MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements
for the year ended 30 June 2023

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 M.W Ramalwa
	Cllr T.G Mukwevho
	Cllr N.B Jones
Mayor	Cllr N.S Munyai
Speaker	Cllr M.D Mboyi
Chief whip	Cllr R.S Baloyi
Councilors	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

General Information

	Cllr M Mukosi 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
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
Audit and Performance Audit Committee	Ms J Masite(Chairperson) Ms MP Ramutsheli Mr A Tshikovhi Mr LJ Muthivhi
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 LRM Attorneys

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

Abbreviations used:

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant

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 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

Accounting Officer
K.M Nemaname

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2023.

1. Review of activities

Main business and operations

The municipality's total income for the period ended 30 June 2023 increased by 6% from R1 126 394 103 in the previous financial period to R1 190 892 113 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 2023, Grants and subsidies was the major contributor to total income of the municipality with a 48.2% [2022:49.5%] contributing factor followed by service charges which contributed 32.4% [2022: 34.6%] of the total income, which was mainly sale of electricity as well as refuse collection.

Net surplus of the municipality was 7 460 612 (2022: surplus 5 629 593).

Proportion of income generated/raised

2023

Type of income	Proportion of contribution to income.	Amount
Service charges	32,38 %	385 664 462
Rental of facilities and equipment	0,03 %	321 030
Agency services	0,38 %	4 556 844
Licences and permits	0,32 %	3 790 850
Interest earned -outstanding receivables: Exchange	1,20 %	14 272 415
Other revenue - Exchange transactions	4,50 %	53 559 025
Interest received from financial institutions	0,80 %	9 569 147
Actuarial gains	1,52 %	18 155 355
Interest earned -outstanding receivables: Non exchnage	1,93 %	23 042 009
Property rates	8,17 %	97 299 879
Fines, Penalties and Forfeits	0,52 %	6 144 857
Government grants & subsidies	48,24 %	574 516 240

2022

Type of income	Proportion of contribution to income.	Amount
Service charges	34,57 %	389 445 230
Rental of facilities and equipment	0,02 %	239 386
Agency services	0,36 %	4 107 933
Licences and permits	0,36 %	4 053 393
Interest earned -outstanding receivables: Exchange	1,05 %	11 803 142
Other revenue - Exchange transactions	1,37 %	15 449 903
Interest received from financial institutions	0,61 %	6 913 853
Actuarial gains	0,75 %	8 443 504
Interest earned -outstanding receivables: Non exchnage	1,73 %	19 433 737
Property rates	8,55 %	96 260 597
Fines, Penalties and Forfeits	0,32 %	3 629 294
Government grants & subsidies	49,54 %	558 017 722
Other revenue - Non exchnage transactions	0,76 %	8 596 409

Accounting Officer's Report

2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of 1 785 334 720 (2022: R1 777 874 108) and that the municipality's total assets exceed its liabilities by 1 785 334 720 (2022:R1 777 874 108) .

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 of the municipality.

3. Subsequent events

The accounting officer is not aware of any material events that occurred between the end of the reporting period 30 June 2023 and the date that the financial statements are authorised for issue. Refer to Note 52

4. Accounting Officers' 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 the 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 accounting officer of the municipality is as follows:

Name	Nationality
K.M Nemaname	South African

Accounting Officer's Report

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 discusses 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 are 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 by the Remuneration of Public Office Bearers Act No. 20 of 1998.

Committee meetings

The accounting officer meets on a 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.

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.

Accounting Officer's Report

8. Bankers

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

9. Auditors

will continue in office for the next financial period.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

Accounting Officer
K.M Nemaname

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Non-Current Assets			
Investment property	2	15 438 133	15 884 271
Property, plant and equipment	3	1 823 292 525	1 704 589 996
Intangible assets	4	1 609 780	2 155 758
Heritage assets	5	2 160 329	2 160 329
		1 842 500 767	**1 724 790 354**
Current Assets			
Inventories	7	119 081 129	128 637 294
Sundry Debtors	8	18 033 266	21 274 384
Receivables from non-exchange transactions	9	1 239 500	1 823 085
VAT receivable	10	3 167 064	-
Consumer debtors - Exchange transactions	11	62 839 619	78 289 593
Consumer debtors - Non- Exchange transactions	11	40 585 546	36 578 050
Cash and cash equivalents	12	146 595 502	201 324 162
		391 541 626	**467 926 568**
Total Assets		**2 234 042 393**	**2 192 716 922**
Liabilities			
Current Liabilities			
Employee benefit obligation	6	5 138 000	4 871 000
Finance lease obligation	13	322 046	735 751
Unspent conditional grants and receipts	14	3 500 000	-
Performance bonus obligation	15	251 579	125 790
Rehabilitation provision	16	5 000 000	10 000 000
Deferred Income	17	153 578	174 247
Payables from exchange transactions	18	286 096 946	223 110 824
VAT payable	19	-	17 681 944
Consumer deposits	20	15 621 438	15 957 818
		316 083 587	**272 657 374**
Non-Current Liabilities			
Employee benefit obligation	6	106 614 000	112 542 000
Finance lease obligation	13	-	322 046
Performance bonus obligation	15	-	125 789
Rehabilitation provision	16	26 010 086	29 195 605
		132 624 086	**142 185 440**
Total Liabilities		**448 707 673**	**414 842 814**
Net Assets		**1 785 334 720**	**1 777 874 108**
Accumulated surplus		1 785 334 720	1 777 874 108
Total Net Assets		**1 785 334 720**	**1 777 874 108**

* See Note 49

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	385 664 462	389 445 230
Rental of facilities and equipment	23	321 030	239 386
Agency services	25	4 556 844	4 107 933
Licences and permits	26	3 790 850	4 053 393
Interest earned -outstanding receivables	27	14 272 415	11 803 142
Other revenue	28	53 559 025	15 449 903
Interest received from financial institutions	29	9 569 147	6 913 853
Actuarial gains	42	18 155 355	8 443 504
Total revenue from exchange transactions		**489 889 128**	**440 456 344**
Revenue from non-exchange transactions			
Taxation revenue			
Interest earned -outstanding receivables	27	23 042 009	19 433 737
Property rates	30	97 299 879	96 260 597
Transfer revenue			
Fines, Penalties and Forfeits	24	6 144 857	3 629 294
Government grants & subsidies	31	574 516 240	558 017 722
Other revenue	32	-	8 596 409
Total revenue from non-exchange transactions		**701 002 985**	**685 937 759**
Total revenue	21	**1 190 892 113**	**1 126 394 103**
Expenditure			
Employee related costs	33	(327 124 968)	(282 574 860)
Remuneration of councillors	34	(28 208 519)	(28 070 806)
Depreciation and amortisation	35	(140 293 131)	(135 253 055)
Impairment of non - cash generating assets	36	(4 567 245)	(1 373 483)
Finance costs	37	(17 252 094)	(14 464 554)
Debt Impairment	38	(50 881 155)	(78 229 445)
Bulk purchases	39	(299 070 654)	(306 303 648)
Contracted services	40	(184 519 383)	(196 423 365)
General Expenses	41	(102 677 704)	(74 651 636)
Inventories losses/write-downs	43	(1 089 819)	(3 419 658)
Loss on disposal of assets	44	(27 746 829)	-
Total expenditure		**(1 183 431 501)**	**(1 120 764 510)**
Surplus for the year		**7 460 612**	**5 629 593**

