	Bianca Logistics	529/16	300 000	300 000
Tshivhase Ungani Martha is suing the municipality for Loss of support as a result of the death of her husband who passed away after a tree fell on him.	The matter is waiting for a trial date	Tshivhase Ungani Martha	662/16	3 000 000	3 000 000
Hilda Mabaya is suing the municipality for personal injury. Plaintiff alleges that she visited the municipality for services, the chair in the municipal waiting area broke and she fell, as a result she was seriously injured.	The plaintiff has abandoned the summons	Hilda Mabaya	352/16	228 284	228 284
Mudau Tshimangadzo Noria is suing the municipality for damages alleging that her child was injured by the municipal pipes.	The applicants has submitted a proposal for settlement of the matter at R870 000 and we are still checking the proposal	Mudau Tshimangadzo Noria	534/2017	4 000 000	4 000 000
Plaintiff alleges that he was arrested by traffic officers and acquitted in court. He is suing the municipality for unlawful arrest and detention, injury to his dignity, loss of personal freedom and general damages.	The matter is waiting for a trial date	Shumani Moses	606/15	450 000	450 000
Matumba Elekanyani is suing the municipality in an amount of R300 000 for unlawful detention, contumelia, pain and suffering after he was arrested for failing to pay traffic fine and he was detained in a traffic van and later the traffic van was involved in an accident.	A pre-trial conference was held on the 19th February 2019 and we have filed the pre-trial minutes	Matumba Elekenyani	117/2015	300 000	300 000
Nevondo Mukovhe is suing the municipality in an amount of R300 000 for unlawful detention, contumelia, pain and suffering after he was arrested for failing to pay traffic fine and he was detained in a traffic van and later the traffic van was involved in an accident.	A pre-trial conference was held on the 19th February 2019 and we have filed the pre-trial minutes	Nevondo Mukovhe	439/2015	300 000	300 000
Applicant is suing the municipality in an amount of R200 000 regarding Makonde Stadium Project	We have issued a notice to oppose the summons and the matter is on replication stage	Mopicon Construction Pty Ltd	1087/2019 and 1074/2020	200 000	200 000

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46. Contingencies (continued)				
Applicant is suing the municipality for compensation for damages she incurred on her motor vehicle when hitting a pothole	Applicants submitted a settlement proposal and as such could not be processed as the Executive Committee rejected settlement proposal by the administration	PBN Mawila 762/2019	66 736	66 736
Applicant is suing the municipality an amount of R1 849 000 for the death of his son. Plaintiff alleges that the deceased was crossing a water filled trench using a wooden roof beam that has been placed across the open trench as a makeshift bridge when deceased lost her footing and fell into the water filled trench	The matter is postponed sine die	Masithi Awelani 831/2020	1 849 000	1 849 000
Applicant is suing the municipality for expropriation of land without compensation by the Venda Government	We have issued a notice to oppose the summons and the matter is on replication stage	Victor Gidimani Ramabulana 167/2020	200 000	200 000
Plaintiff is suing the municipality for unlawful arrest, unlawful detention and defamation of character by the traffic officers	We have issued a notice of intention to oppose the application and have since filed the answering affidavit	Hlungwane Sipho Lawrence 1461/2020	1 500 000	1 500 000
Applicant is suing the municipality for towing a grader and storage fees	We have issued a notice of intention to oppose the application and have since filed the answering affidavit	Bianca Towing 1499/2020	100 000	100 000
Plaintiff is suing the municipality for unlawful arrest, unlawful detention and defamation of character by the traffic officers	We have issued a notice of intention to oppose the application and have since filed the answering affidavit	Hlungwane Amos Maitakhole 469/2021	1 500 000	1 500 000
Plaintiff is suing the municipality for falling into a ditch/hole at Muledane area	We have issued a notice of intention to defend	Gomedzo Thomas 328/2021	100 000	100 000
Plaintiff is suing the municipality for defamation of character as a result of case 673/2020 Bianca Towing	We are now exchanging the pleadings	Tshifhiwa Cassius Lukoto 1500/2020	300 000	-
The applicant is suing the municipality an amount of R 5 000 000.00 for loss of residential site, financial loss, psychological stress, loss of business and contumelia	We have issued a notice to oppose the summons	Tshitereke Wilson Mufamadi 333/2022	100 000	-
			14 494 020	14 094 020

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47. Related parties

Relationships

Accounting Officer

Members of key management

Refer to accounting officers' report note

MT Makumule - Acting Municipal Manager

ME Nemaname - Acting Chief Financial Officer

SS Razwiedani - Senior Manager: Community Services

NA Todani - Senior Manager: Corporate Services

A Gangashe - Senior Manager: Technical Services

MT Makumule - Senior Manager: Planning & Development

The municipality has councillors that act as a governing body who may have significant influence over the financial and/or operating policies of the municipality.

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions.

During the financial year no Councillor or Official had any interest in related parties and no one could control or influence Council in making financial or operational decisions.

The municipality had no other related party transactions or balances during the financial year outside of the contractual remuneration of senior management and councillor allowances of the councillors.

