MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements
for the year ended 30 June 2022

Auditor-General of South Africa
Chartered Accountants (S.A.)
Registered Auditors

General Information

Legal form of entity	Category B municipality (local municipality) envisaged in section155(1)(b) of the Constitution of the Republic of South Africa.
Nature of business and principal activities	Provision of municipal services in terms of the Municipal Finance Management Act No. 56 of 2003 and Municipal Systems Act No. 32 of 2000.
Executive Committee	Cllr K Maphubu Cllr R.T Maingo Cllr R Raliphada Cllr N.J Matumba Cllr N Munyai Cllr M.R Magada Cllr T.A Maraga Cllr T.G Mukwevho Cllr N.B Jones
Mayor	Cllr N.S Munyai
Speaker	Cllr M.D Mboyi
Chief whip	Cllr R.S Baloyi
Incoming Councilors [08 Nov 2021 - 30 June 2022]	Cllr R Mukhudwana Cllr J.J Hlongwane Cllr L Phangami Cllr H.G Maluleke Cllr M.C Malange Cllr D.J Sebola Cllr P Smalle Cllr M Ramalivhana Cllr L Mashamba Cllr E.T Sithi Cllr F.P Makhubele Cllr S.E Baloyi Cllr M.D Ndou Cllr N.J Simangwe Cllr M.E Mulefu Cllr P Mashau Cllr T.T Mushandana Cllr N.V Malivha Cllr P.N Masipa Cllr M.E Mulaudzi Cllr M.R Makwala Cllr T Kutama Cllr M.I Phuluwa Cllr T.R Ravele Cllr M Maraga Cllr N.S Nemudzivhadi Cllr F.N Madzhiga Cllr S Masuka Cllr A.S Dzhivhuho Cllr K Mukheli Cllr M Mukosi

General Information

	Cllr M.R Mokgoadi
	Cllr N.S Mahosi
	Cllr M Swalivha
	Cllr R Mukhuba
	Cllr F.B Hlongwane
	Cllr A.Z Maphahla
	Cllr C.D Halgreen
	Cllr M.D Singo
	Cllr N.A Mudunungu
	Cllr A Madavha
	Cllr M.W Ramalwa
	Cllr K.P Maphakela
	Cllr M.G Furumele
	Cllr M.J Mpashe
	Cllr M.A Selapyana
	Cllr N.F Chililo
	Cllr T.C Mashau
	Cllr T.M Malange
	Cllr W Mabasa
	Cllr L.M Mathalise
	Cllr N.D Davhana
	Cllr T.T Ngobeni
	Cllr N Kutuma
	Cllr L.B Mogale
	Cllr T.C Mamafha
	Cllr T.J Mamafha
	Cllr M.J Gabara
	Cllr I.A Tshidavhu
	Cllr T.T Makamu
	Cllr B Hlangwani
	Cllr H.G Mabudu
	Cllr M.S Tshilambyana
Outgoing Councilors [01 July 2021 - 08 Nov 2021]	Cllr S.M Sinyosi
	Cllr D Ratshikuni
	Cllr M.S Machethe
	Cllr T.P Mamorobela
	Cllr M.S Tshilambyana
	Cllr M.F Mukhari
	Cllr S.Z Mthombeni
	Cllr V.S Luduvhungu
	Cllr M.N Ndou
	Cllr S Madula
	Cllr J Lukheli
	Cllr T.E Dzivhani
	Cllr S.I Bulala
	Cllr T.E Tambani
	Cllr M.A Mashamba
	Cllr A Matumba
	Cllr MF Nethulwe
	Cllr G Tshibvumo

General Information

	Cllr LR Tshiambwa Cllr T.J Mohlaba Cllr K.M Maluleke Cllr T Balibali Cllr M.C Nematandani Cllr S.S Tshifura Cllr T.M Babadu Cllr M.G Phoshoko Cllr K.S Ramavhoya Cllr L.G Masutha Cllr L.G Maduwa Cllr E Maduwa Cllr S.S Nyelisani Cllr P.N Musandiwa Cllr G.M Ramushavha Cllr M.L Masengana Cllr A Du Plooy Cllr T Seshoki Cllr B.K Jones Cllr J Khodoga Cllr V.O Mauda Cllr F.B Hlongwane
Acting Accounting Officer	K.M Nemaname
Acting Chief Finance Officer (CFO)	G. Raliphada
Grading of local authority	4
Registered office	Corner Krogh and Erasmus Street Makhado 0920

General Information

Business address	Corner Krogh and Erasmus Street Makhado 0920
Postal address	Private Bag X2596 Makhado 0920
Bankers	First National Bank
Auditors	Auditor-General of South Africa Chartered Accountants (S.A.) Registered Auditors
Audit and Performance Audit Committee	Ms J Masite(Chairperson) - [01 July 2021 - 30 June 2022] Mr Matenzhe Ntsieni Stanley - [01 July 2021 to 31 May 2022] Mr Ramuedzisi Vhonani Denga - [01 July 2021 to 31 May 2022] Ms MP Ramutsheli - [01 June 2022 to 30 June 2022] Mr A Tshikovhi - [01 June 2022 to 30 June 2022] Mr LJ Muthivhi - [01 June 2022 to 30 June 2022]
Attorneys	Panel of attorneys of the Municipality Makhuvha EM Kgoroeadira Mudau Incorporated Nthambeleni Dabishi Attorneys Inc S Muedi Incorprated TT Ngobeni Attorneys Rerani Mawila JV Attorneys Gogome Ndou Attorneys JV Popela Maake Inc Mudau Netshipise Attorneys

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

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
COVID	Corona Virus Disease

Accounting Officer's Responsibilities and Approval

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

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

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

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

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records 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.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's council.

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

The annual financial statements set out on page 8, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:

K.M Nemaname
Acting Accounting Officer

31 August 2022

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's total income for the year ended 30 June 2022 decreased by 2% from R1 166 815 236 in the previous in the previous financial year to R1 144 373 188 in the current period. Below table analyses the total income of the municipality in a particular financial period as a proportion of the type of income of the municipality. For the period ended 30 June 2022, Grants and subsidies was the major contributor to total income of the municipality with 48.8% [2021:47.4%] contributing factor followed by service charges which contributed 35.2% [2021: 32.5%] of the total income, which was mainly sale of electricity as well as refuse collection.

Net surplus of the municipality was 22 454 853 (2021: surplus 182 843 381).

Proportion of income generated/raised

2022

Type of income	Proportion of contribution to income	Amount
Service charges	35,20 %	402 489 332
Property rates	8,40 %	96 260 597
Grants and subsidies	48,80 %	558 017 722
Traffic fines	0,30 %	3 765 724
Licence & permits	0,40 %	4 053 393
Agency services	0,40 %	4 107 933
Interest on debtors: Exchange transactions	1,00 %	11 803 142
Interest on debtors: Non-exchange transactions	1,70 %	19 433 737
Bank interest received	0,60 %	6 913 853
Other income	3,30 %	37 527 755

2021

Type of income	Proportion of contribution to income	Amount
Service charges	32,50 %	379 538 936
Property rates	7,50 %	87 658 434
Grants and subsidies	50,20 %	585 528 084
Traffic fines	0,40 %	5 163 564
Licence & permits	0,40 %	4 465 794
Agency services	0,40 %	4 084 953
Interest on debtors: Exchange transactions	0,70 %	8 642 650
Interest on debtors: Non-exchange transactions	1,40 %	16 208 507
Bank interest received	0,40 %	5 137 404
Other income	6,00 %	70 386 910

2. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus of 1 795 894 042 (2021: R1 773 439 189) and that the municipality's total assets exceed its liabilities by 1 795 894 042 (2021:R1 773 439 189) .

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.

Accounting Officer's Report

3. Subsequent events

The accounting officer is aware of material events that occurred between the end of the reporting period 30 June 2022 and the date that the financial statements are authorised for issue. Refer to Note 50

4. Accounting Officer's interest in contracts

The municipality has a policy relating to declaration of interest in contracts and other related transactions. This was adhered to in that relevant officials with interests in SCM related transactions declared (both potential and existing) declared their interests.

5. Accounting policies

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

6. Accounting Officer

The acting accounting officer of the municipality is as follows:

Name	Nationality
K.M Nemaname	South African

7. 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 Management meetings and monitor the municipality's compliance with the code on a three monthly basis.

The salient features of the municipality's adoption of the Code is outlined below:

Council

The Council:
- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;

Remuneration

The upper limits of the remuneration of the councillors, are determined in terms of Government Notices issued by the Minister of Co-operative Governance and Traditional Affairs, as required of her by the Remuneration of Public Office Bearers Act No. 20 of 1998.

Committee meetings

The accounting officer meets on scheduled basis with the Executive Committee as well as the Audit & Performance Audit Committee. The Committee Chairpersons have access to all members of management (Section 57 Managers) of the municipality. Furthermore, the accounting officer meets with the Municipal Public Accounts Committee (MPAC) as and when the need arises.

Accounting Officer's Report

Audit and risk committee

The Chairperson of the audit committee is an independent audit committee member. The committee met on a regular basis during the financial year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, Makhado Local Municipality must appoint members of the Audit and Performance Committee.

Internal audit

The municipality has an internal audit function, which is in compliance with the Municipal Finance Management Act, 2003 section 165.

8. Bankers

First National Bank is the municipality's bank. The municipality's bankers did not change during the current year.

9. Auditors

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

The annual financial statements set out on page 8, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:

K.M Nemaname
Acting Accounting Officer

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Non-Current Assets			
Investment property	2	15 884 270	15 583 573
Property, plant and equipment	3	1 709 692 321	1 599 560 695
Intangible assets	4	2 050 795	1 890 493
Heritage assets	5	2 160 329	2 160 329
		1 729 787 715	**1 619 195 090**
Current Assets			
Inventories	7	128 637 294	127 528 573
Sundry Debtors	8	21 274 384	49 466 381
Receivables from non-exchange transactions	9	1 828 415	1 276 675
Consumer debtors - Exchange transactions	10	91 333 695	81 294 800
Consumer debtors - Non- Exchange transactions	10	36 578 050	46 802 524
Cash and cash equivalents	11	201 323 734	205 786 440
		480 975 572	**512 155 393**
Total Assets		**2 210 763 287**	**2 131 350 483**
Liabilities			
Current Liabilities			
Employee benefit obligation	6	4 871 000	6 386 000
Finance lease obligation	12	735 751	686 149
Unspent conditional grants and receipts	13	-	-
Performance bonus obligation	14	125 789	523 318
Rehabilitation provision	15	10 000 000	3 000 000
Deferred Income	16	174 247	147 645
Payables from exchange transactions	17	223 137 350	166 386 373
VAT payable	18	17 681 850	14 835 555
Consumer deposits	19	15 957 818	16 028 591
		272 683 805	**207 993 631**
Non-Current Liabilities			
Employee benefit obligation	6	112 542 000	108 718 000
Finance lease obligation	12	322 046	1 057 797
Performance bonus obligation	14	125 789	-
Rehabilitation provision	15	29 195 605	40 141 866
		142 185 440	**149 917 663**
Total Liabilities		**414 869 245**	**357 911 294**
Net Assets		**1 795 894 042**	**1 773 439 189**
Accumulated surplus		1 795 894 042	1 773 439 189
Total Net Assets		**1 795 894 042**	**1 773 439 189**

* See Note 47

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	402 489 332	379 538 936
Rental of facilities and equipment	22	239 386	256 904
Agency services	24	4 107 933	4 084 953
Licences and permits	25	4 053 393	4 465 794
Interest earned -outstanding receivables	26	11 803 142	8 642 650
Other revenue	27	20 248 456	70 130 006
Interest received from financial institutions	28	6 913 853	5 137 404
Actuarial gains	41	8 443 504	-
Total revenue from exchange transactions		**458 298 999**	**472 256 647**
Revenue from non-exchange transactions			
Taxation revenue			
Interest earned -outstanding receivables	26	19 433 737	16 208 507
Property rates	29	96 260 597	87 658 434
Transfer revenue			
Fines, penalties and forfeits	23	3 765 724	5 163 564
Government grants & subsidies	30	558 017 722	585 528 084
Other revenue	31	8 596 409	-
Total revenue from non-exchange transactions		**686 074 189**	**694 558 589**
Total revenue	20	**1 144 373 188**	**1 166 815 236**
Expenditure			
Employee related costs	32	(282 574 860)	(286 651 820)
Remuneration of councillors	33	(28 070 806)	(26 157 677)
Depreciation and amortisation	34	(136 057 880)	(126 133 477)
Impairment of non cash generating assets	35	(1 373 483)	(1 503 427)
Finance costs	36	(14 464 554)	(12 225 949)
Debt Impairment	37	(79 464 580)	(28 113 029)
Bulk purchases	38	(306 303 648)	(275 609 956)
Contracted services	39	(201 726 732)	(159 330 342)
General Expenses	40	(68 462 134)	(61 481 472)
Actuarial losses	41	-	(6 764 706)
Inventories losses/write-downs	42	(3 419 658)	-
Total expenditure		**(1 121 918 335)**	**(983 971 855)**
Surplus for the year		**22 454 853**	**182 843 381**

* See Note 47

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1 586 607 485	1 586 607 485
Adjustments		
Prior year adjustments [Note 47]	3 788 524	3 788 524
Balance at 01 July 2020 as restated*	**1 590 396 009**	**1 590 396 009**
Changes in net assets		
Surplus for the year [Restated - Note 47]	182 843 381	182 843 381
Changes recognised directly in net assets	(253 173)	(253 173)
Total changes	182 590 208	182 590 208
Adjustments		
Prior year adjustments [Note 47]	452 972	452 972
Balance at 01 July 2021 as restated*	**1 773 439 189**	**1 773 439 189**
Changes in net assets		
Surplus/ (Loss) for the year	22 454 853	22 454 853
Total changes	22 454 853	22 454 853
Balance at 30 June 2022	**1 795 894 042**	**1 795 894 042**

Refer to Note(s)

* See Note 47

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Property rates		76 926 185	60 490 947
Service charges		490 216 505	398 602 258
Grants		558 017 722	575 040 650
Traffic Fines & Penalties		569 161	1 758 132
Licence & permits		3 986 600	4 455 681
Other income		55 186 936	55 308 066
VAT Received		48 638 475	28 228 609
Interest Income		16 188 568	9 516 129
		1 249 730 152	1 133 400 472
Payments			
Employee costs		(274 033 962)	(273 838 932)
Remuneration of council		(28 070 806)	(26 157 677)
Payments to suppliers		(708 345 651)	(543 950 461)
Finance costs		-	(880)
		(1 010 450 418)	(843 947 950)
Net cash flows from operating activities	43	**239 279 734**	**289 452 522**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(241 692 561)	(228 035 999)
Proceeds from sale of property, plant and equipment	3	-	1 890 000
Purchase of other intangible assets	4	(1 328 928)	(712 880)
Net cash flows from investing activities		**(243 021 489)**	**(226 858 879)**
Cash flows from financing activities			
Finance lease payments		(720 951)	(458 789)
Net increase/(decrease) in cash and cash equivalents		**(4 462 706)**	**62 134 854**
Cash and cash equivalents at the beginning of the year		205 786 440	143 651 586
Cash and cash equivalents at the end of the period	11	**201 323 734**	**205 786 440**

* See Note 47

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	471 098 000	-	**471 098 000**	402 489 332	**(68 608 668)**	Refer to Appendix C
Rental of facilities and equipment	301 000	-	**301 000**	239 386	**(61 614)**	Refer to Appendix C
Interest earned - outstanding receivables	11 011 195	-	**11 011 195**	11 803 142	**791 947**	
Agency services	10 958 399	-	**10 958 399**	4 107 933	**(6 850 466)**	Refer to Appendix C
Licences and permits	3 836 000	-	**3 836 000**	4 053 393	**217 393**	
Other revenue	54 015 158	-	**54 015 158**	20 248 456	**(33 766 702)**	Refer to Appendix C
Interest received - financial institutions	6 423 000	-	**6 423 000**	6 913 853	**490 853**	Refer to Appendix C
Total revenue from exchange transactions	**557 642 752**	**-**	**557 642 752**	**449 855 495**	**(107 787 257)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	95 852 000	338 000	**96 190 000**	96 260 597	**70 597**	Refer to Appendix C
Interest earned - outstanding receivables	18 129 805	-	**18 129 805**	19 433 737	**1 303 932**	Refer to Appendix C
Transfer revenue						
Government grants & subsidies	537 941 000	19 000 000	**556 941 000**	558 017 722	**1 076 722**	Refer to Appendix C
Other revenue	39 086 798	-	**39 086 798**	8 596 409	**(30 490 389)**	
Fines, Penalties and Forfeits	4 241 000	-	**4 241 000**	3 765 724	**(475 276)**	Refer to Appendix C
Total revenue from non-exchange transactions	**695 250 603**	**19 338 000**	**714 588 603**	**686 074 189**	**(28 514 414)**	
Total revenue	**1 252 893 355**	**19 338 000**	**1 272 231 355**	**1 135 929 684**	**(136 301 671)**	
Expenditure						
Personnel	(298 896 000)	11 000 000	**(287 896 000)**	(282 574 860)	**5 321 140**	Refer to Appendix C
Remuneration of councillors	(28 311 000)	-	**(28 311 000)**	(28 070 806)	**240 194**	Refer to Appendix C
Depreciation, amortisation & impairment	(130 000 000)	(11 000 000)	**(141 000 000)**	(140 850 558)	**149 442**	Refer to Appendix C
Finance costs	(9 263 000)	(5 500 000)	**(14 763 000)**	(14 464 554)	**298 446**	Refer to Appendix C
Debt Impairment	(57 934 000)	(23 500 000)	**(81 434 000)**	(79 464 580)	**1 969 420**	Refer to Appendix C
Bulk purchases	(292 350 000)	(14 500 000)	**(306 850 000)**	(306 303 648)	**546 352**	Refer to Appendix C