* See Note 49

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 773 439 314	1 773 439 314
Adjustments		
Prior year adjustments 49	(1 194 800)	(1 194 800)
Balance at 01 July 2021 as restated*	**1 772 244 515**	**1 772 244 515**
Changes in net assets		
Surplus/(Loss) for the year [Restated - Note 49]	5 629 593	5 629 593
Total changes	5 629 593	5 629 593
Adjustments		
Balance at 01 July 2022 as restated*	**1 777 874 108**	**1 777 874 108**
Changes in net assets		
Surplus /(Loss) for the year	7 460 612	7 460 612
Total changes	7 460 612	7 460 612
Balance at 30 June 2023	**1 785 334 720**	**1 785 334 720**

Note(s)

* See Note 49

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Property rates		73 726 746	76 926 185
Service charges		437 295 185	490 216 505
Grants		578 016 240	558 017 722
Traffic Fines & Penalties		1 726 907	569 161
Licence & permits		4 321 252	3 986 600
Other income		75 057 219	55 186 936
VAT Received		53 963 413	48 638 475
Interest Income		16 771 981	16 188 568
		1 240 878 943	1 249 730 152
Payments			
Employee costs		(329 366 578)	(302 104 768)
Payments to suppliers		(717 410 090)	(708 345 651)
		(1 046 776 668)	(1 010 450 418)
Net cash flows from operating activities	45	**194 102 275**	**239 279 734**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(249 927 897)	(241 692 133)
Proceeds from sale of property, plant and equipment	3	1 950 785	-
Purchase of other intangible assets	4	(67 333)	(1 328 928)
Net cash flows from investing activities		**(248 044 445)**	**(243 021 061)**
Cash flows from financing activities			
Finance lease payments		(786 490)	(720 952)
Net increase/(decrease) in cash and cash equivalents		**(54 728 660)**	**(4 462 279)**
Cash and cash equivalents at the beginning of the year		201 324 162	205 786 441
Cash and cash equivalents at the end of the year	12	**146 595 502**	**201 324 162**

The accounting policies on pages 20 to 59 and the notes on pages 60 to 113 form an integral part of the annual financial statements.

* See Note 49

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	511 136 000	31 839 000	**542 975 000**	385 664 462	**(157 310 538)**	Refer to Appendix C
Rental of facilities and equipment	315 000	-	**315 000**	321 030	**6 030**	Refer to Appendix C
Interest earned - outstanding receivables	11 741 523	3 374 823	**15 116 346**	14 272 415	**(843 931)**	
Agency services	-	-	**-**	4 556 844	**4 556 844**	Refer to Appendix C
Licences and permits	4 020 000	(112 000)	**3 908 000**	3 790 850	**(117 150)**	
Other revenue	109 664 000	(26 209 000)	**83 455 000**	53 559 025	**(29 895 975)**	Refer to Appendix C
Interest received - financial institutions	6 731 000	2 325 000	**9 056 000**	9 569 147	**513 147**	Refer to Appendix C
Total revenue from exchange transactions	**643 607 523**	**11 217 823**	**654 825 346**	**471 733 773**	**(183 091 573)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	100 453 000	15 641 000	**116 094 000**	97 299 879	**(18 794 121)**	Refer to Appendix C
Interest earned - outstanding receivables	18 798 477	5 403 177	**24 201 654**	23 042 009	**(1 159 645)**	Refer to Appendix C
Transfer revenue						
Government grants & subsidies	573 815 000	-	**573 815 000**	574 516 240	**701 240**	Refer to Appendix C
Fines, Penalties and Forfeits	4 445 000	357 000	**4 802 000**	6 144 857	**1 342 857**	Refer to Appendix C
Total revenue from non-exchange transactions	**697 511 477**	**21 401 177**	**718 912 654**	**701 002 985**	**(17 909 669)**	
Total revenue	**1 341 119 000**	**32 619 000**	**1 373 738 000**	**1 172 736 758**	**(201 001 242)**	
Expenditure						
Personnel	(355 501 000)	28 000 000	**(327 501 000)**	(327 124 968)	**376 032**	Refer to Appendix C
Remuneration of councillors	(29 444 000)	-	**(29 444 000)**	(28 208 519)	**1 235 481**	Refer to Appendix C
Depreciation, amortisation & impairment	(120 000 000)	(25 000 000)	**(145 000 000)**	(144 860 376)	**139 624**	Refer to Appendix C
Finance costs	(9 707 000)	(7 913 000)	**(17 620 000)**	(17 252 094)	**367 906**	Refer to Appendix C
Debt Impairment	(60 715 000)	-	**(60 715 000)**	(50 881 155)	**9 833 845**	Refer to Appendix C
Bulk purchases	(328 830 000)	(4 232 000)	**(333 062 000)**	(299 070 654)	**33 991 346**	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	(183 327 000)	(36 900 000)	**(220 227 000)**	(184 519 383)	**35 707 617**	Refer to Appendix C
General Expenses	(117 815 000)	13 732 000	**(104 083 000)**	(102 677 704)	**1 405 296**	Refer to Appendix C
Total expenditure	**(1 205 339 000)**	**(32 313 000)**	**(1 237 652 000)**	**(1 154 594 853)**	**83 057 147**	
Operating surplus	**135 780 000**	**306 000**	**136 086 000**	**18 141 905**	**(117 944 095)**	
Loss on disposal of assets	-	(28 000 000)	**(28 000 000)**	(27 746 829)	**253 171**	
Actuarial gains	-	-	**-**	18 155 355	**18 155 355**	
Inventories losses/write-downs	-	(100 000)	**(100 000)**	(1 089 819)	**(989 819)**	
	-	**(28 100 000)**	**(28 100 000)**	**(10 681 293)**	**17 418 707**	
Surplus for the year	**135 780 000**	**(27 794 000)**	**107 986 000**	**7 460 612**	**(100 525 388)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**135 780 000**	**(27 794 000)**	**107 986 000**	**7 460 612**	**(100 525 388)**	

MAKHADO LOCAL MUNICIPALITY
(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2023