Refer to Note 32 for the disclosure of senior management remuneration.

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47. Related parties (continued)

Remuneration of management

Management class: Mayoral committee members

2022

Name	Basic salary	Car allowance	Cellphone allowance	Pension, Medical Aid, SDL & Other benefits	Total
Cllr Rambuda AS - Executive Mayor	468 756	2 865	26 273	90 560	588 454
Cllr Mulovhedzi HP - Former Executive Mayor	272 764	-	14 571	40 609	327 944
Cllr Tshifhango AS - Former Executive Mayor	103 910	-	14 571	15 695	134 176
Cllr Muthewana FA - Speaker	381 375	7 151	26 273	63 390	478 189
Cllr Rambuda AS - Former Speaker	218 771	2 833	14 571	32 617	268 792
Cllr Malada TP - Chief Whip	272 920	104 619	26 273	62 208	466 020
Cllr Mahosi NG - Former Chief Whip	156 079	59 675	14 571	26 165	256 490
	1 874 575	177 143	137 103	331 244	2 520 065

2021

Name	Basic salary	Car allowance	Cellphone allowance	Pension, Medical Aid, SDL & Other benefits	Total
Cllr Tshifhango AS - Executive Mayor	777 261	-	40 800	122 548	940 609
Cllr Mulovhedzi HP - Speaker	621 807	-	40 800	97 741	760 348
Cllr Mahosi NG - Chief Whip	437 209	167 597	40 800	73 522	719 128
	1 836 277	167 597	122 400	293 811	2 420 085

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47. Related parties (continued)

Management class: Councillors

2022

Name	Basic salary	Car allowance	Cellphone allowance	Pension, Medical Aid, SDL & Other benefits	Total
Cllr Mutandanyi VV	65 858	15 474	14 571	21 497	117 400
Cllr Mbulaheni N	65 858	25 180	14 571	10 080	115 689
Cllr Mabuda MG	87 810	-	14 571	13 142	115 523
Cllr Nemadzivhanani FE	87 810	-	14 571	13 281	115 662
Cllr Shitivha TV	65 858	25 180	14 571	10 080	115 689
Cllr Makungo TG	65 858	25 180	14 571	10 080	115 689
Cllr Sengani MP	65 858	25 180	14 571	10 080	115 689
Cllr Maphaha NF	65 858	25 180	14 571	10 906	116 515
Cllr Ndou NF	65 858	25 180	14 571	10 219	115 828
Cllr Tuwani TT	65 858	25 180	14 571	11 538	117 147
Cllr Munyai HF	65 858	25 180	14 571	10 080	115 689
Cllr Mawelewele TM	65 858	25 180	14 571	10 080	115 689
Cllr Muditambi MM	65 858	25 180	14 571	10 080	115 689
Cllr Magatshavha SO	65 858	25 180	14 571	10 080	115 689
Cllr Singo L	65 858	25 180	14 571	10 080	115 689
Cllr Rasendedza AM	87 810	-	14 571	13 142	115 523
Cllr Netangaheni NP	65 858	25 180	14 571	10 080	115 689
Cllr Nemalegeni TJ	65 858	25 180	14 571	10 080	115 689
Cllr Tshishonge DE	65 858	25 180	14 571	10 080	115 689
Cllr Malaka MG	65 858	25 180	14 571	10 080	115 689
Cllr Rambuda AS	218 771	2 833	14 571	32 617	268 792
Cllr Tshigwili T	84 518	32 314	14 571	12 908	144 311
Cllr Munyai TT	65 858	25 180	14 571	10 219	115 828
Cllr Netshishivhe AA	87 810	-	14 571	13 142	115 523
Cllr Nelushi TA	65 858	25 180	14 571	10 080	115 689
Cllr Munyai NG	65 858	25 180	14 571	10 080	115 689
Cllr Mashawana NE	65 858	25 180	14 571	10 080	115 689
Cllr Tshililo G	65 858	25 180	14 571	10 080	115 689
Cllr Netshisaulu TE	87 072	33 291	14 571	14 281	149 215
Cllr Sadiki SC	65 858	25 180	14 571	10 080	115 689
Cllr Makatu AM	65 858	25 180	14 571	10 080	115 689
Cllr Matambela NP	65 858	25 180	14 571	10 080	115 689
Cllr Tshikalange NT	65 858	25 180	14 571	11 387	116 996
Cllr Nemugumoni T	65 858	25 180	14 571	10 080	115 689
Cllr Nelufhangani TL	87 810	-	14 571	13 142	115 523
Cllr Mawela PE	87 810	-	14 571	13 142	115 523
Cllr Nenzhelele N	65 858	25 180	14 571	10 080	115 689
Cllr Marole RT	65 858	25 180	14 571	11 547	117 156
Cllr Ramulongo MB	65 858	25 180	14 571	10 080	115 689
Cllr Nemudzivhadi AS	65 858	25 180	14 571	10 080	115 689
Cllr Madzivhandila M	84 518	32 314	14 571	12 908	144 311
Cllr Mphaphuli M	87 810	-	14 571	13 142	115 523
Cllr Munenyiwa ME	87 810	-	14 571	13 142	115 523
Cllr Maphiri TB	65 858	25 180	14 571	10 080	115 689
Cllr Padelane TS	65 858	25 180	14 571	10 080	115 689
Cllr Mulaudzi N	65 858	25 180	14 571	10 080	115 689
Cllr Lieba NA	84 518	32 314	14 571	12 908	144 311
Cllr Tshifhango AS	103 910	-	14 571	15 695	134 176
Cllr Mulaudzi NS	156 079	59 675	14 571	27 111	257 436