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Contracted Services	(204 104 000)	-	**(204 104 000)**	(201 726 732)	**2 377 268**	Refer to Appendix C
General Expenses	(112 942 611)	38 905 000	**(74 037 611)**	(65 042 939)	**8 994 672**	Refer to Appendix C
Total expenditure	**(1 133 800 611)**	**(4 595 000)**	**(1 138 395 611)**	**(1 118 498 677)**	**19 896 934**	
Operating surplus	**119 092 744**	**14 743 000**	**133 835 744**	**17 431 007**	**(116 404 737)**	
Actuarial gains	27 093 645	-	**27 093 645**	8 443 504	**(18 650 141)**	Refer to Appendix C
Inventories losses/write-downs	(5 939 389)	-	**(5 939 389)**	(3 419 658)	**2 519 731**	Refer to Appendix C
	21 154 256	**-**	**21 154 256**	**5 023 846**	**(16 130 410)**	
Surplus before taxation	**140 247 000**	**14 743 000**	**154 990 000**	**22 454 853**	**(132 535 147)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**140 247 000**	**14 743 000**	**154 990 000**	**22 454 853**	**(132 535 147)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	112 036 000	(4 595 000)	**107 441 000**	128 637 294	**21 196 294**	
Sundry Debtors	132 673 000	-	**132 673 000**	21 274 384	**(111 398 616)**	
Receivables from non-exchange transactions	-	-	**-**	1 828 415	**1 828 415**	
Consumer debtors	40 250 000	-	**40 250 000**	127 911 745	**87 661 745**	
Cash and cash equivalents	207 329 000	338 000	**207 667 000**	201 323 734	**(6 343 266)**	
	492 288 000	**(4 257 000)**	**488 031 000**	**480 975 572**	**(7 055 428)**	
Non-Current Assets						
Investment property	15 144 000	-	**15 144 000**	15 884 270	**740 270**	
Property, plant and equipment	2 594 574 000	19 178 000	**2 613 752 000**	1 709 692 321	**(904 059 679)**	
Intangible assets	(100 000)	(178 000)	**(278 000)**	2 050 795	**2 328 795**	
Heritage assets	-	-	**-**	2 160 329	**2 160 329**	
	2 609 618 000	**19 000 000**	**2 628 618 000**	**1 729 787 715**	**(898 830 285)**	
Total Assets	**3 101 906 000**	**14 743 000**	**3 116 649 000**	**2 210 763 287**	**(905 885 713)**	
Liabilities						
Current Liabilities						
Performance bonus obligation	-	-	**-**	125 789	**125 789**	
Finance lease obligation	-	-	**-**	735 751	**735 751**	
Payables from exchange transactions	45 196 000	(4 595 000)	**40 601 000**	223 137 350	**182 536 350**	
VAT Payable	-	-	**-**	17 681 850	**17 681 850**	
Consumer deposits	10 458 000	-	**10 458 000**	15 957 818	**5 499 818**	
Employee benefit obligation	-	-	**-**	4 871 000	**4 871 000**	
Rehabilitation provision	26 893 000	-	**26 893 000**	10 000 000	**(16 893 000)**	
Deferred Income	-	-	**-**	174 247	**174 247**	
	82 547 000	**(4 595 000)**	**77 952 000**	**272 683 805**	**194 731 805**	
Non-Current Liabilities						
Performance bonus obligation	-	-	**-**	125 789	**125 789**	
Finance lease obligation	-	-	**-**	322 046	**322 046**	
Employee benefit obligation	121 789 000	-	**121 789 000**	112 542 000	**(9 247 000)**	
Rehabilitation provision	-	-	**-**	29 195 605	**29 195 605**	
	121 789 000	**-**	**121 789 000**	**142 185 440**	**20 396 440**	
Total Liabilities	**204 336 000**	**(4 595 000)**	**199 741 000**	**414 869 245**	**215 128 245**	
Net Assets	**2 897 570 000**	**19 338 000**	**2 916 908 000**	**1 795 894 042**	**(1 121 013 958)**	
Reserves						
Accumulated surplus	2 897 570 000	19 338 000	**2 916 908 000**	1 795 894 042	**(1 121 013 958)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property Rates	75 483 000	338 000	**75 821 000**	76 926 185	**1 105 185**	
Services Charges	498 843 000	-	**498 843 000**	490 216 505	**(8 626 495)**	
Grants	538 279 000	19 000 000	**557 279 000**	558 017 722	**738 722**	
Interest income	6 423 000	-	**6 423 000**	16 188 568	**9 765 568**	
Other receipts	188 100 000	-	**188 100 000**	108 381 172	**(79 718 828)**	
	1 307 128 000	**19 338 000**	**1 326 466 000**	**1 249 730 152**	**(76 735 848)**	
Payments						
Suppliers and employees	(910 283 000)	-	**(910 283 000)**	(1 010 450 418)	**(100 167 418)**	
Finance costs	(200 000)	-	**(200 000)**	-	**200 000**	
	(910 483 000)	**-**	**(910 483 000)**	**(1 010 450 418)**	**(99 967 418)**	
Net cash flows from operating activities	**396 645 000**	**19 338 000**	**415 983 000**	**239 279 734**	**(176 703 266)**	
Cash flows from investing activities						
Capital assets	(332 968 000)	(19 000 000)	**(351 968 000)**	(243 021 489)	**108 946 511**	
Cash flows from financing activities						
Finance lease payments	-	-	**-**	(720 951)	**(720 951)**	
Net increase/(decrease) in cash and cash equivalents	63 677 000	338 000	**64 015 000**	(4 462 706)	**(68 477 706)**	
Cash and cash equivalents at the beginning of the year	143 652 000	-	**143 652 000**	205 786 440	**62 134 440**	
Cash and cash equivalents at the end of the period	**207 329 000**	**338 000**	**207 667 000**	**201 323 734**	**(6 343 266)**	
Reconciliation						

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2022											
Financial Performance											
Property rates	95 852 000	338 000	96 190 000	-		96 190 000	96 260 597		70 597	100 %	100 %
Service charges	471 098 000	-	471 098 000	-		471 098 000	402 489 332		(68 608 668)	85 %	85 %
Interest earned - financial institutions	6 423 000	-	6 423 000	-		6 423 000	6 913 853		490 853	108 %	108 %
Transfers recognised - operational	468 646 000	-	468 646 000	-		468 646 000	432 953 722		(35 692 278)	92 %	92 %
Other own revenue	168 673 000	-	168 673 000	-		168 673 000	80 691 684		(87 981 316)	48 %	48 %
Total revenue (excluding capital transfers and contributions)	**1 210 692 000**	**338 000**	**1 211 030 000**	**-**		**1 211 030 000**	**1 019 309 188**		**(191 720 812)**	**84 %**	**84 %**
Employee costs	(298 896 000)	-	(298 896 000)	-	11 000 000	(287 896 000)	(282 574 860)	-	5 321 140	98 %	95 %
Remuneration of councillors	(28 311 000)	-	(28 311 000)	-	-	(28 311 000)	(28 070 806)	-	240 194	99 %	99 %
Debt impairment	(57 934 000)	-	(57 934 000)		(23 500 000)	(81 434 000)	(79 464 580)	-	1 969 420	98 %	137 %
Depreciation and asset impairment	(130 000 000)	-	(130 000 000)		(11 000 000)	(141 000 000)	(137 431 363)	-	3 568 637	97 %	106 %
Finance charges	(9 263 000)	-	(9 263 000)	-	(5 500 000)	(14 763 000)	(14 464 554)	-	298 446	98 %	156 %
Bulk purchases	(292 350 000)	-	(292 350 000)	-	(14 500 000)	(306 850 000)	(306 303 648)	-	546 352	100 %	105 %
Other expenditure	(322 986 000)	(4 595 000)	(327 581 000)	-	43 500 000	(284 081 000)	(273 608 524)	-	10 472 476	96 %	85 %
Total expenditure	**(1 139 740 000)**	**(4 595 000)**	**(1 144 335 000)**	**-**	**-**	**(1 144 335 000)**	**(1 121 918 335)**	**-**	**22 416 665**	**98 %**	**98 %**
Surplus/(Deficit)	**70 952 000**	**(4 257 000)**	**66 695 000**	**-**		**66 695 000**	**(102 609 147)**		**(169 304 147)**	**(154)%**	**(145)%**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	69 295 000	19 000 000	88 295 000	-		88 295 000	125 064 000		36 769 000	142 %	180 %
Surplus (Deficit) after capital transfers and contributions	**140 247 000**	**14 743 000**	**154 990 000**	**-**		**154 990 000**	**22 454 853**		**(132 535 147)**	**14 %**	**16 %**
Surplus/(Deficit) for the year	**140 247 000**	**14 743 000**	**154 990 000**	**-**		**154 990 000**	**22 454 853**		**(132 535 147)**	**14 %**	**16 %**

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 New standards and interpretations

Standards and interpretations effective and adopted in the current year

In the current year, the municipality has not adopted any standards and interpretations relevant to its operations:

Standards and Interpretations early adopted

The municipality has chosen not to early adopt any standards and interpretations.

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 July 01, 2022 or later periods:

GRAP 104 (amended): Financial Instruments

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

These 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 the following:

- 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 amendment is not yet set by the Minister of Finance.

Accounting Policies

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

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

Guideline: Guideline on Accounting for Landfill Sites

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

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

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

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 25: Employee Benefits

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.

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

Key amendments to GRAP 25

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

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

The municipality expects to adopt the standard for the first time in the future.The effective date of these revisions have not yet been set.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

iGRAP 7: Limit on defined benefit asset, minimum funding requirements and their interaction

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).

The effective date of these revisions have not yet been set. The municipality expects to adopt the revisions for the first time in the future.

Guideline: Guideline on the Application of Materiality to Financial Statements

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

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

The guideline is encouraged to be used by entities.The municipality expects to adopt the guideline for the first time in the future. It is unlikely that the guideline will have a material impact on the economic entity's annual financial statements.

iGRAP21: The Effect of Past Decisions on Materiality

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?

Accounting Policies

The municipality expects to adopt the interpretation for the first time in the 2022/2023 financial year.

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 financial statements.

1.4 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.

1.5 Significant judgements and sources of estimation uncertainty

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements.

Estimates

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively. In the process of applying the municipality's accounting policies the following estimates, were made:

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

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

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

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

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Rehabilitation provisions.

Post-retirement benefits

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

1.5 Significant judgements and sources of estimation uncertainty (continued)

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

Effective interest rate

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

Allowance for doubtful debts

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

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures impairment loss. The impairment loss is 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 statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the 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 municipality 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 are 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.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

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

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

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

Cost model

Accounting Policies

1.6 Investment property (continued)

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

Depreciation is provided to write down the cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.7 Property, plant and equipment

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

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

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

Initial measurement.

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

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

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

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

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

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

Accounting Policies

1.7 Property, plant and equipment (continued)

The municipality will, after initial recognition, treat items of PPE in terms of the cost model, thus carried at cost less any accumulated depreciation and accumulated impairment losses.

Depreciation

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

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

Useful lives

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

Item	Depreciation method	Average useful life
Land and Buildings		
• Land	Straight-line	Indefinite
• Buildings	Straight-line	30 Years
Other assets		
• Furniture and fittings	Straight-line	5 - 19 Years
• Air conditioners	Straight-line	5 - 9 Years
• Office machines	Straight-line	5 - 19 Years
• Computer hardware	Straight-line	5 - 19 Years
• Transport assets	Straight-line	7 - 30 Years
Infrastructure		
• Roads ,Bridges and Storm water	Straight-line	10 - 100 Years
• Pedestrian malls	Straight-line	20 Years
• Electricity	Straight-line	10 - 70 Years
• Security measures	Straight-line	3 - 7 Years
Community Assets		
• Buildings and other assets	Straight-line	05 - 50 Years
• Recreational facilities	Straight-line	15 - 30 Years
• Watercraft	Straight-line	15 Years
• Emergency equipment	Straight-line	05 - 15 Years
• Plant and equipment	Straight-line	05 - 40 Years
• Landfill sites	Straight-line	05 - 10 Years
• Bins and containers	Straight-line	05 - 10 Years

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

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

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

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

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

Assets under construction.

Accounting Policies

1.7 Property, plant and equipment (continued)

Assets under construction are stated at cost and not depreciated until the respective assets are completed and ready for use. Assets under construction are also assessed for impairment.

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.

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

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

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

Impairment of non-cash generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset. Non-cash-generating assets are assets other than cash-generating assets. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon. A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal. Recoverable service amount is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use. Useful life is either:the period of time over which an asset is expected to be used by the municipality; or the number of production or similar units expected to be obtained from the asset by the municipality.

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

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.8 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.

Accounting Policies

1.8 Site restoration and dismantling cost (continued)

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.

1.9 Intangible assets

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	2 - 10 Years

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

1.9 Intangible assets (continued)

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

1.10 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Accounting Policies

1.10 Heritage assets (continued)

Subsequent measurement

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

Impairment

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

1.11 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 uncollectability.

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.

1.11 Financial instruments (continued)

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

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

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

A financial 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.

1.11 Financial instruments (continued)

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

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

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

Classification

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

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

The municipality 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
Finance lease obligation	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument. The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value, plus in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.11 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

Reclassification

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

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

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

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

Gains and losses

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

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

Impairment and uncollectability of financial assets

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

Financial assets measured at amortised cost:

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

1.11 Financial instruments (continued)

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

The municipality assesses the financial assets for impairment individually, when assets are individually significant, or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), the municipality includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment for impairment.

For collective assessments of impairment, assets with similar characteristics are grouped together. The credit risk characteristics are indicative of the debtors' ability to pay all amounts due according to contractual terms.

In making this assessment, management may consider the following indicators as guidance for possible impairment:

- Significant financial difficulty experienced by the debtor;
- Delays in payments (including interest payments) or failure to pay / defaults;
- The probability that the borrower / debtor will enter sequestration (bankruptcy);
- Observable historical data indicating that there is a decrease in the estimated future cash flows that will be received by the municipality from a group of financial assets since the initial recognition of those assets;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Accounts in arrears for a period longer than the initial estimated repayment period;
- Accounts with a provision factor of more than 10; and
- Accounts handed over for collection.

Management considers all the indicators above as guidance but only uses the indicators for which there is sufficient information to make the assessment for possible or actual impairment.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, 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 municipality :derecognise the asset; and recognise separately any rights and obligations created or retained in the transfer.

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

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

1.11 Financial instruments (continued)

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

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

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

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

Financial liabilities

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

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

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

Presentation

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

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

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

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

1.12 Leases

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

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

Finance leases - lessee

Accounting Policies

1.12 Leases (continued)

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

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

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

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

Operating leases - lessee

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

1.13 Inventories

The municipality recognises inventories as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality;
- the cost of the inventory can be measured reliably.

Initial recognition and measurement

Inventories, consisting of consumable stores, land inventories and raw materials are initially recognised at cost. Cost 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 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 of acquisition.

Subsequent measurement

Consumable stores and raw materials are valued at the lower of cost and net realisable value unless they are distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is the weighted average cost method.

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

Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Differences arising on the valuation of inventory are recognised in surplus or deficit in the year in which they arose. The amount of any reversal of any write down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories. Such reversal is recognised in surplus or deficit in the period in which the reversal occurs.

Land inventory held by the municipality for the purpose of resale is carried at cost and accounted for as inventory.

Derecognition

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

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.

Accounting Policies

1.14 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions and are subject to an insignificant risk of change in value.

The municipality does not have bank overdraft facilities.

1.15 Consumer deposits

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

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

1.16 Impairment of cash-generating assets

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

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

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

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

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

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

1.16 Impairment of cash-generating assets (continued)

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and

1.16 Impairment of cash-generating assets (continued)

- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.17 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

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

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

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

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.18 Value added tax

The municipality is registered for Value Added Tax (VAT) on the payment basis to SARS in accordance with the VAT Act no 89 of 1991. The annual financial statements have been prepared on the accrual basis of accounting. The municipality declares output tax and claims input tax in the tax period only to the extent to which payment under consideration is received or made in that tax period. The municipality accounts for VAT on a monthly basis.

1.19 Employee benefits

Employee benefits are all forms of consideration given by a municipality 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 municipality, 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 municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

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

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

- a municipality'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 a municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality 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

1.19 Employee benefits (continued)

- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality 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 municipality 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 municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

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

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

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

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality 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, the municipality 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.

Accounting Policies

1.19 Employee benefits (continued)

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.

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.19 Employee benefits (continued)

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

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

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality shall attribute benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

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

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.

1.19 Employee benefits (continued)

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

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

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality 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.

1.20 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.

1.20 Provisions and contingencies (continued)

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 45.

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

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.20 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

The municipality has an obligation to dismantle, remove and restore items of property plant and equipment. The estimated cost to rehabilitate the landfill sites is performed by qualified engineers, using various assumptions. A provision is then made using those costs. The related cost is measured at cost:

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.

1.21 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:
- approved and contracted commitments,
- where the expenditure has been approved and the contract has been awarded at the reporting date, and
- where disclosure is required by a specific standard of GRAP.

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the municipality will discharge its responsibilities thereby incurring future expenditure that will result in an outflow of cash.

1.22 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).

1.22 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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.

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

Interest earned

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.

Prepaid Electricity

Revenue from the sale of electricity pre-paid meter cards is recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date. Prepaid electricity liability portion is estimated based on the average unit sales and rate per unit as at 30 June 2022 and 30 June 2023 based on the Contour Prepaid Electricity vending system.

Service charges relating to electricity

Service charges relating to electricity are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced.Provisional estimates of consumption are made in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption. Revenue arising from the consumption of electricity in the month of June is fully accounted for whether invoiced or not. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered.

Refuse removal

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly basis.

Service charges

1.22 Revenue from exchange transactions (continued)

Service charges are recognised on a monthly basis in arrears by applying the approved tariff and/or contract conditions. Tariffs are determined per category of property usage and are levied on a monthly basis.

Rental income

Rental income is recognised on an ad hoc basis through the renting of municipal facilities such as halls, sports grounds, lease of tents etc. and is charged using the relevant approved tariffs.

Licenses and permits

Revenue of specific licenses and permits is recognised on an ad hoc basis by applying tariffs determined and approved by the Department of Transport and adopted by the municipal council on a yearly basis.

Other Income

Other income included amongst others the following:

- Sale of bid documents;
- Advertising; and
- Sale of municipal land

1.23 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.23 Revenue from non-exchange transactions (continued)

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

Recognition

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

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

Measurement

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

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

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.

Transfers

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

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

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

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.23 Revenue from non-exchange transactions (continued)

Government grants

Equitable Share:

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

Conditional Grants:

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

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

Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a differential rating system i.e business, farming and residential properties. In terms of this system, assessment rates are levied on the market value in respect of properties. Rebates are granted according to the use of the property concerned.

1.24 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.25 Investment income

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

1.26 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

Accounting Policies

1.26 Accounting by principals and agents (continued)

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.

1.27 Comparative figures

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

Current year comparatives (Budget):

Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note to these annual financial statements.

Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Accounting Policies

1.27 Comparative figures (continued)

Where material accounting errors, which relate to prior periods, 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

Certain comparative figures have been reclassified.The nature and reasons for the reclassification and restatement are disclosed in note 36 ''Prior year adjustments" to the financial statements.

1.28 Unauthorised expenditure

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

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

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

1.29 Fruitless and wasteful expenditure

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

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

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

1.30 Irregular expenditure

Irregular expenditure as defined in section 1 of the Municipal Finance Management Act, (Act No. 56 of 2003) is expenditure incurred by a municipality that is not in accordance with or in contravention of:
- the MFMA, and which has not been condoned in terms of Section 70;
- the Municipal Systems Act, (Act 32 of 2000) and which has not been condoned in terms of that Act;
- the Public Office-Bearers Act, (Act No.20 of 1998);
- the requirements of a supply chain management policy of the municipality or in accordance with the municipality's by-laws giving effect to such policy and which has not been condoned in terms of such policy or by-law.

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 that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Accounting Policies

1.30 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the municipal council must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.31 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 functional 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.

1.32 Related parties

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

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

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

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

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

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

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

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

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

Accounting Policies

1.33 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.

Notes to the Annual Financial Statements

Figures in Rand | 2022 | 2021

2. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	19 459 426	(3 575 156)	15 884 270	18 777 018	(3 193 445)	15 583 573

Reconciliation of investment property - 2022

	Opening balance	Additions	Depreciation	Total
Investment property	15 583 573	682 408	(381 711)	15 884 270

Reconciliation of investment property - 2021

	Opening balance	Depreciation	Total
Investment property	15 965 284	(381 711)	15 583 573

Pledged as security

No investment property of the municipality was pledged as security.

Details of property

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.