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	110 578 000	(3 000 000)	**107 578 000**	119 081 129	**11 503 129**	
Sundry Debtors	87 265 544	(27 477 762)	**59 787 782**	18 033 266	**(41 754 516)**	
Receivables from non-exchange transactions	1 566 456	(493 238)	**1 073 218**	1 239 500	**166 282**	
VAT receivable	-	-	**-**	3 167 064	**3 167 064**	
Consumer debtors	91 703 000	32 243 000	**123 946 000**	103 425 165	**(20 520 835)**	
Cash and cash equivalents	151 560 000	(11 318 000)	**140 242 000**	146 595 502	**6 353 502**	
	442 673 000	**(10 046 000)**	**432 627 000**	**391 541 626**	**(41 085 374)**	
Non-Current Assets						
Investment property	16 345 000	-	**16 345 000**	15 438 133	**(906 867)**	
Property, plant and equipment	2 719 885 000	(34 114 000)	**2 685 771 000**	1 823 292 525	**(862 478 475)**	
Intangible assets	622 000	91 000	**713 000**	1 609 780	**896 780**	
Heritage assets	-	-	**-**	2 160 329	**2 160 329**	
	2 736 852 000	**(34 023 000)**	**2 702 829 000**	**1 842 500 767**	**(860 328 233)**	
Total Assets	**3 179 525 000**	**(44 069 000)**	**3 135 456 000**	**2 234 042 393**	**(901 413 607)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	322 046	**322 046**	
Payables from exchange transactions	122 689 000	(16 274 000)	**106 415 000**	286 096 946	**179 681 946**	
Consumer deposits	10 458 000	(20 916 000)	**(10 458 000)**	15 621 438	**26 079 438**	
Employee benefit obligation	-	-	**-**	5 138 000	**5 138 000**	
Unspent conditional grants and receipts	-	-	**-**	3 500 000	**3 500 000**	
Rehabilitation provision	26 893 000	(53 787 000)	**(26 894 000)**	5 000 000	**31 894 000**	
Performance bonus obligation	-	-	**-**	251 579	**251 579**	
Deferred Income	-	-	**-**	153 578	**153 578**	
	160 040 000	**(90 977 000)**	**69 063 000**	**316 083 587**	**247 020 587**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	106 614 000	**106 614 000**	
Rehabilitation provision	121 789 000	-	**121 789 000**	26 010 086	**(95 778 914)**	
	121 789 000	**-**	**121 789 000**	**132 624 086**	**10 835 086**	
Total Liabilities	**281 829 000**	**(90 977 000)**	**190 852 000**	**448 707 673**	**257 855 673**	
Net Assets	**2 897 696 000**	**46 908 000**	**2 944 604 000**	**1 785 334 720**	**(1 159 269 280)**	
Reserves						
Accumulated surplus	2 897 696 000	46 908 000	**2 944 604 000**	1 785 334 720	**(1 159 269 280)**	

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	79 107 000	6 789 000	**85 896 000**	73 726 746	**(12 169 254)**	
Services Charges	537 969 000	21 899 000	**559 868 000**	437 295 185	**(122 572 815)**	
Grants	573 815 000	-	**573 815 000**	578 016 240	**4 201 240**	
Other receipts	166 322 000	(2 596 000)	**163 726 000**	151 840 772	**(11 885 228)**	
	1 357 213 000	**26 092 000**	**1 383 305 000**	**1 240 878 943**	**(142 426 057)**	
Payments						
Suppliers and employees	(899 317 000)	(51 533 000)	**(950 850 000)**	(1 046 776 668)	**(95 926 668)**	
Finance costs	(100 000)	-	**(100 000)**	-	**100 000**	
	(899 417 000)	**(51 533 000)**	**(950 950 000)**	**(1 046 776 668)**	**(95 826 668)**	
Net cash flows from operating activities	**457 796 000**	**(25 441 000)**	**432 355 000**	**194 102 275**	**(238 252 725)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(449 888 000)	14 123 000	**(435 765 000)**	(249 927 897)	**185 837 103**	
Proceeds from sale of property, plant and equipment	-	-	**-**	1 950 785	**1 950 785**	
Purchase of other intangible assets	-	-	**-**	(67 333)	**(67 333)**	
Net cash flows from investing activities	**(449 888 000)**	**14 123 000**	**(435 765 000)**	**(248 044 445)**	**187 720 555**	
Cash flows from financing activities						
Finance lease payments	-	-	**-**	(786 490)	**(786 490)**	
Net increase/(decrease) in cash and cash equivalents	7 908 000	(11 318 000)	**(3 410 000)**	(54 728 660)	**(51 318 660)**	
Cash and cash equivalents at the beginning of the year	143 652 000	-	**143 652 000**	201 324 162	**57 672 162**	
Cash and cash equivalents at the end of the period	**151 560 000**	**(11 318 000)**	**140 242 000**	**146 595 502**	**6 353 502**	
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
2023											
Financial Performance											
Property rates	100 453 000	15 641 000	116 094 000	-		116 094 000	97 299 879		(18 794 121)	84 %	97 %
Service charges	511 136 000	31 839 000	542 975 000	-		542 975 000	385 664 462		(157 310 538)	71 %	75 %
Investment revenue	6 731 000	2 325 000	9 056 000	-		9 056 000	9 569 147		513 147	106 %	142 %
Transfers recognised - operational	466 925 000	-	466 925 000	-		466 925 000	451 799 240		(15 125 760)	97 %	97 %
Other own revenue	148 984 000	(17 186 000)	131 798 000	-		131 798 000	124 327 258		(7 470 742)	94 %	83 %
Total revenue (excluding capital transfers and contributions)	**1 234 229 000**	**32 619 000**	**1 266 848 000**	**-**		**1 266 848 000**	**1 068 659 986**		**(198 188 014)**	**84 %**	**87 %**
Employee costs	(355 501 000)	35 000 000	(320 501 000)	-	(7 000 000)	(327 501 000)	(327 124 968)	-	376 032	100 %	92 %
Remuneration of councillors	(29 444 000)	-	(29 444 000)	-	-	(29 444 000)	(28 208 519)	-	1 235 481	96 %	96 %
Debt impairment	(60 715 000)	-	(60 715 000)			(60 715 000)	(50 881 155)	-	9 833 845	84 %	84 %
Depreciation and asset impairment	(120 000 000)	(20 000 000)	(140 000 000)		(5 000 000)	(145 000 000)	(144 860 376)	-	139 624	100 %	121 %
Finance charges	(9 707 000)	(7 913 000)	(17 620 000)	-	-	(17 620 000)	(17 252 094)	-	367 906	98 %	178 %
Materials and bulk purchases	(328 830 000)	(16 732 000)	(345 562 000)	-	-	(345 562 000)	(299 070 654)	-	46 491 346	87 %	91 %
Other expenditure	(301 142 000)	(56 268 000)	(357 410 000)	-	17 500 000	(339 910 000)	(316 518 608)	-	23 391 392	93 %	105 %
Total expenditure	**(1 205 339 000)**	**(65 913 000)**	**(1 271 252 000)**	**-**	**5 500 000**	**(1 265 752 000)**	**(1 183 916 374)**	**-**	**81 835 626**	**94 %**	**98 %**
Surplus/(Deficit)	**28 890 000**	**(33 294 000)**	**(4 404 000)**	**-**		**1 096 000**	**(115 256 388)**		**(116 352 388)**	**(10 516)%**	**(399)%**

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2023

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	106 890 000	-	106 890 000	-		106 890 000	122 717 000		15 827 000	115 %	115 %
Surplus (Deficit) after capital transfers and contributions	**135 780 000**	**(33 294 000)**	**102 486 000**	**-**		**107 986 000**	**7 460 612**		**(100 525 388)**	**7 %**	**5 %**
Surplus/(Deficit) for the year	**135 780 000**	**(33 294 000)**	**102 486 000**	**-**		**107 986 000**	**7 460 612**		**(100 525 388)**	**7 %**	**5 %**

Accounting Policies

Figures in Rand	Note(s)	2023	2022

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

There are no standards adopted in the current year that are relevant to the municipality's 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, 2023 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

Accounting Policies

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

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.