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47. Related parties (continued)				
Cllr Mutheiwana FA	87 072	33 291	14 571	13 298
Cllr Ramashia MP	65 858	25 180	14 571	10 080
Cllr Maduse LS	156 079	59 675	14 571	27 315
Cllr Mathambo R	87 810	-	14 571	13 142
Cllr Netshifhefhe M	65 858	25 180	14 571	10 080
Cllr Davhana AJ	65 858	25 180	14 571	10 080
Cllr Madondo LM	84 518	32 314	14 571	12 908
Cllr Nemaranzhe K	65 858	25 180	14 571	10 080
Cllr Kwindu SC	65 858	25 180	14 571	10 080
Cllr Magoda TP	65 858	25 180	14 571	10 219
Cllr Mundalamo M	87 810	-	14 571	13 142
Cllr Muedi ET	84 518	32 314	14 571	12 908
Cllr Malindi OT	151 501	57 924	14 571	23 081
Cllr Mahosi NG	156 079	59 675	14 571	26 165
Cllr Mulovhedzi HP	272 764	59 675	14 571	40 609
Cllr Malada TP	156 079	-	14 571	27 048
Cllr Madzunya E	65 858	25 180	14 571	10 080
Cllr Ramulifho HB	65 858	25 180	14 571	11 383
Cllr Gundula TJ	87 810	-	14 571	13 142
Cllr Mandiwana NE	84 469	26 314	14 571	18 922
Cllr Phalanndwa NR	84 518	32 314	14 571	12 908
Cllr Mamushiana TD	84 518	32 314	14 571	12 908
Cllr Tharaga MD	87 810	-	14 571	13 281
Cllr Netshipise LH	65 858	17 927	14 571	17 348
Cllr Ramaano LP	112 617	-	14 571	16 838
Cllr Mulaudzi KE	156 079	59 675	14 571	25 895
Cllr Ligaraba LE	87 072	23 633	14 571	22 975
Cllr Mashatini MH	65 858	25 180	14 571	10 080
Cllr Netshifhefhe KJ	65 858	25 180	14 571	10 153
Cllr Ligaraba MJ	65 980	25 180	14 571	10 154
Cllr Zhalagome MG	65 858	25 180	14 571	10 080
Cllr Kwindu MR	116 096	-	14 571	17 349
Cllr Nelufhangan TL	158 392	-	26 273	25 267
Cllr Vhulahani L	158 392	-	26 273	25 267
Cllr Nekhavhambe TS	148 143	11 786	26 273	28 201
Cllr Nehzhelele N	118 794	45 538	26 273	19 354
Cllr Mbengeni R	132 771	29 466	26 273	25 764
Cllr Lalumbe RG	187 431	-	26 273	34 282
Cllr Matshomo TT	158 392	-	26 273	26 240
Cllr Phalanndwa NB	137 894	23 573	26 273	22 207
Cllr Matshavha M	137 894	23 573	26 273	22 812
Cllr Nemasiwana FJ	158 392	-	26 273	25 267
Cllr Netshishivhe AA	187 431	-	26 273	30 146
Cllr Ravhuanzwo SL	132 770	29 466	26 273	21 442
Cllr Mabasa HP	158 392	-	26 273	25 267
Cllr Netsianda MJ	158 392	-	26 273	25 267
Cllr Mukhathi H	158 392	-	26 273	25 267
Cllr Mathoma RR	158 392	-	26 273	25 267
Cllr Mathidi P	158 392	-	26 273	25 267
Cllr Nelushi TA	118 794	45 538	26 273	25 651
Cllr Mutheiwana FA	381 375	7 151	26 273	63 390
Cllr Tshigwili T	118 794	45 538	26 273	19 354
Cllr Liphadzi TS	158 392	-	26 273	29 499
Cllr Thanyani RD	174 278	15 126	26 273	34 296
Cllr Mphaphuli M	187 431	-	26 273	30 146
Cllr Mulaudzi ER	158 392	-	26 273	25 267
Cllr Netangaheni NP	118 794	45 538	26 273	19 354
Cllr Maela RT	148 143	11 786	26 273	23 737
Cllr Madzivhandila M	140 573	53 886	26 273	27 696