Details of valuation

The municipality measures investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment

Notes to the Annual Financial Statements

Figures in Rand

3. 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	233 202 225	-	233 202 225	233 839 633	-	233 839 633
Buildings	53 464 195	(20 203 145)	33 261 050	45 169 880	(18 406 968)	26 762 912
Machinery and equipment	61 215 140	(30 927 490)	30 287 650	48 408 593	(25 059 128)	23 349 465
Furniture and office equipment	17 201 205	(12 481 035)	4 720 170	15 154 754	(10 773 365)	4 381 389
Transport assets	78 167 816	(35 474 906)	42 692 910	76 689 551	(25 223 688)	51 465 863
Computer equipment	14 722 559	(7 385 781)	7 336 778	11 560 863	(5 588 173)	5 972 690
Infrastructure assets	2 411 596 140	(1 348 944 862)	1 062 651 278	2 310 598 938	(1 238 016 034)	1 072 582 904
Community assets	140 870 163	(31 747 107)	109 123 056	89 384 651	(28 129 383)	61 255 268
Library Books	2 470 476	(2 334 684)	135 792	2 470 476	(2 247 923)	222 553
Work In Progress	186 281 412	-	186 281 412	119 728 018	-	119 728 018
Total	**3 199 191 331**	**(1 489 499 010)**	**1 709 692 321**	**2 953 005 357**	**(1 353 444 662)**	**1 599 560 695**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening Balance	Additions	Disposals	Transfers to expenditure	Transfers of completed projects	Depreciation	Impairment loss	Closing Balance
Land	233 839 633	45 000	(682 408)	-	-	-	-	233 202 225
Buildings	26 762 912	4 160 001	-	-	4 134 314	(1 776 829)	(19 348)	33 261 050
Machinery and equipment	23 349 465	12 806 547	-	-	-	(5 868 362)	-	30 287 650
Furniture and office equipment	4 381 389	2 046 451	-	-	-	(1 707 670)	-	4 720 170
Transport assets	51 465 863	1 478 265	-	-	-	(10 251 218)	-	42 692 910
Library Books	222 553	-	-	-	-	(86 761)	-	135 792
Computer equipment	5 972 690	3 161 696	-	-	-	(1 797 608)	-	7 336 778
Infrastructure assets	1 072 582 904	-	-	-	100 997 202	(109 586 109)	(1 342 719)	1 062 651 278
Community assets	61 255 268	-	-	-	51 485 512	(3 606 308)	(11 416)	109 123 056
Work In Progress	119 728 018	225 551 573	-	(2 381 151)	(156 617 028)	-	-	186 281 412
	1 599 560 695	**249 249 533**	**(682 408)**	**(2 381 151)**	**-**	**(134 680 865)**	**(1 373 483)**	**1 709 692 321**

Reconciliation of property, plant and equipment - 2021

	Opening Balance	Additions	Transfers to expenditure	Transfers of completed projects	Depreciation	Impairment loss	Closing Balance
Land	233 839 633	-	-	-	-	-	233 839 633
Buildings	24 215 971	-	-	4 143 650	(1 543 687)	(53 022)	26 762 912
Machinery and equipment	25 986 894	2 251 420	-	-	(4 865 749)	(23 100)	23 349 465
Furniture and office equipment	3 772 367	2 153 414	-	-	(1 518 806)	(25 586)	4 381 389
Transport assets	30 724 261	26 774 182	-	-	(6 032 380)	(200)	51 465 863
Library Books	395 909	-	-	-	(173 288)	(68)	222 553
Computer equipment	3 695 961	3 526 139	-	-	(1 246 374)	(3 036)	5 972 690
Infrastructure assets	1 111 691 289	-	-	68 957 784	(106 669 376)	(1 396 793)	1 072 582 904
Community assets	51 690 993	-	-	12 420 167	(2 853 644)	(2 248)	61 255 268
Work In Progress	90 727 813	119 930 387	(5 408 581)	(85 521 601)	-	-	119 728 018
	1 576 741 091	**154 635 542**	**(5 408 581)**	**-**	**(124 903 304)**	**(1 504 053)**	**1 599 560 695**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

3. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	62 650 631	45 392 784	11 684 603	119 728 018
Additions/capital expenditure	178 064 903	27 499 785	19 986 885	225 551 573
Transferred to completed items	(100 997 202)	(51 485 512)	(4 134 314)	(156 617 028)
Transferred to expenditure	(1 642 025)	-	(739 126)	(2 381 151)
	138 076 307	**21 407 057**	**26 798 048**	**186 281 412**

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	64 623 143	24 046 491	2 058 179	90 727 813
Additions/capital expenditure	70 268 844	35 112 469	14 549 074	119 930 387
Transferred to completed items	(68 957 784)	(12 420 167)	(4 143 650)	(85 521 601)
Transferred to expenditure	(3 283 572)	(1 346 009)	(779 000)	(5 408 581)
	62 650 631	**45 392 784**	**11 684 603**	**119 728 018**

3. Property, plant and equipment (continued)

Projects which are taking significantly longer periods to complete

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

Project Name	Amount	Reasons for project delays
Waterval Sports Facility Phase 2	12 542 061	The project was waiting completion of installatyion of the precast concrete grand stand which was part of Phase 3 scope.
Kutama/Sinthumule Sports Facility	1 654 443	The project was registered for MIG funding on the 12 November 2021 hence there was no expenditure during the year
Designs of Municipality Civic Centre - New Council Chamber and Offices	2 918 107	There was no budget for cosntruction phase , hence there is no expenditure. According to Engineers estimate, this project need more than R 100m for both construction and engineers fees
Rehabilitation of Djunane street at Waterval Township for proper design	1 858 526	There was no budget for construction phase. The design was completed during 2019/2020 financial year.
Arts and Craft centre Designs	366 454	There was no budget for design and also construction phase.
Development of Dzanani Park	1 214 506	There was a delay in appointment of the contractor and they contractor will commence the in 2022/23 financial year
Led street lights system design - all areas	160 577	Rolled over to 2022/2023
Electrification of 170 Residential sites at Tshikota Townshi (Design)	428 806	-Project rolled over to appoint contractor during 2022/2023
Minor Extensions	1 812 970	The contractor was not appointed during the financial year and rolled over to 2022/223
Siloam and Dzanani Taxi Rank Paving and Ablution	451 821	The project is still on design stage.
Dzanani Traders Market 2019	413 208	The project is still on design stage
Tsianda (Marundu to Military Base) Access Road 2020	605 622	The project is on design stage and is awaiting MIG Registration processes
Cricket substation control building	289 216	The project scope of work was not complted in the BOQ and itwill be completed internal in 2022/23

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

3. Property, plant and equipment (continued)

	24 716 317	

Impairment of non cash generating assets

At the reporting date all asset classes were assessed for impairment and the following classes of assets were impaired at reporting date and below are the asset categories that have been impaired by the following amounts:

Asset Class		
Buildings	19 348	53 022
Infrastructure assets	1 342 719	1 396 793
Machinery and equipment	-	23 100
Community Assets	11 416	2 248
Furniture and fittings	-	25 586
Computer assets	-	3 036
Transport assets	-	200
Library Books	-	68
	1 373 483	**1 504 053**

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.

Pledged as security

No items of property, plant & equipment of the municipality was pledged as security.

Notes to the Annual Financial Statements

Figures in Rand

4. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	8 699 728	(6 648 933)	2 050 795	7 544 139	(5 653 646)	1 890 493

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Intangible assets	1 890 493	1 155 589	(995 287)	2 050 795

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Intangible assets	2 117 659	620 796	(847 962)	1 890 493

Pledged as security

No intangible assets of the municipality were pledged as security.

Restricted title

There is no restriction on the title of Intangible assets. Intangible assets have finite useful lives and are amortized over the useful lives.

Notes to the Annual Financial Statements

5. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	2 160 329	-	2 160 329	2 160 329	-	2 160 329

Reconciliation of heritage assets 2022

	Opening balance	Total
Heritage assets	2 160 329	2 160 329

Reconciliation of heritage assets 2021

	Opening balance	Total
Heritage assets	2 160 329	2 160 329

Restrictions on heritage assets

There is no restriction on the title of heritage assets.

Pledged as security

No heritage assets of the municipality were pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

6. Employee benefit obligations

Long Service Awards Obligation

The actuarial valuation of the long service award was performed by Chanan Weiss (Fellow of the Actuarial Society of South Africa), on behalf of ARCH Actuarial Consulting.

The long service bonus award provision consists of an obligation to pay out a bonus to qualifying employees in the year the employee attains the required service period. The obligation represents a liability to Makhado Local Municipality and the value is represented by the present value of the long service bonus awards expected to be paid in future. The valuation is thus an estimate of the cost of providing long service awards. The actual cost to the municipality will be dependent on the future levels of assumed variables and the demographic profile of the membership. The municipality is required to pay awards to its employees for every 5 years of service completed from 10 years to 45 years. This will be in the form of days accumulated, that will be encashed immediately.

Valuation assumptions made include Discount Rate of 10.87% (2021: 8.70%), Consumer Price Inflation of 7.33% (2021: 5.64%), Normal Salary Increase of 4.90% (2021: 3.50%) and Net Effective Discount Rate of 3.30% (2021: 2.90%), Mortality SA 85-90 (2021: SA 85-90)

Long service awards liability		
Opening balance	(15 726 000)	(15 245 000)
Current service cost	(1 243 000)	(1 201 000)
Interest cost	(1 229 000)	(983 000)
Actuarial (gains)/loss	515 336	(1 065 231)
Expected employer benefit vesting	2 766 664	2 768 231
	(14 916 000)	**(15 726 000)**

Post retirement medical aid plan

The municipality operates an unfunded post employment health care defined benefit plan for qualifying employees. Employees of the municipality are members of Bonitas, Keyhealth, Hosmed, LA Health and SAMWUMED medical aid schemes. The municipality is committed to pay 70% of the members' post employment medical aid contributions up to an amount that is currently capped at R5,028 per month. Under the plan, dependents of the former employees are entitled to continued membership of their medical aid scheme upon the death of the primary member. No other post-employment benefits are provided to these employees. As at the balance sheet date, the members of the medical aid entitled to the post employment medical scheme subsidy were 395 in service members, 152 in service non- members and 47 continuation(retiree and widow) members.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2022 by ARCH Actuarial Consulting. The present value of the defined benefit obligation, and the related current service cost and past service costs, were measured using the Projected Unit Credit Method.

Total post-retirement health care benefits liability		
Opening balance	(99 378 000)	(84 271 000)
Current service cost	(3 870 000)	(3 344 000)
Interest cost	(9 972 000)	(8 763 000)
Actuarial (gains)/loss	7 928 169	(5 699 475)
Expected contributions (benefits paid)	2 794 831	2 699 475
	(102 497 000)	**(99 378 000)**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

6. Employee benefit obligations (continued)

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

Carrying value		
Opening Balance	(115 104 000)	(99 516 000)
Current Service Costs	(5 113 000)	(4 545 000)
Interest Costs	(11 201 000)	(9 746 000)
Expected employee benefit vesting	5 561 495	5 467 706
Actuarial gain/(loss)	8 443 505	(6 764 706)
	(117 413 000)	**(115 104 000)**

Non-current liabilities	(112 542 000)	(108 718 000)
Current liabilities	(4 871 000)	(6 386 000)
	(117 413 000)	**(115 104 000)**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,82 %	10,19 %
Net discount rate	3,12 %	3,10 %
Expected increase in salaries	4,90 %	3,50 %
Expected increase in healthcare costs	8,44 %	6,88 %

7. Inventories

Consumable stores	32 067 552	26 284 173
Land inventory	96 569 742	101 244 400
	128 637 294	**127 528 573**

7.1 Reconciliation of inventories

Land inventory		
Opening balance	101 244 400	101 244 400
Less: Sales	(1 255 000)	-
Inventory written down	(3 419 658)	-
Closing balance	96 569 742	101 244 400

Included in land inventory disclosed is an amount of R7 741 000 relating to land portions auctioned during the year. The municipality is still in control of the auctioned land at year -end. The risks and rewards passes from the municipality to the buyer on transfer of the property.

Furthermore, there are certain portions of land illegally occupied by invaders. At year -end, an amount of R3 419 658 was written down.

Inventory consumables		
Opening balance	26 284 173	24 087 523
Add: Purchases	35 620 692	19 797 281
Less: Issues	(29 837 313)	(17 600 631)
Closing balance	32 067 552	26 284 173

Inventory pledged as security

No inventory was pledged as security for the current and previous year.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

8. Sundry Debtors

Other receivables	3 661 703	3 179 748
Vhembe District Municipality	16 940 900	45 881 800
Prepaid expenses - Insurance	671 781	404 833
	21 274 384	**49 466 381**

Vhembe District Municipality

As of 30 June 2022, trade and other receivables of 33 881 800 (2021: 45 881 800) were impaired and provided for.

The amount of the provision was 16 940 900 as of 30 June 2022.

The reconciliation of the gross balance for VDM debt is as follows:

Opening Balance	45 881 800	87 881 800
Settlements	(12 000 000)	(42 000 000)
Total	33 881 800	45 881 800
Less: Allowance for impairment	(16 940 900)	-
Closing Balance	16 940 900	45 881 800

Reconciliation of provision for impairment of sundry debtors

Opening balance	-	(66 790 168)
Contributions to allowance	(16 940 900)	-
Unused amounts reversed	-	66 790 168
	(16 940 900)	**-**

Sundry debtors pledged as security.

No trade and other receivables were pledged as security.

9. Receivables from non-exchange transactions

Fines	1 828 415	1 276 675

Receivables from non-exchange transactions impaired

As of 30 June 2022, receivables from traffic fines of R11 530 235 (2021: R27 886 405) were impaired and provided for. The amount of the provision was R9 701 820 as of 30 June 2022 (2021: R26 609 730 .

Gross Balances		
Opening balance	27 886 405	24 029 755
Tickets issued	3 724 150	5 081 600
Withdrawals	(149 140)	(289 800)
Reductions	(80 280)	(120 120)
Payments	(474 240)	(815 030)
Bad debts written off	(19 376 660)	-
Closing Balance	11 530 235	27 886 405
Less: Provision for impairment	(9 701 820)	(26 609 730)
	1 828 415	**1 276 675**

9. Receivables from non-exchange transactions (continued)

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

	2022	2021
Opening balance	(26 609 730)	(23 571 930)
Contributions to allowance	(2 468 750)	(3 037 800)
Bad debts written off	19 376 660	-
	(9 701 820)	**(26 609 730)**

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security.

10. Consumer debtors disclosure

	2022	2021
Gross balances		
Consumer debtors - Rates	151 139 522	127 580 189
Consumer debtors - Electricity	110 120 481	106 911 235
Consumer debtors - Interest	110 979 925	89 098 965
Consumer debtors - Refuse	26 591 216	23 169 949
Consumer debtors - Sundries	16 640 286	14 723 752
Consumer debtors - VAT	28 110 371	16 698 832
Consumer debtors - Other	5 115 632	4 390 009
	448 697 433	**382 572 931**
Less: Allowance for impairment		
Consumer debtors - Rates	(114 561 472)	(80 777 666)
Consumer debtors - Electricity	(46 374 121)	(79 939 823)
Consumer debtors - Interest	(96 428 372)	(56 413 197)
Consumer debtors - Refuse	(25 844 946)	(14 670 102)
Consumer debtors - Sundries	(15 189 106)	(9 322 375)
Consumer debtors - VAT	(17 367 823)	(10 572 900)
Consumer debtors - Other	(5 019 848)	(2 779 543)
	(320 785 688)	**(254 475 606)**
Net balance		
Consumer debtors - Rates	36 578 050	46 802 524
Consumer debtors - Electricity	63 746 360	26 971 412
Consumer debtors - Interest	14 551 553	32 685 768
Consumer debtors - Refuse	746 270	8 499 847
Consumer debtors - Sundries	1 451 180	5 401 377
Consumer debtors - VAT	10 742 548	6 125 930
Consumer debtors - Other	95 784	1 610 466
	127 911 745	**128 097 324**
Included in above is receivables from exchange transactions		
Electricity	63 746 360	26 971 412
Interest	14 551 553	32 685 768
Refuse	746 270	8 499 847
Sundries	1 451 180	5 401 377
VAT	10 742 548	6 125 930
Other	95 784	1 610 466
	91 333 695	**81 294 800**

Figures in Rand	2022	2021

10. Consumer debtors disclosure (continued)

Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	36 578 050	46 802 524
Net balance	**127 911 745**	**128 097 324**

Rates		
Current (0 -30 days)	10 301 432	9 930 734
31 - 60 days	3 634 139	3 455 752
61 - 90 days	7 921 881	3 157 250
91 - 120 days	10 330 921	3 065 911
121 - 365 days	118 951 149	107 970 542
	151 139 522	**127 580 189**

Electricity		
Current (0 -30 days)	59 358 730	54 329 501
31 - 60 days	2 951 781	3 534 586
61 - 90 days	1 679 292	3 074 302
91 - 120 days	2 397 064	2 520 335
121 - 365 days	43 733 614	43 452 511
	110 120 481	**106 911 235**

Interest		
Current (0 -30 days)	5 785 080	5 062 899
31 - 60 days	2 717 649	2 410 238
61 - 90 days	2 670 465	2 322 352
91 - 120 days	2 548 235	2 253 850
121 - 365 days	97 258 496	77 049 626
	110 979 925	**89 098 965**

Refuse		
Current (0 -30 days)	1 512 999	1 466 753
31 - 60 days	507 846	509 875
61 - 90 days	488 096	499 668
91 - 120 days	462 173	479 308
121 - 365 days	23 620 102	20 214 346
	26 591 216	**23 169 950**

Sundries		
Current (0 -30 days)	1 688 500	1 770 668
31 - 60 days	647 434	642 386
61 - 90 days	401 093	622 004
91 - 120 days	365 384	696 514
121 - 365 days	13 537 875	10 992 179
	16 640 286	**14 723 751**

Figures in Rand	2022	2021

10. Consumer debtors disclosure (continued)

VAT		
Current (0 -30 days)	15 837 650	4 987 087
31 - 60 days	599 844	663 789
61 - 90 days	374 038	558 784
91 - 120 days	467 926	517 053
121 - 365 days	10 830 913	9 972 119
	28 110 371	**16 698 832**

Other		
Current (0 -30 days)	265 652	561 174
31 - 60 days	145 567	233 739
61 - 90 days	138 771	232 721
91 - 120 days	143 085	234 776
121 - 365 days	4 422 558	3 327 599
	5 115 633	**4 590 009**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

10. Consumer debtors disclosure (continued)

Summary of debtors by customer classification

Residential		
Current (0 -30 days)	24 332 386	30 415 942
31 - 60 days	4 165 572	4 055 285
61 - 90 days	3 773 496	3 735 817
91 - 120 days	3 635 460	3 644 695
121 - 365 days	22 892 957	71 102 225
> 365 days	144 151 454	-
	202 951 325	112 953 964
Less: Allowance for impairment	(188 112 917)	(83 765 788)
	14 838 408	**29 188 176**
Industrial/ commercial		
Current (0 -30 days)	24 136 970	63 887 308
31 - 60 days	4 293 811	4 839 973
61 - 90 days	7 547 848	4 658 359
91 - 120 days	10 146 751	3 913 578
121 - 365 days	17 993 814	79 516 666
> 365 days	62 869 252	-
	126 988 446	156 815 884
Less: Allowance for impairment	(45 683 569)	(99 288 307)
	81 304 877	**57 527 577**
Agriculture		
Current (0 -30 days)	46 280 688	52 832 414
31 - 60 days	2 744 876	2 555 107
61 - 90 days	2 352 292	2 072 907
91 - 120 days	2 932 576	2 209 472
121 - 365 days	12 709 552	53 133 185
> 365 days	51 737 678	-
	118 757 662	112 803 085
Less: Allowance for impairment	(86 989 200)	(71 421 511)
	31 768 462	**41 381 574**
Total		
Current (0 -30 days)	94 750 043	147 135 664
31 - 60 days	11 204 259	11 450 365
61 - 90 days	13 673 636	10 467 083
91 - 120 days	16 714 787	9 767 745
121 - 365 days	53 596 323	203 752 074
> 365 days	258 758 384	-
	448 697 432	382 572 931
Less: Allowance for impairment	(320 785 687)	(254 475 606)
	127 911 745	**128 097 325**
Less: Allowance for impairment		
Current (0 -30 days)	(79 978 757)	(102 858 454)
31 - 60 days	(7 622 780)	(23 372 119)
61 - 90 days	(9 302 813)	(19 948 958)
91 - 120 days	(11 371 850)	(18 788 381)
121 - 365 days	(36 464 080)	(89 507 694)
> 365 days	(176 045 407)	-

Figures in Rand	2022	2021

10. Consumer debtors disclosure (continued)

	2022	2021
	(320 785 687)	**(254 475 606)**

Reconciliation of allowance for impairment	2022	2021
Balance at beginning of the year	(254 475 606)	(226 349 695)
Contributions to allowance	(66 849 852)	(28 131 194)
Debt impairment written off against allowance	539 771	5 283
	(320 785 687)	**(254 475 606)**

Consumer debtors impaired

As of 30 June 2022, consumer debtors of R320 785 867 (2021: R254 475 606) were impaired and provided for.