Accounting Policies

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 has not yet been set. The municipality expects to adopt the revisions for the first time in the future.

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

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.

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

Accounting Policies

- 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.

A 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.

The adoption of this amendment is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the 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 some judgements that may have a significant effect on the amounts recognised in the financial statements.

Estimates

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

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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 16 - 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.

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.

1.5 Significant judgements and sources of estimation uncertainty (continued)

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.

Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the municipality, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the municipality, and the municipality could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the municipality, but the municipality could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity:

(a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or

(b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relates to that period are corrected before the annual financial statements are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

Accounting for adjustments to revenue as a change in an accounting estimate

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

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

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.

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

1.7 Property, plant and equipment (continued)

• Pedestrian malls	Straight-line	10 - 70 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 - 50 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.

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.

I**mpairment of non-cash generating assets**

Accounting Policies

1.7 Property, plant and equipment (continued)

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 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.

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.

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.

1.9 Intangible assets (continued)

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.

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 a 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.

Accounting Policies

1.10 Heritage assets (continued)

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.

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.

Accounting Policies

1.10 Heritage assets (continued)

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.

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

Accounting Policies

1.11 Financial instruments (continued)

- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- 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:

Accounting Policies

1.11 Financial instruments (continued)

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 short term receivables	Financial asset measured at amortised cost

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 short term payables	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.

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.

Accounting Policies

1.11 Financial instruments (continued)

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.

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.

Accounting Policies

1.11 Financial instruments (continued)

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 recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

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

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

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

Accounting Policies

1.11 Financial instruments (continued)

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

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 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.

Accounting Policies

1.13 Inventories (continued)

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.

1.14 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. Cash comprises cash on hand and demand deposits.

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

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

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

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.

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

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.

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;

1.16 Impairment of cash-generating assets (continued)

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

Estimates of future cash flows exclude:

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

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Cash-generating units

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

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

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

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

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

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

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

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

1.16 Impairment of cash-generating assets (continued)

- 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
- 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.

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

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.

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

Accounting Policies

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

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.

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.

Accounting Policies

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 municippality'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
- 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.

Accounting Policies

1.19 Employee benefits (continued)

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.

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.

1.19 Employee benefits (continued)

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.

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;

Accounting Policies

1.19 Employee benefits (continued)

- 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.

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.

Accounting Policies

1.19 Employee benefits (continued)

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.

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit 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 benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

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.

Accounting Policies

1.20 Provisions and contingencies (continued)

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

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

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

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

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

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

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

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

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 47.

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.

Accounting Policies

1.20 Provisions and contingencies (continued)

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

Decommissioning, restoration and similar liability

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 are 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.

Accounting Policies

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).

Sale of goods

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

Accounting Policies

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 2023 and 30 June 2024 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

Accounting Policies

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.

Accounting Policies

1.23 Revenue from non-exchange transactions (continued)

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

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

Recognition

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

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

Measurement

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

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

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.

Accounting Policies

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 (deficit) 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.

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 49 "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 an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

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	2023	2022

2. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	19 459 426	(4 021 293)	15 438 133	19 459 426	(3 575 155)	15 884 271

Reconciliation of investment property - 2023

	Opening balance	Impairments	Depreciation	Total
Investment property	15 884 270	(64 426)	(381 711)	15 438 133

Reconciliation of investment property - 2022

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

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

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

2. Investment property (continued)

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

	2023			2022		
	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	233 202 225	-	233 202 225
Buildings	60 530 401	(23 292 230)	37 238 171	53 464 195	(20 412 788)	33 051 407
Machinery and equipment	67 389 410	(37 089 962)	30 299 448	61 215 140	(30 778 335)	30 436 805
Furniture and office equipment	17 545 346	(13 864 357)	3 680 989	17 201 205	(12 481 292)	4 719 913
Transport assets	86 002 049	(41 892 275)	44 109 774	78 167 816	(34 403 341)	43 764 475
Computer equipment	17 086 312	(9 280 135)	7 806 177	14 722 559	(7 243 360)	7 479 199
Infrastructure assets	2 613 969 138	(1 467 055 651)	1 146 913 487	2 418 463 749	(1 349 378 260)	1 069 085 489
Community assets	164 339 691	(37 725 625)	126 614 066	141 163 108	(31 766 985)	109 396 123
Library Books	2 551 053	(2 408 523)	142 530	2 470 476	(2 334 684)	135 792
Work In Progress	193 285 658	-	193 285 658	173 318 568	-	173 318 568
Total	**3 455 901 283**	**(1 632 608 758)**	**1 823 292 525**	**3 193 389 041**	**(1 488 799 045)**	**1 704 589 996**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers to expenditure	Transfers to completed projects	Depreciation	Impairment loss	Closing Balance
Land	233 202 225	-	-	-	-	-	-	233 202 225
Buildings	33 051 407	-	(323 612)	-	7 389 818	(2 030 115)	(849 327)	37 238 171
Machinery and equipment	30 436 805	6 310 238	(135 968)	-	-	(6 285 304)	(26 323)	30 299 448
Furniture and office equipment	4 719 913	418 233	(74 092)	-	-	(1 370 118)	(12 947)	3 680 989
Transport assets	43 764 475	8 437 490	(603 257)	-	-	(7 488 759)	(175)	44 109 774
Library Books	135 792	82 156	(1 579)	-	-	(73 839)	-	142 530
Computer equipment	7 479 199	2 538 165	(174 412)	-	-	(2 006 154)	(30 621)	7 806 177
Infrastructure assets	1 069 085 489	-	(28 150 174)	-	223 655 563	(114 470 498)	(3 206 893)	1 146 913 487
Community assets	109 396 123	400 000	(2 844)	-	22 779 427	(5 582 107)	(376 533)	126 614 066
Work In Progress	173 318 568	283 960 811	-	(10 168 913)	(253 824 808)	-	-	193 285 658
	1 704 589 996	**302 147 093**	**(29 465 938)**	**(10 168 913)**	**-**	**(139 306 894)**	**(4 502 819)**	**1 823 292 525**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers to expenditure	Transfers to 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	(1 986 472)	(19 348)	33 051 407
Machinery and equipment	23 349 465	12 806 547	-	-	-	(5 719 207)	-	30 436 805
Furniture and office equipment	4 381 389	2 046 451	-	-	-	(1 707 927)	-	4 719 913
Transport assets	51 465 863	1 478 265	-	-	-	(9 179 653)	-	43 764 475
Library Books	222 553	-	-	-	-	(86 761)	-	135 792
Computer equipment	5 972 690	3 161 696	-	-	-	(1 655 187)	-	7 479 199
Infrastructure assets	1 072 582 904	-	-	-	107 864 811	(110 019 507)	(1 342 719)	1 069 085 489
Community assets	61 255 268	-	-	-	51 778 457	(3 626 186)	(11 416)	109 396 123
Work In Progress	108 706 404	224 641 676	-	(3 119 540)	(156 909 972)	-	-	173 318 568
	1 588 539 081	**248 339 636**	**(682 408)**	**(3 119 540)**	**6 867 610**	**(133 980 900)**	**(1 373 483)**	**1 704 589 996**

3. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	125 287 942	21 232 578	26 798 048	173 318 568
Additions/capital expenditure	213 876 643	50 511 681	19 572 487	283 960 811
Transferred to completed items	(223 655 563)	(22 779 427)	(7 389 818)	(253 824 808)
Transferred to expenditure	(9 650 248)	(370 165)	(148 500)	(10 168 913)
	105 858 774	**48 594 667**	**38 832 217**	**193 285 658**

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	51 921 961	45 099 840	11 684 603	108 706 404
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)	(1 941 230)	(739 126)	(4 322 381)
	127 347 637	**19 172 883**	**26 798 048**	**173 318 568**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

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.
Mara - Makhitha ringfeed line	135 770	Designs completed, project is now under contruction and it will be completed during 2023/24.
Main Substation upgrade Phase2 - breakers_ links_ controll pannels	750 344	Project is under contruction it will be completed during 2023/24.
Designs for High masts all villages (feasibility study)	839 544	There was no budget for cosntruction stage , hence there was no expenditure, project under construction and will be completed during 2023/24.
Upgrade Emmarentia substation - 7x switchgear	465 997	There was no budget for cosntruction stage , hence there was no expenditure, project estimates far much higher than budget.
Upgrade & reroute 66KV transmission line from Makhado main substaion to Mpheni	2 050 060	There was no budget for cosntruction stage , hence there was no expenditure, project estimates far much higher than budget.
Cricket substation control building	289 216	There was no budget for cosntruction stage , hence there was no expenditure, project estimates far much higher than budget.
New Council Chamber and Offices	2 918 108	There was no budget for cosntruction stage , hence there was no expenditure. According to Engineers estimate, this project need more than R 100m for both construction and engineers fees.
Waterval Stormwater 2020	1 093 906	There was no budget for construction stage. The design was completed during 2019/2020 financial year.
Upgrading of Sane to Natali Road	594 227	There was no budget for construction stage. The design was completed during 2021/2022 financial year.

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

3. Property, plant and equipment (continued)

Luvhalani to Dzananwa Access Road	1 023 795	The project is still on design stage
Mingard Bridge to Mhokota Entrance	1 247 104	There was no budget for construction stage , hence there was no expenditure incurred during the financial year.
Tsianda (Marundu to Military Base) Access Road 2020	605 622	There was no budget for construction stage , hence there was no expenditure incurred during the financial year.
Development of roads and stormwater at South of Pretorius 700 new stands	6 563 327	There was no budget for construction stage , hence there was no expenditure incurred during the financial year.
	31 119 081	

Repairs and Maintenance of property, plant and equipment

An amount of R66.2 million (2022: R92.8 million) was spent during the period ended 30 June 2023. In determining this amount, management has exclusively disclosed amounts charged by service providers. Refer to 40

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	849 327	19 348
Infrastructure assets	3 206 893	1 342 719
Community Assets	376 533	11 416
Machinery and equipment	26 323	-
Furniture and fittings	12 947	-
Computer assets	30 621	-
Transport assets	175	-
Library Books	-	-
	4 502 819	**1 373 483**

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

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4. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	8 758 278	(7 148 498)	1 609 780	8 699 728	(6 543 970)	2 155 758

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Closing Balance
Intangible assets	2 155 758	58 550	(604 528)	1 609 780

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Closing Balance
Intangible assets	1 890 493	1 155 589	(890 324)	2 155 758

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

Figures in Rand

5. Heritage assets

	2023			2022		
	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 2023

	Opening balance	Closing Balance
Heritage assets	2 160 329	2 160 329

Reconciliation of heritage assets 2022

	Opening balance	Closing Balance
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	2023	2022

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 11.08% (2022: 10.87%), Consumer Price Inflation of 6.47% (2022: 7.33%), Normal Salary Increase of 7.50% (2022: 4.90%) and Net Effective Discount Rate of 4.33% (2022: 3.30%), Mortality SA 85-90 (2022: SA 85-90)

Long service awards liability		
Opening balance	(14 916 000)	(15 726 000)
Current service cost	(1 230 000)	(1 243 000)
Interest cost	(1 517 000)	(1 229 000)
Actuarial (gains)/loss	171 935	515 336
Past Service Costs	975 000	-
Expected employer benefit vesting	2 331 065	2 766 664
	(14 185 000)	**(14 916 000)**

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 R5,245 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 431 in service members, 132 in service non- members and 49 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 2023 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	(102 497 000)	(99 378 000)
Current service cost	(4 110 000)	(3 870 000)
Interest cost	(11 948 000)	(9 972 000)
Actuarial (gains)/loss	17 983 420	7 928 169
Expected contributions (benefits paid)	3 004 580	2 794 831
	(97 567 000)	**(102 497 000)**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

6. Employee benefit obligations (continued)

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

Carrying value		
Opening Balance	(117 413 000)	(115 104 000)
Current Service Costs	(5 340 000)	(5 113 000)
Past Service Costs	975 000	-
Interest Costs	(13 465 000)	(11 201 000)
Expected employee benefit vesting	5 335 645	5 561 495
Actuarial gain/(loss)	18 155 355	8 443 505
	(111 752 000)	**(117 413 000)**
Non-current liabilities	(106 614 000)	(112 542 000)
Current liabilities	(5 138 000)	(4 871 000)
	(111 752 000)	**(117 413 000)**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12,47 %	11,82 %
Expected rate of return on reimbursement rights	3,12 %	3,12 %
Expected increase in salaries	7,50 %	4,90 %
Expected increase in healthcare costs	8,08 %	8,44 %

7. Inventories

Consumable stores	25 771 378	32 067 552
Land inventory	93 309 751	96 569 742
	119 081 129	**128 637 294**

7.1 Reconciliation of inventories

Land inventory		
Opening balance	96 569 742	101 244 400
Less: Sales	(3 030 000)	(1 255 000)
Less: Donated land	(140 000)	-
Less: Inventory written down	(89 991)	(3 419 658)
Closing balance	93 309 751	96 569 742

There are certain portions of land illegally occupied by invaders. At period -end, an amount of R89 991 (2022: R3 419 658) was written down.