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47. Related parties (continued)					
Cllr Netshikweta R	167 702	22 689	26 273	30 579	247 243
Cllr Ravhura ME	137 894	23 573	26 273	24 156	211 896
Cllr Munyai TT	118 794	45 538	26 273	22 398	213 003
Cllr Mmbi NM	158 392	-	26 273	26 240	210 905
Cllr Maduse LS	155 034	59 430	26 273	36 357	277 094
Cllr Mulaudzi MM	148 143	11 786	26 273	26 609	212 811
Cllr Muligwe M	158 392	-	26 273	26 240	210 905
Cllr Molaudzi NA	158 392	-	26 273	25 267	209 932
Cllr Makungo TG	118 794	45 538	26 273	20 889	211 494
Cllr Nemalegeni TJ	118 794	45 538	26 273	19 354	209 959
Cllr Maganu AE	158 392	-	26 273	25 267	209 932
Cllr Khangale AC	187 431	-	26 273	30 146	243 850
Cllr Munzhedzi TE	158 392	-	26 273	25 267	209 932
Cllr Ligaraba MJ	118 794	45 538	26 273	19 354	209 959
Cllr Ligaraba LE	118 794	25 719	26 273	39 213	209 999
Cllr Mulaudzi KE	155 034	59 430	26 273	57 679	298 416
Cllr Mulaudzi NS	118 794	45 538	26 273	25 671	216 276
Cllr Malada TP	272 920	104 619	26 273	62 208	466 020
Cllr Mulovhedzi HP	158 392	-	26 273	25 267	209 932
Cllr Mahosi NG	118 794	45 538	26 273	21 457	212 062
Cllr Tshifhango AS	158 392	-	26 273	25 267	209 932
Cllr Shavhani ME	315 315	45 999	26 273	76 779	464 366
Cllr Lieba NA	272 920	98 406	26 273	68 393	465 992
Cllr Nekhunguni AE	158 392	-	26 273	25 267	209 932
Cllr Munenyiwa ME	187 431	-	26 273	30 285	243 989
Cllr Davhana AJ	118 794	45 538	26 273	19 354	209 959
Cllr Radamba NC	187 431	-	26 273	29 868	243 572
Cllr Muedi ET	118 794	45 538	26 273	19 354	209 959
Cllr Dali TS	158 392	-	26 273	25 267	209 932
Cllr Nemaranzhe K	118 794	45 538	26 273	19 771	210 376
Cllr Lavhengwa L	148 143	11 786	26 273	24 480	210 682
Cllr Phosha LS	158 392	-	26 273	25 267	209 932
Cllr Rambuda AS	468 756	2 865	26 273	90 560	588 454
Cllr Kwinda SC	272 920	104 619	26 273	60 778	464 590
Cllr Malindi TO	265 099	101 621	26 273	49 315	442 308
Cllr Madumi MA	158 392	-	26 273	25 267	209 932
Cllr Mulovhedzi MK	186 387	25 943	26 273	36 754	275 357
Cllr Madondo LM	272 920	91 380	26 273	81 922	472 495
Cllr Ligege VP	159 286	54 540	26 273	46 060	286 159
Cllr Phosiwa L	139 470	23 573	26 273	22 207	211 523
Cllr Maphiri ME	158 392	-	26 273	25 267	209 932
Cllr Begwa FM	148 143	11 786	26 273	28 527	214 729
Cllr Mphaho TW	148 143	11 786	26 273	23 737	209 939
Cllr Marole RT	158 392	-	26 273	30 117	214 782
Cllr Kwinda MR	122 521	41 252	26 273	19 912	209 958
Cllr Mashawana NE	153 459	59 430	26 273	27 887	267 049
Cllr Bongwe K	158 392	-	26 273	25 267	209 932
Cllr Madzimbabala HE	137 894	23 573	26 273	22 207	209 947
Cllr Tshisikule K	158 392	-	26 273	25 267	209 932
Cllr Razwinzhi IE	158 392	-	26 273	25 267	209 932
Cllr Tshikhuwana LR	158 392	-	26 273	25 267	209 932
Cllr Ramulifho HB	118 794	45 538	26 273	23 970	214 575
Cllr Padelani TS	158 392	-	26 273	25 267	209 932
Cllr Badamarema M	61 493	-	10 200	9 809	81 502
	20 185 834	3 727 510	3 292 291	3 557 482	30 763 117

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47. Related parties (continued)