An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. The provision for doubtful debts is determined in line with the municipality's approved method and assumptions for calculating provision for bad debts. No debt was written off during the period as uncollectable.

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

Consumer debtors pledged as security

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

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

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

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

Fair value of consumer debtors

The fair value of accounts receivable approximates their carrying amounts.

	2022	2021
Consumer debtors	448 697 433	382 572 931

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Primary bank account	201 295 534	205 758 240
Petty Cash	15 000	15 000
Cash Float	13 200	13 200
	201 323 734	**205 786 440**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Cash and cash equivalents pledged as collateral

No cash and cash equivalents were pledged as collateral in the current financial year and previous years.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
FNB BANK - Primary account - 623-0832-9988	200 740 897	205 898 658	146 102 026	201 323 734	205 758 240	143 623 386
VBS MUTUAL BANKInvestment account-010029570007	58 264 578	62 734 416	62 734 416	58 264 578	62 734 416	62 734 416
Total	**259 005 475**	**268 633 074**	**208 836 442**	**259 588 312**	**268 492 656**	**206 357 802**

Investment in VBS Mutual Bank:

Short term investment in VBS of R58 264 578 (2021:R62 734 416) has been impaired in full. VBS Mutual Bank was placed under curatorship by the Reserve Bank of South Africa on 11 March 2018 following material irregularities and alleged fraud by those charged with governance of the bank. The bank failed to honor its obligations due to liquidity crisis. For the period ended 30 June 2022, the municipality has recovered R4 391 409 of the amount, disclosed in Note 27 of the Annual Financial Statements.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

12. Finance lease obligation

Minimum lease payments due		
- within one year	786 489	786 489
- in second to fifth year inclusive	327 704	1 114 192
	1 114 193	1 900 681
less: future finance charges	(56 396)	(156 735)
Present value of minimum lease payments	**1 057 797**	**1 743 946**
Present value of minimum lease payments due		
- within one year	735 751	686 149
- in second to fifth year inclusive	322 046	1 057 797
	1 057 797	**1 743 946**
Non-current liabilities	322 046	1 057 797
Current liabilities	735 751	686 149
	1 057 797	**1 743 946**

It is municipality policy to lease certain equipment under finance leases, denominated in the presentation currency (Rand). The average lease term was 3 years, interest rates are fixed at the contract date and leases have fixed repayments. No arrangements have been entered into for contingent rent.

Defaults and breaches

During the current year, there were no defaults or breaches of any finance leases agreements.

Market risk

The carrying amounts of finance lease liabilities are denominated in the following currencies:

Rand	1 057 797	1 743 946

For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note 48.The fair value of finance lease liabilities approximates their carrying amounts.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

13. Unspent conditional grants and receipts

Unspent grants are mainly attributed to projects that are work in progress in the relevant financial year-end. The unspent grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. All conditional grants were fully spent as at 30 June 2022.

Unspent conditional grants and receipts comprises of:

	2022	2021
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	-	-
Intergrated National Electrification Programme	-	-
Expanded Public Works Programmes	-	-
Disaster Management Grant	-	-
Expanded Public Works Programmes	-	-
	-	**-**

Movement during the year

	2022	2021
Balance at the beginning of the year	-	10 487 434
Additions during the year	156 270 722	104 631 869
Income recognition during the year	(156 270 722)	(115 119 303)
	-	**-**

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

14. Performance bonus obligation

	2022	2021
Performance bonuses	251 578	523 318

	2022	2021
Reconciliation of performance bonuses		
Balance at the beginning of the year	523 318	346 235
Increase in provision	136 193	177 083
Payments during the year	(407 933)	-
	251 578	**523 318**

	2022	2021
Total performance bonus obligation		
Performance bonuses	251 578	523 318
	251 578	**523 318**

Split between non-current and current portions

	2022	2021
Non-current liabilities	125 789	-
Current liabilities	125 789	523 318

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

15. Rehabilitation provision

Reconciliation of rehabilitation provision - 2022

	Opening Balance	Movement	Unwind interest	Total
Old Landfill Site [Permit Number: 16/2/7/A 700/D1/Z1/P256]	37 039 755	(6 252 848)	2 620 007	33 406 914
New Landfill Site [Permit Number:12/9/11/L413/6]	6 102 111	(851 840)	538 420	5 788 691
	43 141 866	**(7 104 688)**	**3 158 427**	**39 195 605**

Reconciliation of rehabilitation provision - 2021

	Opening Balance	Movement	Unwind interest	Total
Old Landfill Site [Permit Number: 16/2/7/A 700/D1/Z1/P256]	38 714 764	(3 963 322)	2 288 313	37 039 755
New Landfill Site [Permit Number:12/9/11/L413/6]	1 523 013	4 466 232	112 866	6 102 111
	40 237 777	**502 910**	**2 401 179**	**43 141 866**

	2022	2021
Non-current liabilities	29 195 605	40 141 866
Current liabilities	10 000 000	3 000 000
	39 195 605	**43 141 866**

Environmental rehabilitation provision

Long-term obligations comprising pollution control, rehabilitation and site closure result from environmental disturbances associated with the municipality's operations. Estimates are determined by independent environmental specialists in accordance with environmental regulations.

Restoration costs

Changes in the discounted amount of estimated restoration costs are charged to profit or loss during the period in which such changes occur. Estimated restoration costs are reviewed annually and discounted using a pre-tax risk-free rate that reflects market assessments of the value of money. The increase in restoration provisions owing to the passage of time is charged to finance costs. All other charges in the carrying amount of the provision subsequent to initial recognition are included in profit or loss in the period in which they are incurred.

Ongoing rehabilitation cost

The cost of ongoing current programmes to prevent and control pollution is recognised as an expense when incurred.

Critical accounting estimates and assumptions

The municipality's activities are subject to various laws and regulations governing the protection of the environment. The municipality recognises management’s best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred and actual timing thereof in future periods can differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of site estimates and discount rates can affect the carrying amount of this provision.

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and landfill site closure, are based on the municipality’s environmental policy taking into account current technological, environmental and regulatory requirements. Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates.

Rehabilitation costs have been calculated as the present value of future obligation, discounted at net effective discount rate of 2.75% for the Vondeling Landfill and 4% for the Makhado Landfill.

16. Deferred Income

	2022	2021
Deferred Income	174 247	147 645

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

17. Payables from exchange transactions

Salary Control	4 771 010	-
Accrued operating creditors	115 292 471	69 293 489
Retentions	41 957 455	28 067 037
Advance payments	11 923 796	15 531 508
Other creditors	6 656 468	10 815 381
Provision for leave pay	36 076 807	36 839 592
Provision for bonus: General Employees	6 459 342	5 839 366
	223 137 350	**166 386 373**

Fair value of trade and other payables

Trade payables	223 137 350	166 386 373

The carrying amount of payables from exchange transactions approximates their fair values. The fair value is determined after considering the standard terms and conditions of agreements entered into by the Municipality and the parties. The Municipality did not default on any accounts payable in respect of capital or interest portions. No terms attached to the accounts payable were re-negotiated.

Trade payables

The average credit period on purchases is 30 days from receipt of the invoice, as determined by Section 99 of the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with. Included under payables are payments received in advance which are non-interest bearing and normally settled on 30 day terms.

Annual leave

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

Retention

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

Annual bonus

Annual bonus accrues to staff on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff and is paid after the completion of twelve months. The Municipality has an obligation to pay a service bonus in terms of it's conditions of employment.

18. VAT payable

VAT payable	17 681 850	14 835 555

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

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

19. Consumer deposits

Electricity	15 779 979	15 940 248
Rental Properties	177 839	88 343
	15 957 818	**16 028 591**

During the financial period ended 30 June 2022, the municipality had guarantees in lieu of customers of R3 244 744 (2021: R3 253 575).

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

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

20. Revenue

Service charges	402 489 332	379 538 936
Rental of facilities and equipment	239 386	256 904
Interest earned -outstanding receivables: exchange transactions	11 803 142	8 642 650
Agency services	4 107 933	4 084 953
Licences and permits	4 053 393	4 465 794
Other revenue from exchange transactions	20 248 456	70 130 006
Interest received from financial institutions	6 913 853	5 137 404
Property rates	96 260 597	87 658 434
Interest earned -outstanding receivables: non-exchange transactions	19 433 737	16 208 507
Government grants & subsidies	558 017 722	585 528 084
Other revenue from non exchange transactions	8 596 409	-
Fines, Penalties and Forfeits	3 765 724	5 163 564
	1 135 929 684	**1 166 815 236**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	402 489 332	379 538 936
Rental of facilities and equipment	239 386	256 904
Interest earned -outstanding receivables: exchange transactions	11 803 142	8 642 650
Agency services	4 107 933	4 084 953
Licences and permits	4 053 393	4 465 794
Other revenue from exchange transactions	20 248 456	70 130 006
Interest received from financial institutions	6 913 853	5 137 404
	449 855 495	**472 256 647**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	96 260 597	87 658 434
Interest earned -outstanding receivables: non-exchange transactions	19 433 737	16 208 507
Transfer revenue		
Government grants & subsidies	558 017 722	585 528 084
Other revenue from non exchange transactions	8 596 409	-
Fines, Penalties and Forfeits	3 765 724	5 163 564
	686 074 189	**694 558 589**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

21. Service charges

Sale of electricity	388 761 778	366 573 506
Refuse removal	13 727 554	12 965 430
	402 489 332	**379 538 936**

The amount disclosed above for revenue from service charges is in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

22. Rental of facilities and equipment

Premises		
Venue hire	97 331	87 215
Garages and parking		
Rental Car Ports	24 287	25 254
Facilities and equipment		
Rental-Show Ground	117 344	131 529
Rental of equipment	424	12 906
	117 768	**144 435**
	239 386	**256 904**

23. Fines, Penalties and Forfeits

Overdue Books Fines	143	33
Pound Fees Fines	41 431	81 931
Municipal Traffic Fines	3 724 150	5 081 600
	3 765 724	**5 163 564**

24. Agency services

Vehicle Registration & Licencing	4 107 933	4 084 953

25. Licences and permits (exchange)

Dog Licences	85 060	8 280
Trading Licences	137 732	187 028
Road and Transport	3 830 601	4 270 486
	4 053 393	**4 465 794**

26. Interest earned -outstanding receivables

Interest earned -outstanding receivables: non-exchange transactions	19 433 737	16 208 507
Interest earned -outstanding receivables: exchange transactions	11 803 142	8 642 650
	31 236 879	**24 851 157**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

27. Other revenue from exchange transactions

Burial fees	195 061	173 023
Advertising	6 273	7 471
Land sales	5 093 421	-
Sundries	7 482 359	2 744 789
Sale of tender documents	76 200	256 500
Building plans	290 454	158 055
Landfill management	7 104 688	-
Reversal of impairment: VDM	-	66 790 168
	20 248 456	**70 130 006**

28. Interest received from financial institutions

Interest revenue		
Interest received from primary account	6 913 853	5 137 404

29. Property rates

Rates received

Residential	42 476 319	42 052 948
Commercial	25 679 343	26 825 283
State	28 104 935	18 780 203
	96 260 597	**87 658 434**

Valuations

Residential	5 222 777 206	5 234 188 789
Commercial	2 176 281 223	2 160 505 223
Agricultural	6 466 632 227	8 396 864 200
Municipal	424 419 729	170 701 102
Churches	107 296 570	103 044 570
Government	3 575 275 716	1 457 501 215
Public Service Purposes	273 061 175	210 753 975
Public Service Infrastructure	104 650 140	-
	18 350 393 986	**17 733 559 074**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied monthly on property owner's accounts.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

30. Government grants and subsidies

Operating grants		
Equitable share	401 747 000	469 106 000
Expanded Public Works Programmes (EPWP)	2 280 000	2 270 000
Finance Management Grant (FMG)	1 850 000	1 700 000
Local Government Sector for Education and Training Authority	1 076 722	3 748 650
Government grant (operating) 19	26 000 000	-
	432 953 722	**476 824 650**
Capital grants		
Municipal Infrastructure Grant (MIG)	110 768 000	97 459 567
Integrated Electrification Program (INEP)	14 296 000	10 340 000
Local Economic Development (LED)	-	903 867
	125 064 000	**108 703 434**
	558 017 722	**585 528 084**

Capital and Operational Grants Received

Included in above are the following grants and subsidies received:

Capital grants received	125 064 000	98 216 000
Operational grants received	31 206 722	7 718 650
Equitable Share	401 747 000	469 106 000
	558 017 722	**575 040 650**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. The Equitable share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

All registered indigents receive a monthly subsidy of 240 528 (2021: 1 484 386), which is funded from the grant.

Current-year receipts	401 747 000	469 106 000
Conditions met - transferred to revenue	(401 747 000)	(469 106 000)
	-	-

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	9 583 567
Current-year receipts	110 768 000	87 876 000
Conditions met - transferred to revenue	(110 768 000)	(97 459 567)
	-	-

MIG Grant was used to accelerate the provision of basic service delivery through construction of capital projects. Conditions of the grant were fully satisfied - (see note 13).

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

30. Government grants and subsidies (continued)

Integrated National Electricity Programme (INEP)

Current-year receipts	14 296 000	10 340 000
Conditions met - transferred to revenue	(14 296 000)	(10 340 000)
	-	-

The purpose of this grant is to address electrification backlog of permanently occupied residential dwellings. Conditions of the grant were fully satisfied - (see note 13).

Expanded Public Works Programmes (EPWP)

Current-year receipts	2 280 000	2 270 000
Conditions met - transferred to revenue	(2 280 000)	(2 270 000)
	-	-

The grant was received from the Department of public works, roads, and infrastructure and spent on employing casual workers within community based projects. Conditions of the grant were fully satisfied - (see note 13).

Finance Management Grant (FMG)

Current-year receipts	1 850 000	1 700 000
Conditions met - transferred to revenue	(1 850 000)	(1 700 000)
	-	-

The Finance Management Grant is paid by National Treasury to municipalities to help implement the finance reforms required by the Municipal Finance Management Act (MFMA), 2003. The Finance Management Grant also pays for the cost of the Financial Management Internship Programme (e.g. Salary cost of the financial management interns). Conditions of the grant were fully satisfied - (see note 13).

Local Economic Development Grant (LED)

Balance unspent at beginning of year	-	903 867
Conditions met - transferred to revenue	-	(903 867)
	-	-

The purpose of this grant was to encourage local economic development, by allowing local people to work together to achieve sustainable economic growth and development. Conditions of the grant were fully satisfied in the previous financial year. - (see note 13).

Local Government Sector for Education and Training Authority

Current-year receipts	1 076 722	3 748 650
Conditions met - transferred to revenue	(1 076 722)	(3 748 650)
	-	-

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters. The conditions of the grant were fully met- (see note 13).

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

30. Government grants and subsidies (continued)

Disaster Management Grant

Current-year receipts	26 000 000	-
Conditions met - transferred to revenue	(26 000 000)	-
	-	-

The grant was availed to assist the municipality with repairing damaged road and storm water infrastructure. The conditions of the grant were fully met - (see note 13).

31. Other revenue from non exchange transactions

VBS Bank	4 391 409	-
Makhado Mall donation	4 205 000	-
	8 596 409	-

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

32. Employee related costs

Basic	165 664 605	164 728 427
Bonus	13 801 778	13 027 379
Medical aid - company contributions	15 312 142	15 421 681
UIF	1 318 053	1 200 032
Other payroll levies	64 370	64 172
Leave pay provision charge	361 659	6 130 009
Pension fund contributions	32 312 068	32 557 453
Travel, motor car, accommodation, subsistence and other allowances	13 671 005	13 271 230
Overtime payments	27 300 199	28 580 821
Employee benefits - current service costs	5 113 000	4 545 000
Acting allowances	1 512 011	2 285 670
Allowances: Non-pensionable	1 689 000	-
Housing benefits and allowances	361 689	431 459
Standby allowance	2 283 234	2 644 686
Group life insurance	1 810 047	1 763 801
	282 574 860	**286 651 820**

Remuneration of municipal manager

Annual Remuneration	-	333 407
Acting Allowance	163 824	97 081
Car Allowance	-	99 410
Contributions to UIF, Medical and Pension Funds	-	73 961
Other	-	6 155
	163 824	**610 014**

During the financial year, the position of the Accounting officer was on an acting basis. However, the Municipal Manager was appointed with effect from 01 September 2022. Refer to Note 50.

Remuneration of chief finance officer

Annual Remuneration	754 736	754 736
Acting Allowance	56 975	43 017
Car Allowance	311 300	311 612
Contributions to UIF, Medical and Pension Funds	191 886	191 545
	1 314 897	**1 300 910**

During the financial year, the position of the Chief Finance Officer was subsistant. However, the CFO resigned on the 31st of August 2022. Refer to Note 50

Remuneration of Director Technical Services

Acting Allowance	56 975	74 854

During the financial year, the position of Director Technical Services was on an acting basis. However, the Director was appointed with effect from 01 September 2022. Refer to Note 50

Remuneration of Director Corporate Services

Acting Allowance	53 853	78 343

During the financial year, the position of Director Corporate Services was on an acting basis. However, the Director was appointed with effect from 01 September 2022. Refer to Note 50

Remuneration of Director Development Planning

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

32. Employee related costs (continued)

Acting Allowance	56 568	77 745

During the financial year, the position of Director Development Planning was on an acting basis. However, the Director was appointed with effect from 01 September 2022. Refer to Note 50

Remuneration of Director Community Services

Acting Allowance	56 365	78 343

During the financial year, the position of Director Development Planning was on an acting basis. However, the Director was appointed with effect from 01 September 2022. Refer to Note 50

33. Remuneration of councillors

Mayor	924 088	913 869
Speaker	741 959	715 078
Councillors	26 404 759	24 528 730
	28 070 806	**26 157 677**

In-kind benefits

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

The Mayor and Speaker have use of Council owned vehicles for official duties. The Mayor and Speaker have full-time secretary and manager.

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisaged in section 219 of the Constitution. Refer to Government Gazette Number 43246 of 24 April 2020 and 46470 of 02 June 2022.