Inventory consumables		
Opening balance	32 067 552	26 284 173
Add: Purchases	38 395 483	35 620 692
Less: Issues	(43 691 829)	(29 837 313)
Less: Adjustments:	-	-
Allowance for slow moving stock	(999 828)	-
Closing balance	25 771 378	32 067 552

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	2023	2022

8. Sundry Debtors

Other receivables	7 358 419	3 661 703
Vhembe District Municipality	9 881 800	16 940 900
Prepaid expenses - Insurance	793 046	671 781
	18 033 266	**21 274 384**

Vhembe District Municipality

As of 30 June 2023, trade and other receivables from Vhembe District Municipality amounted to 9 881 800 (2022: 33 881 800) .

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

Opening Balance	33 881 800	45 881 800
Settlements	(24 000 000)	(12 000 000)
Total	9 881 800	33 881 800
Less: Allowance for impairment	-	(16 940 900)
Closing balance	9 881 800	16 940 900

Reconciliation of provision for impairment of sundry debtors

Opening balance	(16 940 900)	-
Contributions to allowance	-	(16 940 900)
Reversal of impairment	16 940 900	-
	-	**(16 940 900)**

Sundry debtors pledged as security.

No trade and other receivables were pledged as security.

9. Receivables from non-exchange transactions

Fines	1 239 500	1 823 085

Receivables from non-exchange transactions impaired

As of 30 June 2023, receivables from traffic fines of R13 957 070 (2022: R10 289 770) were impaired and provided for. The amount of the provision was R12 717 570 as of 30 June 2023 (2022: R8 466 685.

Gross Balances		
Opening balance	10 289 770	26 782 370
Tickets issued	6 124 700	3 587 720
Withdrawals	(427 680)	(149 140)
Reductions	(275 150)	(15 310)
Payments	(1 754 570)	(539 210)
Bad debts written off	-	(19 376 660)
Closing Balance	13 957 070	10 289 770
Less: Provision for impairment	(12 717 570)	(8 466 685)
	1 239 500	**1 823 085**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

9. Receivables from non-exchange transactions (continued)

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

Opening balance	(8 466 685)	(26 609 730)
Contributions to allowance	(4 250 885)	(1 233 615)
Bad debts written off	-	19 376 660
	(12 717 570)	**(8 466 685)**

Receivables from non-exchange transactions pledged as security

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

10. VAT receivable

VAT receivable (SARS)	2 724 038	-
VAT receivable (Accrual)	443 026	-
	3 167 064	**-**

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.

11. Consumer debtors disclosure

Gross balances		
Consumer debtors - Rates	169 608 899	151 139 521
Consumer debtors - Electricity	97 996 925	97 076 379
Consumer debtors - Interest	139 202 128	110 979 925
Consumer debtors - Refuse	30 040 473	26 591 216
Consumer debtors - Sundries	19 658 463	16 640 286
Consumer debtors - VAT	16 976 536	28 110 371
Consumer debtors - Other	4 026 133	5 115 632
	477 509 557	**435 653 330**
Less: Allowance for impairment		
Consumer debtors - Rates	(129 023 372)	(114 561 471)
Consumer debtors - Electricity	(59 242 733)	(46 374 121)
Consumer debtors - Interest	(120 681 325)	(96 428 372)
Consumer debtors - Refuse	(29 126 954)	(25 844 946)
Consumer debtors - Sundries	(17 572 726)	(15 189 106)
Consumer debtors - VAT	(14 580 214)	(17 367 823)
Consumer debtors - Other	(3 857 087)	(5 019 848)
	(374 084 411)	**(320 785 687)**
Net balance		
Consumer debtors - Rates	40 585 527	36 578 050
Consumer debtors - Electricity	38 754 192	50 702 258
Consumer debtors - Interest	18 520 803	14 551 553
Consumer debtors - Refuse	913 519	746 270
Consumer debtors - Sundries	2 085 737	1 451 180
Consumer debtors - VAT	2 396 322	10 742 548
Consumer debtors - Other	169 046	95 784
	103 425 146	**114 867 643**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

11. Consumer debtors disclosure (continued)

Included in above is receivables from exchange transactions		
Electricity	38 754 192	50 702 258
Interest	18 520 803	14 551 553
Refuse	913 519	746 270
Sundries	2 085 737	1 451 180
VAT	2 396 322	10 742 548
Other	169 046	95 784
	62 839 619	**78 289 593**
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	40 585 527	36 578 050
Net balance	**103 425 146**	**114 867 643**
Rates		
Current (0 -30 days)	9 749 257	10 301 432
31 - 60 days	3 257 294	3 634 139
61 - 90 days	3 073 149	7 921 881
91 - 120 days	2 955 358	10 330 921
121 - 365 days	150 573 841	118 951 149
	169 608 899	**151 139 522**
Electricity		
Current (0 -30 days)	41 911 855	46 314 628
31 - 60 days	3 052 355	2 951 781
61 - 90 days	1 562 668	1 679 292
91 - 120 days	1 515 768	2 397 064
121 - 365 days	49 954 279	43 733 614
	97 996 925	**97 076 379**
Interest		
Current (0 -30 days)	6 431 591	5 785 080
31 - 60 days	3 120 602	2 717 649
61 - 90 days	3 061 156	2 670 465
91 - 120 days	3 034 983	2 548 235
121 - 365 days	123 553 796	97 258 496
	139 202 128	**110 979 925**
Refuse		
Current (0 -30 days)	1 594 113	1 512 999
31 - 60 days	488 501	507 846
61 - 90 days	467 973	488 096
91 - 120 days	456 641	462 173
121 - 365 days	27 033 245	23 620 102
	30 040 473	**26 591 216**

Figures in Rand	2023	2022

11. Consumer debtors disclosure (continued)

Sundries		
Current (0 -30 days)	2 540 608	1 688 500
31 - 60 days	769 498	647 434
61 - 90 days	516 861	401 093
91 - 120 days	498 324	365 384
121 - 365 days	15 333 172	13 537 875
	19 658 463	**16 640 286**

VAT		
Current (0 -30 days)	3 229 160	15 837 650
31 - 60 days	584 044	599 844
61 - 90 days	349 896	374 038
91 - 120 days	344 257	467 926
121 - 365 days	12 469 179	10 830 913
	16 976 536	**28 110 371**

Other		
Current (0 -30 days)	314 677	265 652
31 - 60 days	135 560	145 567
61 - 90 days	121 244	138 771
91 - 120 days	113 437	143 085
121 - 365 days	3 341 215	4 422 558
	4 026 133	**5 115 633**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