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Name	Basic salary	Car allowance	Cellphone allowance	Pension, Medical Aid, SDL & Other benefits	Total
Cllr Mutandanyi VV	184 480	42 162	40 800	59 723	327 165
Cllr Mbulaheni N	184 480	70 718	40 800	29 467	325 465
Cllr Mabuda MG	245 974	-	40 800	38 656	325 430
Cllr Nemadzivhanani FE	245 974	-	40 800	39 629	326 403
Cllr Shitivha TV	184 480	70 718	40 800	29 791	325 789
Cllr Makungo TG	184 480	70 718	40 800	29 766	325 764
Cllr Sengani MP	184 480	70 718	40 800	29 467	325 465
Cllr Maphaha NF	184 480	70 718	40 800	29 467	325 465
Cllr Ndou NF	184 480	70 718	40 800	29 884	325 882
Cllr Tuwani TT	184 480	70 718	40 800	32 981	328 979
Cllr Munyai HF	184 480	70 718	40 800	29 467	325 465
Cllr Mawelewele TM	184 480	70 718	40 800	29 467	325 465
Cllr Muditambi MM	184 480	70 718	40 800	29 467	325 465
Cllr Magatshavha SO	184 480	70 718	40 800	29 467	325 465
Cllr Singo L	184 480	70 718	40 800	32 714	328 712
Cllr Rasendedza AM	245 974	-	40 800	38 656	325 430
Cllr Netangaheni NP	184 480	70 718	40 800	29 467	325 465
Cllr Nemalegeni TJ	184 480	70 718	40 800	29 926	325 924
Cllr Tshishonge DE	184 480	70 718	40 800	29 598	325 596
Cllr Malaka MG	184 480	70 718	40 800	29 467	325 465
Cllr Rambuda AS	243 905	93 497	40 800	57 010	435 212
Cllr Tshigwili T	236 750	90 754	40 800	37 976	406 280
Cllr Munyai TT	184 480	70 718	40 800	30 879	326 877
Cllr Netshishivhe AA	245 974	-	40 800	38 656	325 430
Cllr Nelushi TA	184 480	70 718	40 800	31 858	327 856
Cllr Munyai NG	184 480	70 718	40 800	29 467	325 465
Cllr Mashawana NE	184 480	70 718	40 800	29 467	325 465
Cllr Tshililo G	184 480	70 718	40 800	30 092	326 090
Cllr Netshisaulu TE	243 905	93 497	40 800	45 778	423 980
Cllr Sadiki SC	184 480	70 718	40 800	29 467	325 465
Cllr Makatu AM	184 480	70 718	40 800	29 467	325 465
Cllr Matambela NP	184 480	70 718	40 800	29 467	325 465
Cllr Tshikalange NT	184 480	70 718	40 800	31 589	327 587
Cllr Nemugumoni T	184 480	70 718	40 800	29 467	325 465
Cllr Nelufhangani TI	245 974	-	40 800	38 656	325 430
Cllr Mawela PE	245 974	-	40 800	38 976	325 750
Cllr Nenzhelele N	184 480	70 718	40 800	29 467	325 465
Cllr Marole RT	184 480	70 718	40 800	31 818	327 816
Cllr Ramulongo MB	184 480	70 718	40 800	29 467	325 465
Cllr Nemudzivhadi AS	184 480	70 718	40 800	29 467	325 465
Cllr Madzivhandila M	236 750	90 754	40 800	37 749	406 053
Cllr Mphaphuli M	245 974	-	40 800	38 656	325 430
Cllr Munenyiwa ME	245 974	-	40 800	38 656	325 430
Cllr Maphiri TB	184 480	70 718	40 800	29 467	325 465
Cllr Padelane TS	184 480	70 718	40 800	29 746	325 744
Cllr Mulaudzi N	184 480	70 718	40 800	29 986	325 984
Cllr Lieba NA	236 750	90 754	40 800	37 749	406 053
Cllr Tshifhango AS	777 261	-	40 800	122 548	940 609
Cllr Mulaudzi NS	437 209	167 597	40 800	76 652	722 258
Cllr Mutheiwana FA	243 905	93 497	40 800	43 864	422 066
Cllr Ramashia MP	184 480	70 718	40 800	29 467	325 465

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47. Related parties (continued)				
Cllr Maduse LS	437 209	167 597	40 800	78 727
Cllr Mathambo R	245 974	-	40 800	38 656
Cllr Netshifhefhe M	184 480	70 718	40 800	29 931
Cllr Davhana AJ	184 480	70 718	40 800	29 467
Cllr Madondo LM	236 750	90 754	40 800	41 127
Cllr Nemaranzhe K	184 480	70 718	40 800	29 467
Cllr Kwinda SC	184 480	70 718	40 800	29 792
Cllr Magoda TP	184 480	70 718	40 800	29 884
Cllr Mundalamo M	245 974	-	40 800	38 656
Cllr Muedi ET	236 750	90 754	40 800	37 749
Cllr Malindi OT	424 383	162 680	40 800	71 846
Cllr Mahosi NG	437 209	167 597	40 800	73 522
Cllr Mulovhedzi HP	621 807	-	40 800	97 741
Cllr Malada TP	437 209	167 597	40 800	78 073
Cllr Madzunya E	184 480	70 718	40 800	29 270
Cllr Ramulifho HB	184 480	70 718	40 800	31 198
Cllr Gundula TJ	245 974	-	40 800	38 656
Cllr Mandiwana NE	236 750	73 139	40 800	55 394
Cllr Phalanndwa NR	236 750	90 754	40 800	39 835
Cllr Mamushiana TD	236 750	90 754	40 800	37 749
Cllr Tharaga MD	245 974	-	40 800	42 015
Cllr Netshipise LH	184 480	49 427	40 800	50 789
Cllr Ramaano LP	315 667	-	40 800	49 547
Cllr Mulaudzi KE	437 209	167 597	40 800	69 579
Cllr Ligaraba LE	243 905	65 140	40 800	71 572
Cllr Mashatini MH	184 480	70 718	40 800	29 467
Cllr Netshifhefhe KJ	184 480	70 718	40 800	36 437
Cllr Ligaraba MJ	184 480	70 718	40 800	29 620
Cllr Zhalagome MG	184 480	70 718	40 800	29 467
Cllr Kwinda MR	325 207	-	40 800	51 049
	19 142 238	5 328 612	3 304 800	3 245 840
				31 021 490