33. Remuneration of councillors (continued)

Additional information

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

30 June 2021

Councillors	Emoluments	Travel allowance	Cellphone allowance	Total
Mrs SM SINYOSI	212 152	70 718	11 075	293 945
Ms D RATSHIKUNI	502 790	167 597	15 118	685 505
Ms MS MACHETHE	252 226	84 075	10 492	346 793
Ms TP MAMOROBELA	502 790	167 597	9 380	679 767
Mr NS MUNYAI	670 387	223 463	20 019	913 869
Mr MR MAGADA	252 226	84 075	13 533	349 834
Mrs TM MALANGE	488 040	162 681	11 881	662 602
Mr ME MALIMA	212 152	70 718	9 609	292 479
Mr FN MADZHIGA	272 263	90 754	6 450	369 467
Ms MS TSHILAMBYANA	232 189	77 396	1 908	311 493
Mr NF CHILILO	280 491	93 497	3 130	377 118
Mr ND DAVHANA	502 790	167 597	7 246	677 633
Mr TC MAMAFHA	272 263	90 754	-	363 017
Mrs R RALIPHADA	212 152	70 718	8 087	290 957
Mr N KUTAMA	272 263	90 754	21 787	384 804
Mrs MJ GABARA	232 189	77 393	23 212	332 794
Mrs MF MUKHARI	212 152	70 718	2 483	285 353
Mr TJ MAMAFHA	502 790	167 597	1 806	672 193
Mr SZ MTHOMBENI	272 263	90 754	5 182	368 199
Mrs VS LUDUVHUNGU	212 152	70 718	9 925	292 795
Mr S MASUKA	280 491	93 497	10 656	384 644
Mr RH SINTHUMULE	6 000	-	-	6 000
Ms NB JONES	280 491	93 497	4 604	378 592
Mr MJ MPASHE	212 152	70 718	3 447	286 317
Mr NS NEMUDZIVHADI	212 152	70 718	8 703	291 573
Ms MG FURUMELE	212 152	70 718	6 990	289 860
Mrs MN NDOU	212 152	70 718	1 970	284 840
Ms S MADULA	212 152	70 718	956	283 826
Mrs RASHAMUSE	74 819	24 976	4 199	103 994
Mr MA SELAPYANA	212 152	70 718	3 658	286 528
Mr J LUKHELI	212 152	70 718	10 747	293 617
Mrs TE DZIVHANI	212 152	70 718	81	282 951
Mr SI BULALA	212 152	70 718	224	283 094
Ms TE TAMBANI	212 152	70 718	9 040	291 910
Mr MA MASHAMBA	212 152	70 718	10 871	293 741
Mr A MATUMBA	280 491	93 497	5 450	379 438
Ms MF NETHULWE	212 152	70 718	18 983	301 853
Mr G TSHIBVUMO	212 152	70 718	8 886	291 756
Ms GT MUKWEVHO	280 491	93 497	328	374 316
Ms TD MUKWEVHO	212 152	70 718	1 216	284 086
Mrs LR TSHIAMBWA	212 152	70 718	5 677	288 547
Ms NJ SIMANGWE	212 152	70 718	2 879	285 749
Mrs TJ MOHLABA	212 152	70 718	1 848	284 718
Mr MD NDOU	212 152	70 718	5 074	287 944
Mr KM MALULEKE	232 189	77 396	6 787	316 372
Mr T KUTAMA	212 152	70 718	6 275	289 145
Mr T BALIBALI	212 152	70 718	5 869	288 739
Mrs MC NEMATANDANI	212 152	70 718	3 763	286 633
Mr ME MULEFU	232 189	77 396	4 903	314 488
Mr NV MALIVHA	212 152	70 718	2 077	284 947
Mr SS TSHIFURA	212 152	70 718	8 167	291 037

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

33. Remuneration of councillors (continued)

Mrs MR MOKGOADI	212 152	70 718	1 019	283 889
Mrs TM BABADU	212 152	70 718	6 793	289 663
Mr ET SITHI	212 152	70 718	4 600	287 470
Ms MG PHOSHOKO	212 152	70 718	2 377	285 247
Mr KS RAMAVHOYA	212 152	70 718	10 949	293 819
Mr K MAPHUBU	212 152	70 718	9 709	292 579
Mr LG MASUTHA	212 152	70 718	931	283 801
Mrs LG MADUWA	212 152	70 718	6 078	288 948
Mr E MADUWA	212 152	70 718	454	283 324
Mr SS NYELISANI	212 152	70 718	5 590	288 460
Mr PN MUSANDIWA	212 152	70 718	2 994	285 864
Mr N MUNYAI	272 263	90 754	5 269	368 286
Ms GM RAMUSHAVHA	212 152	70 718	2 433	285 303
Ms TA MARAGA	212 152	70 718	5 324	288 194
Ms ML MASENGANA	212 152	70 718	9 631	292 501
Mr P NETSIANDA	12 000	-	-	12 000
Mr F MOLEMA	12 000	-	-	12 000
Mrs MM MPHEPHU	12 000	-	-	12 000
Mr VP KUTAMA	12 000	-	-	12 000
Mr TG MUILA	12 000	-	-	12 000
Mr HS MUKHARI	12 000	-	-	12 000
Mr VC RAMABULANA	12 000	-	-	12 000
Mr ST MUKHARI	12 000	-	-	12 000
Mr NTL MASHAMBA	12 000	-	-	12 000
Mr SR BALOYI	212 152	70 718	7 161	290 031
Mr T SESHOKI	212 152	70 718	7 240	290 110
Mr BK JONES	212 152	70 718	2 178	285 048
Mr J KHODOGA	212 152	70 718	12 197	295 067
Mr R MUKHUBA	25 318	8 439	5 299	39 056
Mr FB Hlongwani	212 152	70 718	2 127	284 997
Mrs RT MAINGO	212 152	70 718	923	283 793
Mr A DU PLOOY	212 152	70 718	3 984	286 854
Ms MD Mboyi	502 790	167 597	-	670 387
Mrs LB MOGALE	536 308	178 770	-	715 078
Mrs LM MATHALISE	272 263	90 754	7 019	370 036
	19 287 511	**6 391 236**	**478 930**	**26 157 677**

30 June 2022

Councillors	Emoluments	Travel allowance	Cellphone allowance	Total
Mr NS MUNYAI [Mayor]	672 605	224 200	27 283	924 088
S M.D MBOYI [Speaker]	527 688	175 893	22 332	725 913
MR S.R BALOYI [Chief Whip]	400 999	133 666	25 206	559 871
Miss IA TSHIDAVHU	174 998	58 331	23 775	257 104
Miss TC MASHAU	141 576	47 191	24 068	212 835
Miss TT NGOBENI	141 576	47 191	24 068	212 835
Mr A DU PLOOY	74 960	24 986	670	100 616
Mr A MADAVHA	141 576	47 191	23 775	212 542
Mr A MATUMBA	99 107	33 035	1 248	133 390
Mr AS DZHIVHUHO	141 576	47 191	24 068	212 835
Mr AZ MAPHAHLA	141 576	47 191	26 341	215 108
Mr BK JONES	74 960	24 986	727	100 673
Mr CD HALGREEN	141 576	47 191	26 341	215 108
Mr DJ SEBOLA	141 576	47 191	23 765	212 532
Mr E MADUWA	74 960	24 986	-	99 946
Mr ET SITHI	218 517	72 839	23 786	315 142
Mr F MOLEMA	4 000	-	-	4 000
Mr FB Hlongwani	196 205	65 400	27 740	289 345
Mr FN MADZHIGA	240 498	80 164	25 870	346 532

33. Remuneration of councillors (continued)

Mr FP MAKHUBELE	141 576	47 191	24 005	212 772
Mr G TSHIBVUMO	74 960	24 986	3 273	103 219
Mr HS MUKHARI	4 000	-	-	4 000
Mr J KHODOGA	74 960	24 986	2 616	102 562
Mr J LUKHELI	74 960	24 986	3 382	103 328
Mr K MAPHUBU	261 388	87 129	25 804	374 321
Mr K MUKHELI	141 576	47 191	23 712	212 479
Mr KM MALULEKE	96 199	32 066	1 908	130 173
Mr KS RAMAVHOYA	74 960	24 986	3 382	103 328
Mr L PHANGAMI	141 576	47 191	26 341	215 108
Mr LG MASUTHA	74 960	24 986	-	99 946
Mr M MARAGA	174 998	58 331	23 775	257 104
Mr M MUKOSI	141 576	47 191	23 765	212 532
Mr MA MASHAMBA	74 960	24 986	3 327	103 273
Mr MA SELAPYANA	218 517	72 839	26 307	317 663
Mr MC MALANGE	141 576	47 191	26 341	215 108
Mr MD NDOU	251 939	83 980	25 002	360 921
Mr MD SINGO	141 576	47 191	26 341	215 108
Mr ME MALIMA	-	-	888	888
Mr ME MULAUDZI	141 576	47 191	26 341	215 108
Mr ME MULEFU	240 498	80 164	26 309	346 971
Mr MI PHULUWA	141 576	47 191	24 068	212 835
Mr MJ MPASHE	218 517	72 839	24 252	315 608
Mr MR MAGADA	400 999	133 666	26 719	561 384
Mr MR MAKWALA	174 998	58 331	23 995	257 324
Mr MW RAMALWA	141 576	47 191	26 341	215 108
Mr N KUTAMA	240 498	78 708	31 649	350 855
Mr N MUNYAI	422 980	140 991	25 096	589 067
Mr NA MUDUNUNGU	141 576	47 191	26 341	215 108
Mr ND DAVHANA	324 334	108 109	28 621	461 064
Mr NF CHILILO	243 488	81 161	27 024	351 673
Mr NS NEMUDZIVHADI	251 939	83 980	27 714	363 633
Mr NTL MASHAMBA	4 000	-	-	4 000
Mr NV MALIVHA	391 591	130 530	23 237	545 358
Mr P MASHAU	141 576	47 191	23 775	212 542
Mr P NETSIANDA	4 000	-	-	4 000
Mr PA SMALLE	141 576	47 191	26 341	215 108
Mr PN MASIPA	141 576	47 191	24 005	212 772
Mr PN MUSANDIWA	74 960	24 986	1 092	101 038
Mr R BALOYI	141 576	47 191	26 341	215 108
Mr R MUKHUBA	218 517	72 839	38 171	329 527
Mr R MUKHUDWANA	141 576	47 191	23 995	212 762
Mr S MASUKA	243 488	81 161	29 176	353 825
Mr SE BALOYI	141 576	47 191	23 942	212 709
Mr SI BULALA	74 960	24 986	735	100 681
Mr SS NYELISANI	74 960	24 986	2 674	102 620
Mr SS TSHIFURA	74 960	24 986	2 556	102 502
Mr ST MUKHARI	4 000	-	-	4 000
Mr SZ MTHOMBENI	96 199	32 066	2 802	131 067
Mr T BALIBALI	74 960	24 986	2 546	102 492
Mr T KUTAMA	218 517	72 839	24 243	315 599
Mr T SESHOKI	74 960	24 986	1 963	101 909
Mr TC MAMAFHA	240 498	80 164	22 512	343 174
Mr TG MUILA	4 000	-	-	4 000
Mr TJ MAMAFHA	324 334	108 109	30 943	463 386
Mr TR RAVELE	141 576	24 986	25 920	192 482
Mr TT MAKAMU	174 998	58 331	23 765	257 094
Mr VC RAMABULANA	4 000	-	-	4 000
Mr VO MAUDA	64 070	21 357	12 541	97 968
Mr VP KUTAMA	4 000	-	-	4 000

Notes to the Annual Financial Statements

Figures in Rand			2022	2021

33. Remuneration of councillors (continued)

Mr W MABASA	141 576	47 191	23 765	212 532
Mrs JJ HLONGWANE	21 922	7 307	3 700	32 929
Mrs LB MOGALE	336 431	112 142	25 141	473 714
Mrs LG MADUWA	74 960	24 986	3 265	103 211
Mrs LM MATHALISE	273 920	91 305	23 137	388 362
Mrs LR TSHIAMBWA	74 960	24 986	1 409	101 355
Mrs MC NEMATANDANI	74 960	24 986	982	100 928
Mrs MF MUKHARI	74 960	24 986	5 069	105 015
Mrs MJ GABARA	240 498	80 164	33 182	353 844
Mrs MM MPHEPHU	4 000	-	-	4 000
Mrs MN NDOU	74 960	24 986	1 376	101 322
Mrs MR MOKGOADI	218 517	72 839	24 257	315 613
Mrs R RALIPHADA	261 388	87 129	27 333	375 850
Mrs RT MAINGO	261 388	87 129	23 340	371 857
Mrs SM SINYOSI	74 960	24 986	5 432	105 378
Mrs TE DZIVHANI	74 960	24 986	853	100 799
Mrs TJ MOHLABA	74 960	24 986	1 011	100 957
Mrs TM BABADU	74 960	24 986	2 267	102 213
Mrs TM MALANGE	318 895	106 297	24 696	449 888
Mrs TT MUSHANDANA	141 576	47 191	23 942	212 709
Mrs VS LUDUVHUNGU	74 960	24 986	4 016	103 962
Ms B HLANGWANI	141 576	47 191	24 068	212 835
Ms D RATSHIKUNI	177 652	59 216	25 995	262 863
Ms GM RAMUSHAVHA	74 960	24 986	1 352	101 298
Ms GT MUKWEVHO	349 501	119 118	21 332	489 951
Ms HG MABUDU	141 576	47 191	23 995	212 762
Ms HG MALULEKE	141 576	47 191	23 995	212 762
Ms KP MAPHAKELA	141 576	47 191	26 341	215 108
Ms L MASHAMBA	141 576	47 191	24 068	212 835
Ms M RAMALIVHANA	141 576	47 191	24 068	212 835
Ms M SWALIVHA	141 576	47 191	24 068	212 835
Ms MF NETHULWE	74 960	24 986	5 686	105 632
Ms MG FURUMELE	218 517	72 839	24 291	315 647
Ms MG PHOSHOKO	74 960	24 986	589	100 535
Ms ML MASENGANA	74 960	24 986	4 123	104 069
Ms MS MACHETHE	74 960	24 986	5 027	104 973
Ms MS TSHILAMBYANA	218 576	72 833	21 836	313 245
Ms NB JONES	286 359	95 451	29 719	411 529
Ms NJ MATUMBA	324 058	108 018	26 341	458 417
Ms NJ SIMANGWE	251 939	83 980	25 879	361 798
Ms NS MAHOSI	174 998	58 331	23 775	257 104
Ms S MADULA	74 960	24 986	132	100 078
Ms TA MARAGA	261 388	86 929	24 443	372 760
Ms TD MUKWEVHO	45 401	17 679	-	63 080
Ms TE TAMBANI	74 960	24 986	2 673	102 619
Ms TP MAMOROBELA	177 652	59 216	4 221	241 089
	19 549 849	**6 485 790**	**2 035 167**	**28 070 806**

34. Depreciation and amortisation

Property, plant and equipment	134 680 882	124 903 804
Investment properties	381 711	381 711
Intangible assets	995 287	847 962
Total depreciation and amortisation	**136 057 880**	**126 133 477**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

35. Impairment of non cash generating assets

Impairments		
Property, plant and equipment	1 373 483	1 503 427

36. Finance costs

Interest cost: Actuarial valuation	11 201 000	9 746 000
Interest cost: Trade and other payables	8 790	880
Interest cost: Finance leases	96 337	77 890
Interest cost: Landfill site	3 158 427	2 401 179
	14 464 554	**12 225 949**

37. Debt impairment

Consumer debtors	60 054 930	25 075 229
Traffic Fines	2 468 750	3 037 800
Sundry debtors - VDM	16 940 900	-
	79 464 580	**28 113 029**

38. Bulk purchases

Electricity - Eskom	306 303 648	275 609 956

Included in the electricity bulk purchases is 11% R36 624 559 (2021: 11% R29 531 721) which relate to distribution losses. Makhado Municipality gets billed by Eskom on a monthly basis for electricity used/or given to the municipality based on readings.

39. Contracted services

Outsourced Services		
Business and Advisory	13 523 432	8 739 291
Cleaning Services	978 000	896 500
Clearing and Grass Cutting Services	50 344	165 000
Hygiene Services	720 000	1 830 579
Internal Auditors	5 969 527	4 850 474
Meter Management	2 468 044	2 420 307
Medical Services [Medical Health Services & Suppor	960 000	1 200 000
Security Services	23 850 988	15 370 938
Consultants and Professional Services		
Business and Advisory	21 538 191	21 343 776
Infrastructure and Planning	3 748 741	8 022 249
Legal Cost	25 463 058	19 194 792
Contractors		
Electrical	7 340 731	-
Employee Wellness	3 260 445	4 239 004
Maintenance of Equipment	1 183 645	2 701 482
Maintenance of other assets	90 671 586	68 355 950
	201 726 732	**159 330 342**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

40. General expenses

Cost of sales: Land	1 255 000	-
Advertising & publications	5 698 872	4 402 325
Bank charges	1 962 822	1 526 125
Consumables	30 270 607	23 975 869
Insurance	2 715 718	1 875 520
Bursaries	217 076	137 028
IT expenses	329 102	345 598
Skills Development Fund Levy	2 562 175	2 143 579
Pre-paid electricity commission	4 929 812	3 950 882
Ward committees allowances	3 229 743	4 960 430
Postage and courier	17 136	38 480
Motor Vehicle Licence & Registrations	987 696	917 569
Workmens compensation	-	2 045 728
Subscriptions and membership fees	3 309 702	3 071 770
Telephone and fax	3 866 095	5 883 267
Travel - local	3 246 412	911 161
Uniform expenses	1 078 755	841 004
Indigent policy	240 528	1 484 386
Special programmes	1 337 222	33 379
Other expenses	1 207 661	2 937 372
	68 462 134	**61 481 472**

41. Actuarial gains/losses

Post -Employment Medical Aid Benefits	7 928 168	(5 699 475)
Long Service Awards	515 336	(1 065 231)
	8 443 504	**(6 764 706)**

42. Inventories losses/write-downs

Land	(3 419 658)	-

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

43. Cash generated from operations

Surplus	22 454 853	182 843 381
Adjustments for:		
Depreciation and amortisation	136 057 880	126 133 477
Impairment of non-cash generating assets	1 373 483	1 503 427
Inventory adjustment	4 069 881	422 633
Gains/(losses): Actuarial valuation	(8 443 505)	6 726 046
Expected employee benefit vesting	(5 561 495)	(5 467 706)
Finance costs - Finance leases	96 337	77 890
Interest Cost: Actuarial valuation	11 201 000	9 746 000
Current Service Costs: Actuarial valuation	5 113 000	4 545 000
Interest Cost: Provision for rehabilitation	3 158 427	2 401 179
Debt impairment	79 464 580	28 113 029
Increase/(decrease) in provision for employee costs	2 309 000	4 797 553
Increase/(decrease) in provision for landfill site	(3 946 261)	2 904 089
Changes in working capital:		
Inventories	(1 108 721)	(2 196 650)
Sundry Debtors	28 191 997	(27 540 835)
Receivables from non-exchange transactions	(551 740)	(975 375)
Consumer Debtors -Exchange transactions	(10 038 895)	(31 771 183)
Consumer Debtors -Non- Exchange transactions	10 224 474	(21 187 505)
Payables from exchange transactions	(39 886 910)	12 747 525
VAT	2 837 520	(8 932 533)
Employee benefits	2 309 000	15 588 000
Unspent conditional grants and receipts	-	(10 487 434)
Consumer deposits	(70 773)	(537 931)
Deferred Income	26 602	445
	239 279 734	**289 452 522**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

44. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	151 465 784	190 373 056
Total capital commitments		
Already contracted for but not provided for	151 465 784	190 373 056

Authorised operational expenditure

Already contracted for but not provided for		
• Operational costs	79 704 863	64 701 404
Total operational commitments		
Already contracted for but not provided for	79 704 863	64 701 404

Total commitments

Total commitments		
Authorised capital expenditure	151 465 784	190 373 056
Authorised operational expenditure	79 704 863	64 701 404
	231 170 647	**255 074 460**

This committed expenditure relates to plant and equipment and other operational costs. These commitments will be financed by available retained surpluses, internally generated funds and government grants. Commitment values are disclosed VAT inclusive.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

45. Contingencies

Litigations are in process against the municipality relating to a dispute with defendants in the following cases, should the judgement or ruling be in favour of the defendants the municipality will have to pay the estimated damages. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 129.3 million (2021 : R116.9 million).The merits must still be determined and could result in a lesser or greater amount.