11. Consumer debtors disclosure (continued)

Summary of debtors by customer classification

Residential		
Current (0 -30 days)	17 545 693	24 332 386
31 - 60 days	3 915 729	4 165 572
61 - 90 days	3 710 003	3 773 496
91 - 120 days	3 607 021	3 635 460
121 - 365 days	26 456 937	22 892 957
> 365 days	166 741 571	144 151 454
	221 976 954	202 951 325
Less: Allowance for impairment	(211 729 727)	(188 112 917)
	10 247 227	**14 838 408**
Industrial/ commercial		
Current (0 -30 days)	28 147 806	24 136 970
31 - 60 days	3 009 745	4 293 811
61 - 90 days	1 608 574	7 547 848
91 - 120 days	1 537 392	10 146 751
121 - 365 days	9 732 000	17 993 814
> 365 days	37 983 878	49 825 150
	82 019 395	113 944 344
Less: Allowance for impairment	(58 112 712)	(45 683 569)
	23 906 683	**68 260 775**
Agriculture		
Current (0 -30 days)	20 077 761	46 280 688
31 - 60 days	4 482 380	2 744 876
61 - 90 days	3 834 371	2 352 292
91 - 120 days	3 774 354	2 932 576
121 - 365 days	29 193 850	12 709 552
> 365 days	112 150 492	51 737 678
	173 513 208	118 757 662
Less: Allowance for impairment	(104 241 972)	(86 989 200)
	69 271 236	**31 768 462**
Total		
Current (0 -30 days)	65 771 260	94 750 043
31 - 60 days	11 407 854	11 204 259
61 - 90 days	9 152 948	13 673 636
91 - 120 days	8 918 767	16 714 787
121 - 365 days	65 382 787	53 596 323
> 365 days	316 875 941	245 714 282
	477 509 557	435 653 330
Less: Allowance for impairment	(374 084 411)	(320 785 687)
	103 425 146	**114 867 643**
Less: Allowance for impairment		
Current (0 -30 days)	(52 072 195)	(79 978 757)
31 - 60 days	(8 921 853)	(7 622 780)
61 - 90 days	(7 158 336)	(9 302 813)
91 - 120 days	(6 975 188)	(11 371 850)
121 - 365 days	(51 134 558)	(36 464 080)
> 365 days	(247 822 281)	(176 045 407)

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

11. Consumer debtors disclosure (continued)

	(374 084 411)	**(320 785 687)**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(320 785 687)	(254 475 606)
Contributions to allowance	(54 859 417)	(66 849 852)
Debt impairment written off against allowance	1 560 693	539 771
	(374 084 411)	**(320 785 687)**

Consumer debtors impaired

As of 30 June 2023, consumer debtors of R374 084 411 (2022: R320 785 867) 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.

Consumer debtors	103 425 146	114 867 643

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank	146 582 745	201 295 962
Petty Cash	57	15 000
Cash Float	12 700	13 200
	146 595 502	**201 324 162**

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:

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

12. Cash and cash equivalents (continued)

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 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
FNB BANK - Primary account - 623-0832-9988	146 328 419	200 740 897	205 898 658	146 595 502	201 324 162	205 758 240
VBS MUTUAL BANKInvestment account-010029570007	58 264 578	58 264 578	62 734 416	58 264 578	58 264 578	62 734 416
Total	**204 592 997**	**259 005 475**	**268 633 074**	**204 860 080**	**259 588 740**	**268 492 656**

Investment in VBS Mutual Bank:

Short term investment in VBS of R58 264 578 (2022:R58 264 578) 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 2023, the municipality has recovered R0 (2022: R4 391 409) of the amount, disclosed in Note 32 of the Annual Financial Statements.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

13. Finance lease obligation

Minimum lease payments due		
- within one year	327 704	786 489
- in second to fifth year inclusive	-	327 704
	327 704	1 114 193
less: future finance charges	(5 658)	(56 396)
Present value of minimum lease payments	**322 046**	**1 057 797**
Present value of minimum lease payments due		
- within one year	322 046	735 751
- in second to fifth year inclusive	-	322 046
	322 046	**1 057 797**
Non-current liabilities	-	322 046
Current liabilities	322 046	735 751
	322 046	**1 057 797**

It is the municipality's policy to lease certain equipment under finance leases, denominated in the presentation currency (Rand). The average lease term is 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	322 046	1 057 797

For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note 50.The fair value of finance lease liabilities approximates their carrying amounts.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

14. 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 2023, except for Disaster Management Grant that was unspent at financial year end.

Unspent conditional grants and receipts comprises of:

	2023	2022
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	-	-
Integrated National Electrification Programme	-	-
Finance Management Grant	-	-
Disaster Management Grant	3 500 000	-
Expanded Public Works Programmes	-	-
	3 500 000	**-**

Movement during the year

	2023	2022
Additions during the year	131 426 000	156 270 722
Income recognition during the year	(127 926 000)	(156 270 722)
	3 500 000	**-**

See Note 31 for reconciliation of grants from national/provincial government.

15. Performance bonus obligation

	2023	2022
Performance bonuses	251 579	251 579

	2023	2022
Reconciliation of performance bonuses		
Balance at the beginning of the year	251 579	523 318
Increase in provision	-	136 194
Payments during the year	-	(407 933)
	251 579	**251 579**

	2023	2022
Total performance bonus obligation		
Performance bonuses	251 579	251 579
	251 579	**251 579**

Split between non-current and current portions

	2023	2022
Non-current liabilities	-	125 789
Current liabilities	251 579	125 790
Non-current liabilities	-	125 790
Current liabilities	251 579	125 789
	251 579	**251 579**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

16. Rehabilitation provision

Reconciliation of rehabilitation provision - 2023

	Opening Balance	Movement	Unwind Interest	Closing Balance
Old Landfill Site [Permit Number: 16/2/7/A 700/D1/Z1/P256]	33 406 914	(9 423 500)	3 126 385	27 109 799
New Landfill Site [Permit Number:12/9/11/L413/6]	5 788 691	(2 502 497)	614 093	3 900 287
	39 195 605	**(11 925 997)**	**3 740 478**	**31 010 086**

Reconciliation of rehabilitation provision - 2022

	Opening Balance	Movement	Unwind Interest	Closing Balance
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**

	2023	2022
Non-current liabilities	26 010 086	29 195 605
Current liabilities	5 000 000	10 000 000
	31 010 086	**39 195 605**

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 4.5% for the Vondeling Landfill and 5.25% for the Makhado Landfill.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

17. Deferred Income

Deferred Income	153 578	174 247

18. Payables from exchange transactions

Salary Control	13 519 860	4 771 010
Accrued operating creditors	158 955 394	115 266 070
Retentions	49 630 382	41 957 455
Advance payments	13 957 517	11 923 796
Other creditors	6 612 974	6 656 342
Leave pay accrual	36 147 715	36 076 807
Bonus accrual	7 273 104	6 459 343
	286 096 946	**223 110 824**

Fair value of trade and other payables

Trade payables	286 096 946	223 110 824

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 accrual 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.