Refer to note 33 "Remuneration of councillors"

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48. Risk management

Financial risk management

Liquidity risk

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

At 30 June 2022

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	89 525 168	-	-	-
Consumer deposits	363 209	-	-	-

At 30 June 2021

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	67 424 869	-	-	-
Consumer deposits	336 455	-	-	-

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.

Included in the main primary bank account is a guarantee/security of R850,000 to the Post Office. Should the Municipality fail to meet payment obligations with the Post Office the amount will be paid over to the Post Office by the Bank. Included in the money market bank account is a guarantee/security of R1,062,500 to the DBSA. Should Municipality fail to meet payment obligations with DBSA the amount will be paid over to DBSA by the bank.

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

Financial instrument	2022	2021
FNB Money Market Investments	1 655 574	1 618 570
FNB Current Account	395 611 850	311 820 865
FNB Call Account	591 135 679	577 852 254
Receivables from exchange transactions	18 927 233	43 052 246
Receivables from non-exchange transactions	19 226 796	21 932 161

The municipality is exposed to a number of guarantees and for guarantees issued in favour of the Post Office and DBSA. Refer to note 9 for additional details.

Trade and other receivables for government department are not impaired.

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates. At year end (June 2022), the financial instruments exposed to interest rate risk were as follows:

Financial instrument	2022	2021
FNB Money Market Investments	1 655 574	1 618 570
FNB Current Account	395 611 850	311 820 865
FNB Call Account	591 135 679	577 852 254

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47. Related parties (continued)				
Cllr Maduse LS	437 209	167 597	40 800	78 727
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Cllr Netshifhefhe KJ	184 480	70 718	40 800	36 437
Cllr Ligaraba MJ	184 480	70 718	40 800	29 620
Cllr Zhalagome MG	184 480	70 718	40 800	29 467
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Refer to note 33 "Remuneration of councillors"

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At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	89 525 168	-	-	-
Consumer deposits	363 209	-	-	-

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	67 424 869	-	-	-
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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.

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Interest rate risk

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49. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus of R 2 610 033 667 and that the municipality's total assets exceed its liabilities by R 2 610 033 667.

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.

50. Events after the reporting date

Notice 46470 of 02 June 2022 on determination of of Upper limits of salaries, allowances and benefits of members of councillors that takes effect from 1 July 2021 was received after the reporting period before the financials were issued and the municipality has accrued for the amount payable at year end.

51. Fruitless and wasteful expenditure

Opening balance as previously reported	2 084 976	2 146 837
Correction of prior period error	(826 186)	-
Add: Fruitless and wasteful expenditure identified - current	366 893	17 173
Less: Amount recovered - current	(81 735)	(46 561)
Less: Amount written off - current	(368 893)	(32 473)
Closing balance	1 175 055	2 084 976

Fruitless and wasteful expenditure is always calculated inclusive of VAT while the figures disclosed above have been presented in this set of AFS exclusive of VAT

The main reason for fruitless and wasteful expenditure is due to expenditure incurred as a result of remedial cost for Sibasa taxi rank and legal costs.

52. Irregular expenditure

Opening balance as previously reported	289 909	18 285 750
Opening balance as restated	289 909	18 285 750
Add: Irregular Expenditure - current	1 508 307	186 218
Less: Amount written off - current	(960 486)	(18 182 059)
Closing balance	837 730	289 909

Irregular expenditure is always calculated inclusive of VAT while the figures disclosed above have been presented in this set of AFS exclusive of VAT

53. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	3 445 927	3 374 401
Amount paid - current year	(3 445 927)	(3 374 401)
	-	-

Material losses through criminal conduct

There were no losses suffered through financial misconduct during the current financial year.

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53. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Current year subscription / fee	4 134 084	4 470 258
Amount paid - current year	(4 134 084)	(4 470 258)
	-	-
PAYE and UIF		
Current year subscription / fee	51 608 408	50 047 295
Amount paid - current year	(51 608 408)	(50 047 295)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	73 638 894	70 563 795
Amount paid - current year	(73 638 894)	(70 563 795)
	-	-
Defined contribution plan		
Municipal Gratuity Fund	13 007 473	12 575 606
Momentum provident Funds	2 358 057	2 363 871
National Fund for Municipal workers	15 106 756	14 324 131
Municipal Employees pension fund	6 363 419	6 552 437
Municipal Councillors pension fund	2 950 470	2 872 872
	39 786 175	38 688 917

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution funds were used in the current financial year. The municipality is under no obligation to cover any unfunded benefits. The total municipal contribution to such schemes are as listed above.