Contingent Liabilities

	2022	2021
SGL Engineers CC Consulting: Outstanding payment for consultancy rendered during the construction of Mutsha Road [Case Number: 721/12 MAG. LTT]	136 463	136 463
Getrusburg CPA: Claim for compensation for extracting water without the consent of the land owner [Case Number: 55339/2011]	28 484 000	28 484 000
Matshavha Thapelo Jeffrey: Claim for damages due to pothole on a provincial road in Levubu area. [Case Number: 226/17]	1 550 000	1 550 000
Department of Water Affairs and Sanitation: The Municipality extract water from the Middle Letaba Waterval Bulk Supply Main (Majosi) without the consent of the Department as the water authority [Case Number: 3940/16]	16 977 558	16 977 558
Antoinette Albertus Geerdts: Claim for unlawful arrest and defamation of character. [Case Number: 71357/12]	680 000	680 000
Tshiamiso Trading: Claim for unpaid standing time invoices for Tender No: 67 of 2016. [Case Number: 2303/18]	2 000 000	2 000 000
Tshiamiso Trading: Claim for unpaid standing time invoices for Tender No:61 of 2016. [Case Number: 2628/18]	5 425 414	5 425 414
Mleya Irene: Claim against Council, injury caused by pothole [Case number: 451/18]	215 000	215 000
Musa Mkhabele: Claim for damages[Case Number: 1082/18]	60 000	60 000
Tshihatu Tryphinah: Claim for damages[Case Number: 01/2019]	120 000	120 000
Mphephu Royal Council: Land dispute[Case Number: 635/2016]	600 000	600 000
Nengwekhulu Tshiwandalani Inc: Payment of outstanding amount. [Case Number: 1368/2018]	-	600 000
Tshifhiwa Jonathan Tambani: Plaintif's child drowned in sewage drain[Case Number: 1305/2019]	1 950 000	1 950 000
Khulani Timber Industries: Plaintif claiming settlement of amounts for service rendered. [Case Number: 970/2019]	144 291	400 000
MA Africa Party: Applicant filed an urgent application for council to be dissolved since it can not perform its service delivery functions. [Case Number: 742/2020]	-	1 200 000
Zoutnet CC And Anton Jacobus Van Zyl: Applicants seeking and order to compel the municipality to disclose information regarding the award of tender [Case Number: 152/2020]	600 000	600 000
Makhado Nancy and Estate Late Moses Makhado: Applicants seeking an order to reprimand the municipality with further construction at Tshakhuma market due to the alleged damage casued on the Applicant’s billboard: [Case Number: CCT145/2020]	1 000 000	1 000 000
Agnes Munzhedzi Shandukani & others: Plaintiff is suing for losses suffered as a result of drowning of three minor children. [Case Number:559/2020]	37 535 000	40 000 000
Pandelani Isaac Mutshinyali: Plaintiff is claiming for money which he believes was due and payable to him as per settlement agreement. [Case Number:466/2020]	300 000	300 000
Voltex Pvt Ltd: Plaintiff is suing the Municipality for goods sold and delivered to the defendant. [Case Number: 4548/2020]	565 289	800 000
Avax SA 222 CC: Claims against the Municipality. [Case Number: 1064/20]	1 227 806	1 227 806
Murn Trading Enterprise CC: Claim for cancellation of tender by the Municipality. [Case Number:229/2021]	400 000	400 000
Murn Trading Enterprise CC: Claim for cancellation of tender by the Municipality. [Case Number:1432/2020]	552 000	-
Mpho Aaron Mulaudzi: Claim against the municipality for the death of employee who was electrocuted in the Levubu area under Makhado Local Municipality.[Case Number: 1661/2020]	480 000	700 000

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
45. Contingencies (continued)		
Landmark Pvt Ltd: Plaintiff is claiming for the amount which they paid their employees due to an increament imposed by PSIRA. [Case Number: 1506/21]	2 450 424	2 450 424
Lindelani Trading & Projects: Contract claims against council. [Case Number:1370/2020]	-	-
Unlawful occupiers of portion 04 Makhado Farm [Case Number: 4549/2020]	1 200 000	1 200 000
Tshikhuthula Peter Radebe: Court interdict to compel the municipality to give out information in terms of PAIA. [Case Number: 1596/2020]	500 000	500 000
Land invasion at Vleifontein township	2 500 000	2 500 000
Contour Technology (Pty) Ltd [The amount is impracticable to determine at the moment.]	-	-
Mpho Emmanuel Mulaudzi: Claim against council [Case Number: 17/01/2022]	11 985 300	-
Northbulk Petroleum Whosalers: Claims against the Municipality for supply of fuel [Case Number: 147/2022]	5 000 000	-
Makongoza Adziambei Patrick: Land invasion at Dzanani, Makongoza [Case Number: 065/2022]	500 000	-
Sharp Move Trading 150 (PTY) LTD: Notice of Motion to compel municipality not to cut off applicant's electricity. [Case Number: 7917/2021]	400 000	-
Rammese Thomas: Claim sounding in money and matter is pending in court. [Case Number: 838/2021]	3 000 000	-
Mudau Dzivhuluwani Jonathan: Application to compel municipality to transfer property to the applicant's name. [Case Number: 4278/2019]	300 000	-
MEPF: Application to remove members from contributing to the fund.	500 000	-
	129 338 545	**112 076 665**

Contingent assets

Litigations is in process and the municipality is a plaintiff in the following cases, should the judgement or ruling be in favour of the municipality, the municipality will be entitled to receive the estimated value of the damages as indicated below. The provisional estimate based on management assessment is R 70.1 million (2021 : R74.6 million).The merits must still be determined and could result in a lesser or greater amount.

VBS Mutual Bank [Recovery of investment in VBS Bank]	58 264 578	62 734 416
Tshiamiso Trading: Counter claim against the defendant due to undue enrichment. [Case Number: 3617/18]	7 000 000	7 000 000
Tshiamiso Trading: Counter claim against the defendant due to undue enrichment. [Case Number: 3617/18]	4 825 414	4 825 414
	70 089 992	**74 559 830**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

46. Related parties

Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee members, Municipal Manager and Directors reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Relationships	
Accounting Officer	Vacant
Chief Financial Officer	K.M Nemaname
Director Community services	Vacant
Director Corporate Services	Vacant
Director Technical Services	Vacant
Director Planning & Development	Vacant
Councillors	Refer to note 33

No member of the Municipality's management has significant influence over the financial or operating policies of the Municipality. No business transactions took place between the Municipality and key management personnel.

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

Related party transactions

Section 57 Managers and Councillors:

Refer to Note 32 for detail of remuneration paid to Section 57 Managers and to Note 33 for remuneration paid to Councillors.

Loans granted to related parties:

In terms of the MFMA the Municipality may not grant loans to its councillors, management, staff and public with effect from 01 March 2004.

47. Prior-year adjustments

The comparatives have been restated to account for prior period errors. Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amounts involved:

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

47. Prior-year adjustments (continued)

Statement of financial position

2020

	Note	As previously reported	Correction of error	Restated
Current Assets				
Inventories	7	125 401 723	(69 800)	125 331 923
Sundry debtors	8	21 551 671	373 875	21 925 546
Receivables from non-exchange transactions	9	302 800	155 025	457 825
Consumer debtors- Exchange transactions	10	49 523 617	-	49 523 617
Consumer debtors- Non- Exchange transactions	10	25 615 019	-	25 615 019
Cash and cash equivalents	11	143 651 586	-	143 651 586
Non-current Assets				
Investment property	2	15 965 284	-	15 965 284
Property, plant & equipment	3	1 578 483 665	(1 742 726)	1 576 740 939
Intangible assets	4	2 117 659	-	2 117 659
Heritage assets	5	2 160 329	-	2 160 329
Current Liabilities				
Employee benefit obligation	6	(4 922 000)	-	(4 922 000)
Finance lease obligation	12	(183 118)	-	(183 118)
Unspent conditional grants	13	(10 487 434)	-	(10 487 434)
Rehabilitation provision	15	(2 000 000)	-	(2 000 000)
Deferred income	16	(147 200)	-	(147 200)
Payables from exchange transactions	17	(181 948 221)	(239 379)	(182 187 600)
VAT payable	18	(29 079 617)	5 311 529	(23 768 088)
Consumer deposits	19	(16 566 522)	-	(16 566 522)
Non-current liabilities				
Employee benefit obligation	6	(94 594 000)	-	(94 594 000)
Rehabilitation provision	15	(38 237 777)	-	(38 237 777)
Accumulated surplus		(1 586 607 464)	(3 788 524)	(1 590 395 988)
		-	-	-

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

47. Prior-year adjustments (continued)

2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Current Assets					
Inventories	7	127 528 573	-	-	127 528 573
Sundry debtors	8	49 061 548	404 833	-	49 466 381
Receivables from non-exchange transactions	9	759 650	517 025	-	1 276 675
Consumer debtors- Exchange transactions	10	118 939 273	(37 644 470)	-	81 294 803
Consumer debtors- Non- Exchange transactions	10	46 802 524	-	-	46 802 524
Cash and cash equivalents	11	205 786 440	-	-	205 786 440
Non-current Assets					
Investment property	2	15 583 573	-	-	15 583 573
Property, plant & equipment	3	1 601 839 062	(2 278 370)	-	1 599 560 692
Intangible assets	4	1 866 388	24 105	-	1 890 493
Heritage assets	5	2 160 329	-	-	2 160 329
Current Liabilities					
Employee benefit obligation	6	(6 386 000)	-	-	(6 386 000)
Finance lease obligation	12	(686 149)	-	-	(686 149)
Performance bonus obligation	14	-	-	(523 318)	(523 318)
Rehabilitation provision	15	(3 000 000)	-	-	(3 000 000)
Deferred income	16	(147 645)	-	-	(147 645)
Payables from exchange transactions	17	(169 999 925)	3 090 234	523 318	(166 386 373)
VAT payable	18	(10 056 949)	(4 778 606)	-	(14 835 555)
Consumer deposits	19	(16 028 591)	-	-	(16 028 591)
Non-current liabilities					
Employee benefit obligation	6	(108 718 000)	-	-	(108 718 000)
Finance lease obligation	12	(1 057 797)	-	-	(1 057 797)
Rehabilitation provision	15	(40 141 866)	-	-	(40 141 866)
Accumulated surplus		(1 814 104 438)	40 665 249	-	(1 773 439 189)
		-	-	-	-

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

47. Prior-year adjustments (continued)

Statement of financial performance

2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue					
Revenue from exchange transactions					
Service charges	21	448 765 782	(69 226 846)	-	379 538 936
Rental of facilities and equipment	22	256 904	-	-	256 904
Agency services	24	4 084 953	-	-	4 084 953
Licences and permits	25	4 465 794	-	-	4 465 794
Interest earned -outstanding receivables	26	8 642 650	-	-	8 642 650
Other income	27	72 829 481	-	(2 699 475)	70 130 006
Interest received from financial institutions	28	5 137 404	-	-	5 137 404
Revenue from non-exchange transactions					
Taxation revenue					
Interest earned -outstanding receivables	26	16 208 507	-	-	16 208 507
Property rates	29	87 658 434	-	-	87 658 434
Transfer revenue					
Fines, penalties and forfeits	23	5 256 032	(92 468)	-	5 163 564
Government grants & subsidies	30	585 528 084	-	-	585 528 084
Expenditure					
Employee related costs	32	(287 366 574)	179 437	535 317	(286 651 820)
Remuneration of councillors	33	(26 157 677)	-	-	(26 157 677)
Depreciation and amortisation	34	(126 159 761)	26 318	-	(126 133 443)
Impairment of non cash generating assets	35	(1 503 462)	-	-	(1 503 462)
Finance costs	36	(12 225 949)	-	-	(12 225 949)
Debt Impairment	37	(54 958 048)	26 845 019	-	(28 113 029)
Bulk purchases	38	(275 609 956)	-	-	(275 609 956)
Contracted services	39	(168 029 272)	(325 610)	9 024 541	(159 330 341)
General Expenses	40	(64 414 862)	3 029 067	(95 677)	(61 481 472)
Actuarial losses		-	-	(6 764 706)	(6 764 706)
Surplus for the year		**222 408 464**	**(39 565 083)**	**-**	**182 843 381**

Errors

The following prior period errors adjustments occurred:

Error 1

Workmen's Compensation

Workmen's compensation provision was over -provided by R2 597 584 in the previous financial year. The municipality is up to date with all payments to Department of Labour. The error was subsequently corrected in the current year and the effect of the correction of the error is as follows:

Financial Statement Area	
Decrease in Trade & other payables [SFP]	2 597 584
Decrease in General Expenses - Workmen's Compensation[SCI]	(2 597 584)
	-

Notes to the Annual Financial Statements

47. Prior-year adjustments (continued)

Error 2

Trade & other payables

In the previous financial year ended 30 June 2021, Trade & other payables was overstated by an amount of R399.00 relating to petty cash refund. The error was subsequently corrected in the current financial year.

In the previous financial year ended 30 June 2021, Trade & other payables were overstated by an amount of R179 436.60 relating to Medical aid accrual. The accrued amount was duplicated. The error was subsiquently discovered and corrected in the current year.

Furthermore, in the previous financial year ended 30 June 2021, Trade & other payables were understated by an amount of R3 431 relating to purchasing of Toyota Dyna battery from Cesor Pvt Ltd. The amount was supposed to be accrued at financial year ended 30 June 2021. The error was subsiquently discovered and corrected in the current year.

The effect of the correction of the errors is as follows:

Financial Statement Area	
Decrease in Trade & other payables [SFP]	399
Decrease in General Expenses -[SCI]	(399)
Decrease in Trade & other payables [SFP]	179 437
Decrease in Employee costs -[SCI]	(179 437)
Increase in Trade & other payables [SFP]	(3 431)
Increase in Contracted services [SCI]	3 431
	-

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

47. Prior-year adjustments (continued)

Error 3

Property, Plant & Equipment

In the previous financial year ended 30 June 2021, Work in progress was overstated by an amount of R2 031 860 relating to expenditure which was supposed to be expensed in the prior year. The error was discovered in the current year and subsequently corrected.

In the previous financial year ended 30 June 2021, Infrastructure - Roads Accumulated depreciation and impairments was overstated by R4 393 due to incorrect takeon balances in the asset register.The error was discovered in the current year and subsequently corrected.

Furthermore, in the previous financial year ended 30 June 2021; Machinery & Equipment cost was understated by R26 250. The amount was expensed to Materials and supplies. The error was discovered in the current year and subsequently corrected.

In the previous financial year ended 30 June 2021, Trade & other payables was overstated by an amount of R316 245 relating to expenditure incurred for rehabilitating dzanani streets. BCE Pvt Ltd was involved in the rehabilitation of the streets. The transaction of R316 245 was processed twice in the general ledger. The error was discovered in the current year and subsequently corrected.

In the previous financial year ended 30 June 2021, Accumulated depreciation for Computer Equipment, Furniture Equipment, Machinery and Transport assets was misstated by R1 804 as well as Accumulated amortisation for Intangible assets of R22 301 due to incorrect takeon balances in the asset register.The error was discovered in the current year and subsequently corrected.

The effect of the correction of the errors is as follows:

Financial Statement Area	
Decrease in Property, Plant & Equipment- WIP [SFP]	(2 031 860)
Increase in Contracted Services [SCI]	2 031 860
Increase in Property, Plant & Equipment -Roads [SFP]	4 393
Decrease in depreciation & impairment [SCI]	(4 393)
Increase in Property, Plant & Equipment -Machinery Cost [SFP]	25 876
Increase in Machinery & Equipment depreciation [SCI]	374
Decrease in General Expenses - Materials & supplies [SCI]	(26 250)
Decrease in Property, Plant & Equipment -WIP[SFP]	(274 996)
Decrease in Trade & other payables [SFP]	316 245
Decrease in input VAT [SFP]	(41 249)
Increase in Intangible assets [SFP]	24 105
Decrease in Property, plant & equipment [SFP]	(1 804)
Decrease in Depreciation & amortisation expense [SCI]	(22 301)
	-

47. Prior-year adjustments (continued)

Error 4

Receivables

Sundry debtors:

Pre - paid insurance was understated in the previous financial year. The error was identified and corrected during the audit of the year ended 30 June 2022.

Traffic fines:

Traffic fines debtors was understated and traffic fines revenue was overstated in the previous financial years. The error was identified and corrected in the current financial year.

The effect of the correction of the errors is as follows:

Financial Statement Area	
Increase in Accounts receivable from non-exchange transaction [SFP]	360 500
Decrease in Fines , Penalties & Forfeits [SCI]	92 468
Increase in Accumulated surplus [SCE]	(452 968)
Increase in Sundry debtors [SFP]	404 833
Decrease in insurance expense [SCI]	(404 833)
	-

Additional disclosure in terms of Municipal Finance Management Act

Supply Chain Management Regulations

In the previous financial year, the municipality failed to disclose awards made to families of employees in the annual financial statements. The error was identified during the audit of the 202021 financial statements. The effect of the correction of the error is as follows: Refer to Note 54

Supplier	Directors as per CIPC	Shared business	Municipal Official	Municipal official position	Amount
Mont Consulting8 Engineers cc	T.E Muvhango	Phindulo Consulting	N.F Tshivhengwa	Municipal Manager	4 142 269
Mphuma Supply & Services	T.V Mabuli	MMR84 Trading Enterprise	S Ngobeni	Ward Committee Member	1 144 275
Gonyanie Trading & Technology (Pvt) Ltd	N.B Tseisi	Magic Automation	T Mamorobela	Councillor	978 000
Muponi Property Management	T Mpofu	Voxilor	T Mabogo	Service Worker	544 000
Mapondho Trading & Projects	M.J Baloyi	Mountains Bains	E Fungene	Adminstrative Officer	540 277
Linte	T.E Netshilindi	Vhembe District Women Helping Women Soya Beans & Ginger Grower	M Machethe	Councillor	43 471
PML Trading Enterprise	S Luthada	Faranani Women transport-Co-operative Ltd	M Machethe	Councillor	4 850
					7 397 142

47. Prior-year adjustments (continued)

Contingent Assets and Liabilities

Opening balance	116 902 079
Adjustments made: Tshiamiso Trading: Counter claim for unpaid standing time invoices. [Case Number: 4608/18]	(4 825 414)
Restated opening balance	**112 076 665**

Adjustment made to opening balance of contingent liabilities is due to inclusion of Tshiamiso Trading counter litigation by the municipality erroneously included as part of contingent liabilities in the previous financial year. The error was identified and corrected in the current year. Refer to Note 45

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

47. Prior-year adjustments (continued)

Error 5

Revenue from exchange transactions:

In the previous financial year ended 30 June 2021, management estimate on consumer debtors (electricty) was overstated by R69 226 846, due to incorrect calculations. This was as a result of inclusion of inactive accounts, prepaid electricity meters as well as accounts with no billing, in calculating consumer estimates for the year ending 30 June 2021. The error was identified during the audit and subsequently corrected. The effect of the correction of the error is as follows:

Decrease in Revenue from exchange transactions [SCI]	69 226 846
Decrease in Debt impairment [SCI]	(26 845 019)
Increase in Value Added Tax [SFP]	(4 737 356)
Decrease in Consumer Debtors Exchange transactions [SFP]	(37 644 471)
Restated opening balance	-

47. Prior-year adjustments (continued)

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1

Post-Employment Medical Aid Benefits paid

An amount of R2 699 474.92 paid to pensioners was incorrectly classified as other income. The error was identified in the current year and eventually corrected. The following re-classification was done in the Annual Financial Statements:

Financial Statements Area	
Decrease in Other Income [SCI]	2 699 475
Decrease in Employee costs [SCI]	(2 699 475)
	-

Reclassification 2

Actuarial gains & losses

Actuarial losses amounting to R6 764 706 relating to Post -Employment Medical Aid and Long Service Awards was incorrectly disclosed under Employee costs rather than reported as a separate line item on the face of the Income Statement. The error was identified in the current year and eventually corrected. The following re-classification was done in the Annual Financial Statements:

Financial Statements Area	
Increase in Actuarial losses [SCI]	6 764 706
Decrease in Employee costs [SCI]	(6 764 706)
	-

Reclassification 3

Employee related costs

Employee related costs amounting to R9 024 540.75 for temporary workers was incorrectly disclosed under Contracted services for the year ended 30 June 2021. The error was identified during the audit for the year ended 30 June 2022 and subsequently corrected. The following re- classification was done in the Annual Financial Statements:

Financial Statements Area	
Increase in Basic salary [SCI]	8 707 130
Increase in UIF [SCI]	221 734
Increase in SDL [SCI]	95 677
Decrease in Contracted services [SCI]	(9 024 541)
	-

Reclassification 4

Performance bonus provision

Performance bonuses amounting to R523 318 for section 56/57 Managers was incorrectly disclosed under Trade payables from exchange transactions for the year ended 30 June 2021. The error was identified during the audit for the year ended 30 June 2022, and subsequently corrected. The following re-classification was done in the Annual Financial Statements:

Financial Statements Area	
Increase in Performance bonus provision [SFP]	(523 318)
Decrease in Trade payables from exchange transactions [SFP]	523 318

47. Prior-year adjustments (continued)

	-

48. Risk management

Financial risk management

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

Council has the overall responsibility for the determination of the municipalitys’ risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Accounting Officer.

The Accounting Officer receives regular reports from the Directors through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The municipality's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee. The overall objective of Council is to set policies that seek to reduce risks as far as possible without unduly affecting the Municipalitys’ competitiveness and flexibility.

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
Finance lease liability	(735 751)	(322 046)	-
Payables from exchange transactions	(223 637 334)	-	-
Performance bonus obligation	(125 789)	(125 789)	-
Consumer deposits	(15 957 818)	-	-
VAT payable	(17 673 075)	-	-
Rehabilitation provision	(10 000 000)	-	(29 195 605)
Deferred Income	(174 247)	-	-

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Finance lease liability	(686 149)	(1 057 797)	-
Payables from exchange transactions	(166 386 373)	-	-
Performance bonus obligation	(523 318)	-	-
Consumer deposits	(16 028 591)	-	-
VAT payable	(14 835 555)	-	-
Rehabilitation provision	(3 000 000)	-	(40 141 866)
Deferred Income	(147 645)	-	-

48. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. This risk arises due to changes in the financial circumstances of the counter party and other factors subsequent to the municipality obtaining the financial asset.

Sundry debtors, receivables from non-exchange transactions, consumer debtors and consumer deposits comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

There have been no material change in credit risk exposure by the municipality from the previous year. Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2022	2021
Sundry Debtors	21 274 384	49 466 381
Receivables from non-exchange transactions	1 828 415	1 276 675
Consumer debtors -exchange transactions	91 333 695	81 294 800
Consumer debtors -Non-exchange transactions	36 578 050	46 802 524
Cash and cash equivalents	201 323 734	205 781 208

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.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality charge the interest rate of 15% on the outstanding customer accounts. For quantitative information on cash flow interest rate risk refer to liquidity risk above.

49. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus of 1 795 894 042 and that the municipality's total assets exceed its liabilities by 1 795 894 042.

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..

Figures in Rand	2022	2021

50. Events after the reporting date

The following events occurred between the end of the reporting period 30 June 2022 and the date that the financial statements are authorised for issue:

Disposal of fixed assets

During the current financial year, the municipality initiated the process of de-recognizing items of property, plant & equipment where future economic benefits are no longer expected to be derived from their continued use. The fixed assets to be derecogned were identified for de-recognition during the verification process. Approval for disposal was obtained for the municipality council on 18 August 2022. The municipality is still in control of the below listed assets as at financial year- end despite the fact that these assets are no longer usable in the day to day operations to achieve service delivery objectives.

The following categories of property, plant & equipment with the carrying values shown are still in the possession of the municipality as at year - end:

	2022	2021
Machinery and equipment	194	109 926
Tranport assets	336 582	9 449
Computer equipment	122 012	264 642
Furniture and equipments	56 438	-
Buildings	229 388	99 018
Community assets	-	1 950
Infrastructure assets	28 059 577	952 193
	28 804 191	1 437 178

Appointment of the Accounting Officer

Mr K.M Nemaname was appointed as the Municipal Manager of Makhado Local Municipality with effect from 01 September 2022. His appointment was approved by the Makhado Local Municipal Council in its 170th Special Council Meeting held on the 30th of August 2022.

Appointment of the Municipal Directors

In its 170th Special Council Meeting held on the 30th of August 2022, the council recommended the appointment of the following directors with effect from 01 September 2022:

- Director Community Services - Mr H.J Lukheli.
- Director Development Planning - Mr A Mabunda.
- Director Technical Services - Ms D.G Siboiboi.
- Director Corporate Services - Mr S.G Maguga.

51. Unauthorised expenditure

	2022	2021
Opening balance as previously reported	-	78 119 209
Opening balance as restated	**-**	**78 119 209**
Less: Approved/condoned/authorised by council	-	(78 119 209)
Closing balance	**-**	**-**

52. Fruitless and wasteful expenditure

	2022	2021
Opening balance as previously reported	199 918	199 038
Opening balance as restated	**199 918**	**199 038**
Add: Expenditure identified - current	8 774	880
Less: Amounts recoverable - current	(880)	-
Closing balance	**207 812**	**199 918**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

53. Irregular expenditure

Opening balance as previously reported	79 528	705 198
Opening balance as restated	**79 528**	**705 198**
Less: Amount written off - current	(79 528)	-
Less: Amount written off - prior period	-	(625 670)
Closing balance	**-**	**79 528**

54. Additional disclosure in terms of Municipal Finance Management Act

Subscription fees

Current year subscription / fee	3 309 702	3 071 770
Amount paid - current year	(3 309 702)	(3 071 770)
	-	-

Distribution Losses

Kilowats Hours		
Units Purchased	209 981 467	225 129 763
Units Sold	(184 874 084)	(201 007 016)
Distribution Loss (Units)	**25 107 383**	**24 122 747**
Rand Values		
Electricity	36 624 559	29 531 721
	36 624 559	**29 531 721**

Distribution losses for electricity relates to unaccounted for electricity. This mainly arises from, inter alia, illegal connections to the electricity network and bridging of meters by consumers. During the year 25 107 383 (2021: 24 122 747) kilowatts per hour were lost. This represented 11% (2021: 11%) of the electricity purchases for the year, which has been included in bulk purchases.An average price per kilowatt hour of R1.46 (2021: R1.23) was used.

Audit fees

Current year subscription / fee	6 160 198	6 917 496
Amount paid - current year	(6 160 198)	(6 917 496)
	-	-

PAYE and UIF

Current year amount - Employer	1 204 967	1 089 189
Current year amount - Employees	48 150 907	47 741 234
Amount paid - current year	(49 355 874)	(48 830 423)
	-	-

Pension and Medical Aid Deductions

Current year amount - Employer	49 326 109	49 709 086
Current year amount - Employees	26 059 803	26 110 295
Amount paid - current year	(75 385 912)	(75 819 381)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

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

VAT

VAT payable	17 681 850	14 835 555

VAT output payables and VAT input receivables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

54. 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	Outstanding more than 90 days	Total
Sebola DJ	423	7 106	7 529
Phuluwa MI	8 956	153 733	162 689
Halgreen CD	-	3 975	3 975
Jones NB	57	37	94
Mudunungu NA	255	2 148	2 403
Baloyi RS	2 678	52 036	54 714
Tshidavhu IA	1 253	-	1 253
	13 622	**219 035**	**232 657**

30 June 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
Babadu T.M	387	7 142	7 529
Babadu T.M	1 214	804	2 018
Jones NB	88	1 929	2 017
Matumba A	451	9 651	10 102
Matumba A	613	1 321	1 934
	2 753	**20 847**	**23 600**

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

30 June 2022	Highest outstanding amount	Aging (in days)
Sebola DJ	7 106	90
Phuluwa MI	153 733	90
Halgreen CD	3 975	90
Jones NB	37	90
Mudunungu NA	2 148	90
Baloyi RS	52 036	90
	219 035	**540**

30 June 2021	Highest outstanding amount	Aging (in days)
Babadu T.M	7 142	90
Babadu T.M	804	90
Jones NB	1 929	90
Matumba A	9 651	90
Matumba A	1 321	90
	20 847	**450**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

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

Supply chain management regulations

Disclosure of awards made to employees and/or families of employees in terms of the Municipal Supply Chain Management Regulations.

Supplier	Directors as per CIPC	Shared business	Municipal Official	Municipal official position	2022	2021
Mont Consulting Engineers cc	T.E Muvhango	Phindulo Consulting	N.F Tshivhengwa	Municipal Manager	-	4 142 269
Mphuma Supply & Services	T.V Mabuli	MMR Trading Enterprise	S Ngobeni	Ward Committee Member	1 002 869	1 144 275
Gonyanie Trading & Technology (Pvt) Ltd	N.B Tseisi	Magic Automation	T Mamorobela	Councillor	978 000	978 000
Muponi Property Management	T Mpofu	Voxilor	T Mabogo	Service Worker	1 436 350	544 000
Mapondho Trading & Projects	M.J Baloyi	Mountains Bains	E Fungene	Adminstrative Officer	1 264 955	540 277
Linte	T.E Netshilindi	Vhembe District Women Helping Women Soya Beans & Ginger Grower	M Machethe	Councillor	22 530	43 471
PML Trading Enterprise	S Luthada	Faranani Women transport - Co-operative Ltd	M Machethe	Councillor	142 800	4 850
Randis Projects (Pty) Ltd			Rofhiwa Muraga	T16 - Team Leader/ Driver	6 000	-
					4 853 504	**7 397 142**

55. Actual operating expenditure versus budgeted operating expenditure

Refer to **Appendix C** for the comparison of actual operating expenditure versus budgeted expenditure.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

56. Deviation from supply chain management regulations

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

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

The following is the quotation and tender deviation for the year as approved by the Accounting Officer. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Quotation deviations for the 2021/22 financial year in terms of the Supply Chain Management Regulations amounted to R1 651 807 [2021: R3 225 347].

Period		
Quarter 1	459 482	1 539 098
Quarter 2	141 353	611 682
Quarter 3	550 175	541 485
Quarter 4	500 797	533 082
	1 651 807	**3 225 347**

57. Key Assumptions and Estimates Used

The key assumptions and estimates used are as follows: (1) Long Service Award: A number of valuation variables were used. Should these valuation assumptions be different from the actual variables, the provision for Long Service Award may be different from the one disclosed. (2) Post Retirement Medical Aid Benefit Obligation: By its nature, estimating the Post Retirement Medical Aid Benefit requires use of estimates and significant judgement. This was the case in the computation of the relevant obligation.

58. Segment information

General information

Identification of segments

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective. The componets below have been identified as individually significant segments for the purposes of reporting according to these service objectives.

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

58. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Energy Sources	Electricity and distribution
Finance & administration (Including Executive & council)	Administration and accounting services
Waste management	Solid waste management (Refuse)
Road Transport	Road infrastructure and maintanance
Planning and development	Town planning and development
Waste water	Sanitation (Sewarage)
Other	Community & social services; public safety; health; housing and sport & recreation

For the segment surplus or deficit, refer to **Appendix D** to the Annual Financial Statements as at 30 June 2022.

59. Accounting by principals and agents

Makhado Local Municipality is a party to a principal-agent arrangement.

Details of the arrangment are as follows:

Makhado Local Municipality as agent and Limpopo Department of Transport as a principal.

The agreement requires the municipality to perform all the registering and testing function on behalf of the department which consist of licensing, driving licence test centre functions and vehicle test station functions . Makhado Local Municipality is an agent to the agreement as they are only entitled to commission amount and deposits all the net amount received for services rendered to the provincial department of transport.

The significant terms and conditions of the arrangement is that the municipality is entitled to 20% commission and Limpopo Department of Transport is entitled to 80% of the licence and permits fees. There are no significant risks associated with the transaction and no changes occurred during the reporting period.

Revenue recognised:

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R4 107 933 (2021: R4 084 953) as disclosed in note 24

There were no expenses paid or accrued on behalf of Limpopo Department of Transport.

Amounts paid to Limpopo Department of Transport:

In the financial period ended 30 June 2022, the municipality paid R18 823 404 (2021:R18 185 908) over to the Department of Transport.

Analysis of property, plant and equipment as at 30 June 2022

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance	Correction of prior year error	Transfer to PPE	Additions	Transfers to Expenditure	Disposals	Closing Balance	Opening balance	Correction of prior year error	Additions	Disposals	Impairment	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings														
Developed land	210 582 951	-	-	45 000	-	-	**210 627 951**	-	-	-	-	-	**-**	210 627 951
Undeveloped land	23 256 682	-	-	-	-	-	**23 256 682**	-	-	-	-	-	**-**	23 256 682
Dwellings	3 487 346	-	-	-	-	-	**3 487 346**	(532 424)	-	(144 894)	-	-	**(677 318)**	2 810 028
Landfill site	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Non residential structures	41 682 534	-	-	8 294 315	-	-	**49 976 849**	(17 874 464)	-	(1 631 934)	-	(19 348)	**(19 525 746)**	30 451 103
	279 009 513	**-**	**-**	**8 339 315**	**-**	**-**	**287 348 828**	**(18 406 888)**	**-**	**(1 776 828)**	**-**	**(19 348)**	**(20 203 064)**	**267 145 764**
Infrastructure														
Electricity	1 061 665 466	-	-	45 168 918	-	-	**1 106 834 384**	(644 999 098)	-	(45 467 486)	-	(1 166)	**(690 467 750)**	416 366 634
Roads	1 221 022 592	-	-	54 215 297	-	-	**1 275 237 889**	(583 025 350)	-	(62 874 469)	-	(1 341 553)	**(647 241 372)**	627 996 517
Solid waste disposal	27 910 882	-	-	626 900	-	-	**28 537 782**	(9 991 695)	-	(1 243 708)	-	-	**(11 235 403)**	17 302 379
Transmission & Reticulation	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Street lighting	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Dams & Reservoirs	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Water purification	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	2 310 598 940	**-**	**-**	**100 011 115**	**-**	**-**	**2 410 610 055**	**(1 238 016 143)**	**-**	**(109 585 663)**	**-**	**(1 342 719)**	**(1 348 944 525)**	**1 061 665 530**
Other														
Machinery and equipment	48 408 593	-	-	12 806 547	-	-	**61 215 140**	(25 059 128)	-	(5 868 363)	-	-	**(30 927 491)**	30 287 649
Furniture and office equipment	15 154 754	-	-	82 046 451	-	-	**97 201 205**	(10 773 174)	-	(1 707 670)	-	-	**(12 480 844)**	84 720 361
Computer equipment	11 560 863	-	-	3 161 696	-	-	**14 722 559**	(5 588 173)	-	(1 797 608)	-	-	**(7 385 781)**	7 336 778
Transport assets	76 689 551	-	-	1 478 265	-	-	**78 167 816**	(25 223 688)	-	(10 251 218)	-	-	**(35 474 906)**	42 692 910
Library books	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	151 813 761	**-**	**-**	**99 492 959**	**-**	**-**	**251 306 720**	**(66 644 163)**	**-**	**(19 624 859)**	**-**	**-**	**(86 269 022)**	**165 037 698**

Analysis of property, plant and equipment as at 30 June 2022

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Correction of prior year error Rand	Transfer to PPE Rand	Additions Rand	Transfers to Expenditure Rand	Disposals Rand	Closing Balance Rand	Opening balance Rand	Correction of prior year error Rand	Additions Rand	Disposals Rand	Impairment Rand	Closing Balance Rand	Carrying value Rand
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work In Progress														
Land and Buildings	11 684 603	-	(4 134 314)	19 986 885	(739 126)	-	**26 798 048**	-	-	-	-	-	**-**	26 798 048
Infrastructure	64 588 194	-	(100 011 115)	178 064 903	(1 642 025)	-	**140 999 957**	-	-	-	-	-	**-**	140 999 957
Community	43 455 221	-	(50 447 619)	27 499 785	-	-	**20 507 387**	-	-	-	-	-	**-**	20 507 387
	119 728 018	**-**	**(154 593 048)**	**225 551 573**	**(2 381 151)**	**-**	**188 305 392**	**-**	**-**	**-**	**-**	**-**	**-**	**188 305 392**
Community assets														
Cemetries	9 111 583	-	-	141 000	-	-	**9 252 583**	(4 412 499)	-	(385 100)	-	-	**(4 797 599)**	4 454 984
Cemetries perimeter protection	6 481 833	-	-	-	-	-	**6 481 833**	(941 508)	-	(235 898)	-	-	**(1 177 406)**	5 304 427
Community center	57 410 900	-	-	23 403 002	-	-	**80 813 902**	(17 142 199)	-	(2 195 370)	-	(3 950)	**(19 341 519)**	61 472 383
Libraries	1 183 252	-	-	55 706	-	-	**1 238 958**	(749 170)	-	(41 468)	-	-	**(790 638)**	448 320
Sport and recreational facilities	15 197 083	-	-	26 847 911	-	-	**42 044 994**	(4 884 006)	-	(863 820)	-	(7 466)	**(5 755 292)**	36 289 702
Library books	2 470 476	-	-	-	-	-	**2 470 476**	(2 248 064)	-	(86 762)	-	-	**(2 247 923)**	222 553
Office Equipment - Leased	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Abattoirs	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Markets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Airports	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Security measures	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	91 855 127	**-**	**-**	**50 447 619**	**-**	**-**	**142 302 746**	**(30 377 446)**	**-**	**(3 808 418)**	**-**	**(11 416)**	**(34 110 377)**	**108 192 369**

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Analysis of property, plant and equipment as at 30 June 2022