VAT

VAT receivable	11 818 216	3 244 157
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All VAT returns have been submitted by the due date throughout the year.

Vat is paid over to SARS only once the payment is received from Debtors and is receivable from SARS once the payment has been made to Creditors. The amount above represents the amount immediately receivable/(payable) from/(to) SARS as at year end.

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

Councillors' arrear consumer accounts

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

30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Madondo L	11	715	726
Cllr Ligaraba LE	942	2 506	3 448
Cllr Badamarema M	-	183	183
Cllr Madondo LM	305	4 848	5 153
Cllr Mulaudzi MH	882	692	1 574
Cllr Nekhavhambe T	370	2 010	2 380
	2 510	10 954	13 464

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been approved by the Municipal Manager and noted by council.

Incident

Repairs and maintenance	3 957 681	3 816 167
Training	837 730	376 400
Accommodation	693 245	80 802
Other	-	236 026
	5 488 656	4 509 395

Awards to close family members

Municipal Supply Chain Management Regulations 45 (a),(b) & (c) of Government Gazette No.27636 issued on 30 May 2005 states that the notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 12 months, including—

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award

Bidder and Name of state employee	Capacity	Amount
Nevhorro M Ragau – Firm Supply – Spouse of the director	Intern – Sibasa Traffic	5 904 000

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54. Segment information

General information

Identification of segments

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The four key business units comprise of:

- Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;
- Economic and environmental services which includes planning and development, road transport and environmental protection services;
- Trading services which includes energy sources, water management, waste water management and waste management services;
- Governance and administration which includes executive and council, finance and administration and internal audit

Aggregated segments

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

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54. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2022

	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
Revenue					
Sale of goods	-	6 559 039	197 997	-	6 757 036
Service charges	8 696	-	-	25 986 954	25 995 650
Rendering of services	432 218	2 222 833	52 586	2 877	2 710 514
Rental of facilities and equipment	1 370 651	1 920 119	-	-	3 290 770
Interest received from exchange receivables	-	1 788 265	-	19 386 918	21 175 183
Agency services	-	9 417 738	-	-	9 417 738
Licences and permits	375 916	70 317	-	-	446 233
Commissions received	-	-	16 142	-	16 142
Other income	-	357 671	3 336 141	984 517	4 678 329
Interest received - investment	-	-	27 838 728	-	27 838 728
Property rates	-	-	90 940 362	-	90 940 362
Interest received from non-exchange receivables	-	-	14 823 164	-	14 823 164
Government grants & subsidies	-	122 743 000	529 418 226	-	652 161 226
Fines, Penalties and Forfeits	-	9 129 024	-	-	9 129 024
Total segment revenue	2 187 681	154 208 006	666 623 346	46 361 266	869 380 299
Entity's revenue					869 380 299

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	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
54. Segment information (continued)					
Expenditure					
Employee related costs	27 720 498	130 558 078	92 187 919	47 444 844	297 911 339
Remuneration of councillors	-	-	30 656 832	-	30 656 832
Depreciation and amortisation	10 152 717	40 934 923	3 366 180	4 082 277	58 536 097
Impairments loss	1 189 752	3 541 038	135 761	-	4 866 551
Finance costs	-	-	-	2 859 701	2 859 701
Lease rentals on operating lease	-	-	2 425 555	-	2 425 555
Debt Impairment	-	-	298 532 797	(204 801 387)	93 731 410
Contracted services	5 298 525	32 436 738	45 716 935	13 748	83 465 946
Transfers and Subsidies	865 243	45 999	3 875 030	-	4 786 272
Loss on disposal of assets and liabilities	228 093	6 369 921	544 629	-	7 142 643
Inventories losses/write-downs	-	-	572 259	-	572 259
Loss on transfer of assets	20 003 478	-	-	-	20 003 478
Land write down	-	150 997	-	-	150 997
General Expenses	14 227 335	28 292 906	27 831 734	7 497 844	77 849 819
Actuarial gains/losses	-	-	1 527 081	-	1 527 081
Total segment expenditure	79 685 641	242 330 600	507 372 712	(142 902 973)	686 485 980
Total segmental surplus/(deficit)					182 894 319
Assets					
Property, plant and equipment	(1 673 725 812)	1 338 141 866	1 983 420 388	74 239 946	1 722 076 388
Intangible assets	-	1 524 129	(1 024 998)	-	499 131
Inventories	(6 001 250)	(9 156 207)	54 189 645	(9 260 401)	29 771 787
Receivables from non-exchange transactions	-	4 183 130	9 743 678	5 299 988	19 226 796
VAT receivable	39 547 684	84 242 885	(102 839 777)	(15 069 125)	5 881 667
Receivables from exchange transactions	(475)	44 509 132	80 795 056	(106 376 479)	18 927 234
Cash and cash equivalents	(335 214 634)	(181 285 761)	1 485 668 951	19 234 547	988 403 103
Total segment assets	(1 975 394 487)	1 282 159 174	3 509 952 943	(31 931 524)	2 784 786 106

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	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
54. Segment information (continued)					
Total assets as per Statement of financial Position					2 784 786 106
Liabilities					
Employee benefit obligation	-	-	(17 158 053)	-	(17 158 053)
Provisions	-	-	(24 945 249)	(31 993 912)	(56 939 161)
Payables from exchange transactions	(293 493)	(29 986 152)	(78 615 259)	12 615 842	(96 279 062)
Consumer deposits	-	-	(363 209)	-	(363 209)
Unspent conditional grants and receipts	-	-	(4 012 953)	-	(4 012 953)
Total segment liabilities	(293 493)	(29 986 152)	(125 094 723)	(19 378 070)	(174 752 438)
Total liabilities as per Statement of financial Position					(174 752 438)

The corresponding items of segment information for earlier periods has been restated.

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54. Segment information (continued)

2021

	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
Revenue					
Sale of goods	-	7 610 936	265 805	-	7 876 741
Service charges	-	-	-	24 637 872	24 637 872
Rendering of services	423 869	2 044 125	53 213	9 030	2 530 237
Rental of facilities and equipment	1 028 969	1 740 387	-	-	2 769 356
Interest received from exchange receivables	-	-	19 345 122	-	19 345 122
Agency services	-	9 790 676	-	-	9 790 676
Licences and permits	578 093	39 432	-	-	617 525
Commissions received	-	-	119 865	-	119 865
Other income	-	378 744	3 042 615	740 985	4 162 344
Interest received - investment	-	-	18 174 152	-	18 174 152
Property rates	-	-	87 839 706	-	87 839 706
Interest received from non-exchange receivables	-	-	-	12 382 923	12 382 923
Government grants & subsidies	-	97 921 821	591 196 000	-	689 117 821
Public contributions and donations	-	-	5 332 000	-	5 332 000
Fines, Penalties and Forfeits	-	9 202 112	-	-	9 202 112
Total segment revenue	2 030 931	128 728 233	725 368 478	37 770 810	893 898 452
Entity's revenue					893 898 452

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	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
54. Segment information (continued)					
Expenditure					
Employee related costs	26 616 453	121 190 927	94 917 347	44 520 092	287 244 819
Remuneration of councillors	-	-	30 744 339	-	30 744 339
Depreciation and amortisation	8 758 966	37 647 139	3 759 906	4 475 645	54 641 656
Reversal of impairments	9 050 418	-	-	3 114	9 053 532
Finance costs	-	-	15 640	1 259 398	1 275 038
Lease rentals on operating lease	-	-	3 876 646	-	3 876 646
Debt Impairment	-	-	27 801 220	43 474 647	71 275 867
Contracted services	9 861 058	17 818 145	30 481 970	-	58 161 173
Transfers and Subsidies	779 746	4 100	2 989 169	-	3 773 015
Loss on disposal of assets and liabilities	2 457 363	1 737 435	1 270 726	-	5 465 524
Inventories losses/write-downs	-	-	1 244 914	-	1 244 914
Loss on transfer of assets	11 441 739	-	-	-	11 441 739
Land write down	-	2 149 532	-	-	2 149 532
General Expenses	11 054 307	21 970 920	26 307 883	7 193 441	66 526 551
Total segment expenditure	80 020 050	202 518 198	223 409 760	100 926 337	606 874 345
Total segmental surplus/(deficit)					287 024 107
Assets					
Property, plant and equipment	(1 673 711 687)	1 257 919 378	1 981 895 440	66 012 007	1 632 115 138
Intangible assets	-	1 535 512	(529 678)	-	1 005 834
Inventories	(2 770 660)	(4 991 179)	42 077 475	(7 223 725)	27 091 911
Receivables from non-exchange transactions	-	2 497 630	15 382 362	4 052 168	21 932 160
Receivables from exchange transactions	(475)	33 251 633	339 096 961	(329 295 874)	43 052 245
Cash and cash equivalents	(287 620 705)	(168 592 823)	1 317 937 604	29 567 611	891 291 687
Total segment assets	(1 964 103 627)	1 121 620 151	3 695 860 164	(236 887 813)	2 616 488 975
Total assets as per Statement of financial Position					2 616 488 975

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Notes to the Annual Financial Statements

Figures in Rand

	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
54. Segment information (continued)					
Liabilities					
Employee benefit obligation	-	-	(14 768 463)	-	(14 768 463)
Provisions	-	-	(24 734 393)	(32 410 056)	(57 144 449)
Payables from exchange transactions	(1 195 377)	(4 194 928)	(67 538 232)	(350 833)	(73 279 370)
VAT payable	33 877 308	63 671 524	(117 223 227)	(13 507 308)	(33 181 703)
Consumer deposits	-	-	(336 455)	-	(336 455)
Unspent conditional grants and receipts	-	(10 639 179)	-	-	(10 639 179)
Total segment liabilities	32 681 931	48 837 417	(224 600 770)	(46 268 197)	(189 349 619)
Total liabilities as per Statement of financial Position					(189 349 619)

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Information about geographical areas

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.