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Correction of prior year error Rand	Transfer to PPE Rand	Additions Rand	Transfers to Expenditure Rand	Disposals Rand	Closing Balance Rand	Opening balance Rand	Correction of prior year error Rand	Additions Rand	Disposals Rand	Impairment Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	279 009 513	-	-	8 339 315	-	-	**287 348 828**	(18 406 888)	-	(1 776 828)	-	(19 348)	**(20 203 064)**	267 145 764
Infrastructure	2 310 598 940	-	-	100 011 115	-	-	**2 410 610 055**	(1 238 016 143)	-	(109 585 663)	-	(1 342 719)	**(1 348 944 525)**	1 061 665 530
Other	151 813 761	-	-	99 492 959	-	-	**251 306 720**	(66 644 163)	-	(19 624 859)	-	-	**(86 269 022)**	165 037 698
	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Work In Progress	119 728 018	-	(154 593 048)	225 551 573	(2 381 151)	-	**188 305 392**	-	-	-	-	-	**-**	188 305 392
Community assets	91 855 127	-	-	50 447 619	-	-	**142 302 746**	(30 377 446)	-	(3 808 418)	-	(11 416)	**(34 197 280)**	108 192 369
	2 953 005 359	**-**	**(154 593 048)**	**483 842 581**	**(2 381 151)**	**-**	**3 279 873 741**	**(1 353 444 640)**	**-**	**(134 795 768)**	**-**	**(1 373 483)**	**(1 489 613 891)**	**1 790 346 753**
Investment properties														
Developed land	4 297 251	-	-	-	-	-	**4 297 251**	-	-	-	-	-	**-**	4 297 251
Dwellings	6 372 122	-	-	-	-	-	**6 372 122**	(1 967 884)	-	(177 450)	-	-	**(2 145 334)**	4 226 788
Non residential structures	8 107 646	-	-	-	-	-	**8 107 646**	(1 225 561)	-	(204 260)	-	-	**(1 429 821)**	6 677 825
	18 777 019	**-**	**-**	**-**	**-**	**-**	**18 777 019**	**(3 193 445)**	**-**	**(381 710)**	**-**	**-**	**(3 575 155)**	**15 201 864**
Intangible assets														
Intangible Assets	7 544 139	-	-	1 155 589	-	-	**8 699 728**	(5 653 647)	-	(995 287)	-	-	**(6 648 934)**	2 050 794
	7 544 139	**-**	**-**	**1 155 589**	**-**	**-**	**8 699 728**	**(5 653 647)**	**-**	**(995 287)**	**-**	**-**	**(6 648 934)**	**2 050 794**
Heritage assets														
Heritage assets	2 160 328	-	-	-	-	-	**2 160 328**	-	-	-	-	-	**-**	2 160 328
	2 160 328	**-**	**-**	**-**	**-**	**-**	**2 160 328**	**-**	**-**	**-**	**-**	**-**	**-**	**2 160 328**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total														
Land and buildings	279 009 513	-	-	8 339 315	-	-	**287 348 828**	(18 406 888)	-	(1 776 828)	-	(19 348)	**(20 203 064)**	267 145 764
Infrastructure	2 310 598 940	-	-	100 011 115	-	-	**2 410 610 055**	(1 238 016 143)	-	(109 585 663)	-	(1 342 719)	**(1 348 944 525)**	1 061 665 530
Other	151 813 761	-	-	99 492 959	-	-	**251 306 720**	(66 644 163)	-	(19 624 859)	-	-	**(86 269 022)**	165 037 698
	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Work In Progress	119 728 018	-	(154 593 048)	225 551 573	(2 381 151)	-	**188 305 392**	-	-	-	-	-	**-**	188 305 392
Community assets	91 855 127	-	-	50 447 619	-	-	**142 302 746**	(30 377 446)	-	(3 808 418)	-	(11 416)	**(34 110 377)**	108 192 369
Investment properties	18 777 019	-	-	-	-	-	**18 777 019**	(3 193 445)	-	(381 710)	-	-	**(3 575 155)**	15 201 864
Intangible assets	7 544 139	-	-	1 155 589	-	-	**8 699 728**	(5 653 647)	-	(995 287)	-	-	**(6 648 934)**	2 050 794
Heritage assets	2 160 328	-	-	-	-	-	**2 160 328**	-	-	-	-	-	**-**	2 160 328
	2 981 486 845	**-**	**(154 593 048)**	**484 998 170**	**(2 381 151)**	**-**	**3 309 510 816**	**(1 362 291 732)**	**-**	**(136 172 765)**	**-**	**(1 373 483)**	**(1 499 751 077)**	**1 809 759 739**

Analysis of property, plant and equipment as at 30 June 2022

Cost/Revaluation							Accumulated depreciation						
Opening Balance	Correction of prior year error	Transfer to PPE	Additions	Transfers to Expenditure	Disposals	Closing Balance	Opening balance	Correction of prior year error	Additions	Disposals	Impairment	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

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Analysis of property, plant and equipment as at 30 June 2021

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Correction of errors Rand	Reclassification Rand	Additions Rand	Transfer Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Correction of errors Rand	Additions Rand	Disposals Rand	Impairment Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Developed land	210 582 951	-	-	-	-	-	**210 582 951**	-	-	-	-	-	**-**	210 582 951
Undeveloped land	23 256 682	-	-	-	-	-	**23 256 682**	-	-	-	-	-	**-**	23 256 682
Dwellings	3 280 346	-	-	207 000	-	-	**3 487 346**	(392 612)	-	(139 812)	-	-	**(532 424)**	2 954 922
Landfill site	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Non residential structures	37 745 884	-	-	3 936 650	-	-	**41 682 534**	(16 417 647)	-	(1 403 874)	-	(53 022)	**(17 874 464)**	23 808 070
	274 865 863	**-**	**-**	**4 143 650**	**-**	**-**	**279 009 513**	**(16 810 259)**	**-**	**(1 543 686)**	**-**	**(53 022)**	**(18 406 888)**	**260 602 625**
Infrastructure														
Electricity	1 028 211 121	-	-	33 454 345	-	-	**1 061 665 466**	(597 857 915)	-	(47 138 320)	-	(2 863)	**(644 999 098)**	416 666 368
Roads	1 185 519 152	-	-	35 503 440	-	-	**1 221 022 592**	(522 844 110)	-	(58 787 937)	-	(1 393 303)	**(583 025 350)**	637 997 242
Solid waste disposal	27 910 882	-	-	-	-	-	**27 910 882**	(9 247 997)	-	(743 698)	-	-	**(9 991 695)**	17 919 187
Transmission & Reticulation	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Street lighting	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Dams & Reservoirs	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Water purification	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	2 241 641 155	**-**	**-**	**68 957 785**	**-**	**-**	**2 310 598 940**	**(1 129 950 022)**	**-**	**(106 669 955)**	**-**	**(1 396 166)**	**(1 238 016 143)**	**1 072 582 797**
Other														
Machinery and equipment	46 157 173	26 250	-	2 225 170	-	-	**48 408 593**	(20 170 413)	(374)	(4 865 241)	-	(23 100)	**(25 059 128)**	23 349 465
Furniture and office equipment	13 001 340	-	-	2 153 414	-	-	**15 154 754**	(9 228 782)	-	(1 518 806)	-	(25 586)	**(10 773 174)**	4 381 580
Computer equipment	8 034 724	-	-	3 526 139	-	-	**11 560 863**	(4 338 763)	-	(1 246 374)	-	(3 036)	**(5 588 173)**	5 972 690
Transport assets	49 915 369	-	-	26 774 182	-	-	**76 689 551**	(19 191 108)	-	(6 032 380)	-	(200)	**(25 223 688)**	51 465 863
Library books	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	117 108 606	**26 250**	**-**	**34 678 905**	**-**	**-**	**151 813 761**	**(52 929 066)**	**(374)**	**(13 662 801)**	**-**	**(51 922)**	**(66 644 163)**	**85 169 598**

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Analysis of property, plant and equipment as at 30 June 2021

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Correction of errors Rand	Reclassification Rand	Additions Rand	Transfer Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Correction of errors Rand	Additions Rand	Disposals Rand	Impairment Rand	Closing Balance Rand	Carrying value Rand
Work In Progress														
Land & Buildings	2 058 179	-	(4 143 650)	14 549 074	(779 000)	-	**11 684 603**	-	-	-	-	-	**-**	11 684 603
Infrastructure	64 623 143	(597 175)	(68 957 784)	70 866 019	(1 346 009)	-	**64 588 194**	-	-	-	-	-	**-**	64 588 194
Community	24 046 491	-	(12 420 167)	35 112 469	(3 283 572)	-	**43 455 221**	-	-	-	-	-	**-**	43 455 221
	90 727 813	**(597 175)**	**(85 521 601)**	**120 527 562**	**(5 408 581)**	**-**	**119 728 018**	**-**	**-**	**-**	**-**	**-**	**-**	**119 728 018**
Investment property														
Undeveloped land	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Developed land	4 297 251	-	-	-	-	-	**4 297 251**	-	-	-	-	-	**-**	4 297 251
Dwellings	6 372 122	-	-	-	-	-	**6 372 122**	(1 790 433)	-	(177 451)	-	-	**(1 967 884)**	4 404 238
Non residential structures	8 107 646	-	-	-	-	-	**8 107 646**	(1 021 301)	-	(204 260)	-	-	**(1 225 561)**	6 882 085
	18 777 019	**-**	**-**	**-**	**-**	**-**	**18 777 019**	**(2 811 734)**	**-**	**(381 711)**	**-**	**-**	**(3 193 445)**	**15 583 574**
Community assets														
Cemetries	9 111 583	-	-	-	-	-	**9 111 583**	(4 031 710)	-	(380 789)	-	-	**(4 412 499)**	4 699 084
Cemetries perimeter protection	4 197 489	-	-	2 284 344	-	-	**6 481 833**	(774 831)	-	(166 677)	-	-	**(941 508)**	5 540 325
Civic theaters	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Dwellings	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Community center	47 275 077	-	-	10 135 823	-	-	**57 410 900**	(15 358 307)	-	(1 783 892)	-	-	**(17 142 199)**	40 268 701
Libraries	1 183 252	-	-	-	-	-	**1 183 252**	(709 757)	-	(39 413)	-	-	**(749 170)**	434 082
Sport and recreational facilities	15 197 083	-	-	-	-	-	**15 197 083**	(4 398 886)	-	(482 872)	-	(2 248)	**(4 884 006)**	10 313 077
Liabrary books	2 470 476	-	-	-	-	-	**2 470 476**	(2 074 567)	-	(173 288)	-	(68)	**(2 247 923)**	222 553
Markets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Airports	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Security measures	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	79 434 960	**-**	**-**	**12 420 167**	**-**	**-**	**91 855 127**	**(27 348 058)**	**-**	**(3 026 931)**	**-**	**(2 316)**	**(30 377 305)**	**61 477 822**

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Analysis of property, plant and equipment as at 30 June 2021

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Correction of errors Rand	Reclassification Rand	Additions Rand	Transfer Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Correction of errors Rand	Additions Rand	Disposals Rand	Impairment Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment	**2 705 446 810**	**(597 175)**	**(85 521 601)**	**240 728 069**	**(5 408 581)**	**-**	**2 854 647 522**	**(1 176 920 073)**	**(374)**	**(111 622 283)**	**-**	**(107 260)**	**(1 288 649 990)**	**337 664 021**
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Intangible Assets	6 923 343	-	-	620 796	-	-	**7 544 139**	(4 805 684)	-	(847 963)	-	-	**(5 653 647)**	1 890 492
	6 923 343	**-**	**-**	**620 796**	**-**	**-**	**7 544 139**	**(4 805 684)**	**-**	**(847 963)**	**-**	**-**	**(5 653 647)**	**1 890 492**
Heritage assets														
Heritage assets	2 160 329	-	-	-	-	-	**2 160 329**	-	-	-	-	-	-	2 160 329
	2 160 329	**-**	**-**	**-**	**-**	**-**	**2 160 329**	**-**	**-**	**-**	**-**	**-**	**-**	**2 160 329**
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	274 865 863	-	-	4 143 650	-	-	**279 009 513**	(16 810 259)	-	(1 543 686)	-	(53 022)	**(18 406 888)**	260 602 625
Infrastructure	2 241 641 155	-	-	68 957 785	-	-	**2 310 598 940**	(1 129 950 022)	-	(106 669 955)	-	-	**(1 238 016 143)**	-
Other	117 108 606	26 250	-	34 678 905	-	-	**151 813 761**	-	(374)	-	-	(51 922)	**-**	-
Work In Progress	90 727 813	(597 175)	(85 521 601)	120 527 562	(5 408 581)	-	**119 728 018**	-	-	-	-	-	**-**	-
Investment property	18 777 019	-	-	-	-	-	**18 777 019**	(2 811 734)	-	(381 711)	-	-	**(3 193 445)**	15 583 574
Community assets	79 434 960	-	-	12 420 167	-	-	**91 855 127**	(27 348 058)	-	(3 026 931)	-	(2 316)	**(30 377 305)**	61 477 822
Investment properties	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Intangible assets	6 923 343	-	-	620 796	-	-	**7 544 139**	(4 805 684)	-	(847 963)	-	-	**(5 653 647)**	1 890 492
Heritage assets	2 160 329	-	-	-	-	-	**2 160 329**	-	-	-	-	-	**-**	2 160 329
	2 831 639 088	**(570 925)**	**(85 521 601)**	**241 348 865**	**(5 408 581)**	**-**	**2 981 486 846**	**(1 181 725 757)**	**(374)**	**(112 470 246)**	**-**	**(107 260)**	**(1 295 647 428)**	**341 714 842**

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Appendix D
June 2022

Segmental Statement of Financial Performance for the year ended

Prior Year Actual Income Rand	Prior Year Actual Expenditure Rand	Prior Year Surplus /(Deficit) Rand		Current Year Actual Income Rand	Current Year Actual Expenditure Rand	Current Year Surplus /(Deficit) Rand
			Municipality			
469 106 000	90 836 716	378 269 284	Executive & Council/Mayor and Council	401 747 000	91 306 366	310 440 634
196 220 291	404 097 458	(207 877 167)	Finance & Admin/Finance	174 021 722	464 195 481	(290 173 759)
190 903	40 290 533	(40 099 630)	Planning and Development/Economic Development/Plan	5 841 144	31 268 618	(25 427 474)
-	2 052 672	(2 052 672)	Health/Clinics	-	2 152 706	(2 152 706)
169 601	3 126 506	(2 956 905)	Comm. & Social/Libraries and archives	182 238	3 335 062	(3 152 824)
7 275	-	7 275	Housing	-	-	-
81 932	4 646 262	(4 564 330)	Public Safety/Police	41 431	3 901 789	(3 860 358)
127 929	1 327 209	(1 199 280)	Sport and Recreation	117 767	1 079 152	(961 385)
15 150 684	26 447 221	(11 296 537)	Environmental Protection/Pollution Control	-	-	-
84 746	-	84 746	Waste Water Management/Sewerage	16 007 554	23 953 422	(7 945 868)
113 962 624	108 521 935	5 440 689	Road Transport/Roads	123 009 814	108 235 806	14 774 008
3 600	71 852	(68 252)	Water/Water Distribution	-	-	-
448 413 586	337 280 432	111 133 154	Electricity /Electricity Distribution	403 057 779	372 143 194	30 914 585
243 519 171	**018 698 796**	**224 820 375**		**124 026 449**	**101 571 596**	**22 454 853**
243 519 171	018 698 796	224 820 375	Municipality	124 026 449	101 571 596	22 454 853
243 519 171	**018 698 796**	**224 820 375**	**Total**	**124 026 449**	**101 571 596**	**22 454 853**

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2022

	Current year 2022 Adjusted budget Rand	Current year 2022 Act. Bal. Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Property rates	96 190 000	96 260 597	(70 597)	(0,1)	The budget variance is reasonable. Municipality achieved its target.
Service charges	471 098 000	402 489 322	68 608 678	17,0	The decrease is due to consumer estimates which was higher in the previous than in the current.
Rental of facilities and equipment	301 000	239 386	61 614	25,7	Collections from rental of facilities was less than budgeted by 25.7% due to less Hall rental bookings..
Interest income	29 141 000	31 236 879	(2 095 879)	(6,7)	The variance is favourable. The municipality exceeded the budgeted revenue amount.
Licences and permits	3 836 000	4 053 393	(217 393)	(5,4)	The variance is favourable. The municipality exceeded the budgeted revenue amount.
Other Income	127 354 000	37 288 369	90 065 631	241,5	Expected VBS settlements were not received as expected.
Agency services	3 800 000	4 107 933	(307 933)	(7,5)	The variance is favourable. The municipality exceeded the budgeted revenue amount.
Interest received - financial institutions	6 423 000	6 913 853	(490 853)	(7,1)	The variance is favourable. The municipality exceeded the budgeted revenue amount.
Government grants & subsidies	556 941 000	558 017 722	(1 076 722)	(0,2)	The variance is favourable. The municipality exceeded the budgeted revenue amount.
Fines, Penalties and Forfeits	4 241 000	3 765 724	475 276	12,6	Few traffic fines tickets were issued during the year than budgeted.
	299 325 000	144 373 178	154 951 822	13,5	
Expenses					
	-	-	-	-	
Employee costs	(287 896 000)	(282 574 860)	(5 321 140)	1,9	The expenditure is within the norm.The budget was not exceeded.
Remuneration of councillors	(28 311 000)	(28 070 806)	(240 194)	0,9	The expenditure is within the norm.The budget was not exceeded.
Depreciation; amortisation & impairment	(141 000 000)	(140 850 558)	(149 442)	0,1	The expenditure is within the norm.The budget was not exceeded.
Finance costs	(14 763 000)	(14 464 554)	(298 446)	2,1	The expenditure is within the norm.The budget was not exceeded.

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2022

	Current year 2022 Adjusted budget	Current year 2022 Act. Bal.	Variance		Explanation of Significant Variances greater than 10% versus Budget
Debt Impairment	(81 434 000)	(79 464 580)	(1 969 420)	2,5	The expenditure is within the norm.The budget was not exceeded.
Bulk purchases	(306 850 000)	(306 303 648)	(546 352)	0,2	The expenditure is within the norm.The budget was not exceeded.
Contracted Services	(204 104 000)	(202 241 461)	(1 862 539)	0,9	The expenditure is within the norm.The budget was not exceeded.
General Expenses	(79 977 000)	(68 447 405)	(11 529 595)	16,8	The expenditure is within the norm.The budget was not exceeded.
	144 335 000)	122 417 872)	(21 917 128)	2,0	
Other revenue and costs					
Net surplus/ (deficit) for the year	154 990 000	21 955 306	133 034 694	605,9	

MAKHADO LOCAL MUNICIPALITY
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2022

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jul	Sep	Dec	Mar	Jun	Jul	Sep	Dec	Mar	Jun	Jul	Sep	Dec	Mar	Jun		Yes/ No	
Municipal Infrastructure Grant	National Treasury	-	41 006	35 283	34 479	-	-	(12 201)	(51 015)	(25 845)	(21 707)	-	-	-	-	-		Yes	
Integrated Electrification Program	Department of Energy	-	5 000	6 296	3 000	-	-	-	(4 237)	-	(10 059)	-	-	-	-	-		Yes	
Financial Management Grant	National Treasury	-	1 850	-	-	-	-	(738)	(285)	(371)	(457)	-	-	-	-	-		Yes	
EPWP	Department of Public Works	-	570	1 026	684	-	-	(570)	(570)	(570)	(570)	-	-	-	-	-		Yes	
Disaster Manageent Grant	COGTA	-	-	26 000	-	-	-	-	-	(17 345)	(8 655)	-	-	-	-	-			
		-	48 426	68 605	38 163	-	-	(13 509)	(56 107)	(44 131)	(41 448)	-	-	-	-	-			