Annual bonus:

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

Retention:

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

19. VAT payable

VAT payable (Accrual)	-	17 681 944

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	2023	2022

20. Consumer deposits

Electricity	15 210 158	15 779 979
Rental Properties	411 280	177 839
	15 621 438	**15 957 818**

During the financial period ended 30 June 2023, the municipality had guarantees in lieu of customers of R3 231 099 (2022: R3 244 744).

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.

21. Revenue

Service charges	385 664 462	389 445 230
Rental of facilities and equipment	321 030	239 386
Interest earned -outstanding receivables: exchange transactions	14 272 415	11 803 142
Agency services	4 556 844	4 107 933
Licences and permits	3 790 850	4 053 393
Other revenue from exchange transactions	53 559 025	15 449 903
Interest received from financial institutions	9 569 147	6 913 853
Actuarial gains	18 155 355	8 443 504
Property rates	97 299 879	96 260 597
Interest earned -outstanding receivables: non-exchange transactions	23 042 009	19 433 737
Government grants & subsidies	574 516 240	558 017 722
Other revenue from non - exchange transactions	-	8 596 409
Fines, Penalties and Forfeits	6 144 857	3 629 294
	1 190 892 113	**1 126 394 103**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	385 664 462	389 445 230
Rental of facilities and equipment	321 030	239 386
Interest earned -outstanding receivables: exchange transactions	14 272 415	11 803 142
Agency services	4 556 844	4 107 933
Licences and permits	3 790 850	4 053 393
Other revenue from exchange transactions	53 559 025	15 449 903
Interest received from financial institutions	9 569 147	6 913 853
Actuarial gains	18 155 355	8 443 504
	489 889 128	**440 456 344**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	97 299 879	96 260 597
Interest earned -outstanding receivables: non-exchange transactions	23 042 009	19 433 737
Transfer revenue		
Government grants & subsidies	574 516 240	558 017 722
Other revenue from non - exchange transactions	-	8 596 409
Fines, Penalties and Forfeits	6 144 857	3 629 294
	701 002 985	**685 937 759**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

22. Service charges

Sale of electricity	371 261 779	375 717 676
Refuse removal	14 402 683	13 727 554
	385 664 462	**389 445 230**

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.

23. Rental of facilities and equipment

Premises		
Venue hire	208 101	97 331
Garages and parking		
Rental Car Ports	-	24 287
Facilities and equipment		
Rental-Show Ground	97 117	117 344
Rental of equipment	15 812	424
	112 929	**117 768**
	321 030	**239 386**

24. Fines, Penalties and Forfeits

Overdue Books Fines	560	143
Pound Fees Fines	19 597	41 431
Municipal Traffic Fines	6 124 700	3 587 720
	6 144 857	**3 629 294**

25. Agency services

Vehicle Registration & Licencing	4 556 844	4 107 933

26. Licences and permits

Dog Licences	5 161	85 060
Trading Licences	283 975	137 732
Road and Transport	3 501 714	3 830 601
	3 790 850	**4 053 393**

27. Interest earned -outstanding receivables

Interest earned -outstanding receivables: exchange transactions	14 272 415	11 803 142
Interest earned -outstanding receivables: non - exchange transactions	23 042 009	19 433 737
	37 314 424	**31 236 879**

Figures in Rand	2023	2022

28. Other revenue from exchange transactions

Burial fees	170 613	195 061
Advertising	6 776	6 273
Land sales	20 309 765	5 093 421
Sundries	3 991 210	2 683 806
Sale of tender documents	75 000	76 200
Building plans	138 763	290 454
Landfill management	11 925 998	7 104 688
Reversal of impairment: VDM	16 940 900	-
	53 559 025	**15 449 903**

29. Interest received from financial institutions

Interest revenue		
Interest received from primary account	9 569 147	6 913 853

30. Property rates

Rates received

Residential	45 156 217	42 476 319
Commercial	29 410 592	25 679 343
Agricultural	22 572 322	28 104 935
Public Service Infrastructure	160 748	-
	97 299 879	**96 260 597**

Valuations

Residential	5 291 612 817	5 222 777 206
Commercial	2 189 659 051	2 176 281 223
Agricultural	6 203 287 787	6 466 632 227
Municipal	446 593 991	424 419 729
Churches	107 716 070	107 296 570
Government	3 917 636 891	3 575 275 716
Public Service Purposes	-	273 061 175
Public Service Infrastructure	104 965 740	104 650 140
Public Benefit Organisation	2 470 000	-
	18 263 942 347	**18 350 393 986**

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. The valuations for the current year is R18 263 942 347 (2022: R18 350 393 986).

Rates are levied monthly on property owner's accounts.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

31. Government grants & subsidies

Operating grants		
Equitable share	445 889 000	401 747 000
Expanded Public Works Programmes (EPWP)	3 259 000	2 280 000
Finance Management Grant (FMG)	1 950 000	1 850 000
Local Government Sector for Education and Training Authority	701 240	1 076 722
Disaster Management Grant	-	26 000 000
	451 799 240	**432 953 722**
Capital grants		
Municipal Infrastructure Grant (MIG)	102 597 000	110 768 000
Integrated Electrification Program (INEP)	20 120 000	14 296 000
	122 717 000	**125 064 000**
	574 516 240	**558 017 722**

Capital and Operational Grants Received

Included in above are the following grants and subsidies received:

Capital grants received	122 717 000	125 064 000
Operational grants received	5 910 240	31 206 722
Equitable Share	445 889 000	401 747 000
	574 516 240	**558 017 722**

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 622 183 (2022: 240 528), which is funded from the grant.

Current-year receipts	445 889 000	401 747 000
Conditions met - transferred to revenue	(445 889 000)	(401 747 000)
	-	-

Municipal Infrastructure Grant (MIG)

Current-year receipts	102 597 000	110 768 000
Conditions met - transferred to revenue	(102 597 000)	(110 768 000)
	-	-

MIG Grant was used to accelerate the provision of basic service delivery through construction of capital projects. Conditions of the grant were fully met at year end - (see note 14).

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

31. Government grants & subsidies (continued)

Integrated National Electricity Programme (INEP)

Current-year receipts	20 120 000	14 296 000
Conditions met - transferred to revenue	(20 120 000)	(14 296 000)
	-	-

The purpose of this grant is to address electrification backlog of permanently occupied residential dwellings. Conditions of the grant were fully met at year end - (see note 14).

Expanded Public Works Programmes (EPWP)

Current-year receipts	3 259 000	2 280 000
Conditions met - transferred to revenue	(3 259 000)	(2 280 000)
	-	-

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 met at year end - (see note 14).

Finance Management Grant (FMG)

Current-year receipts	1 950 000	1 850 000
Conditions met - transferred to revenue	(1 950 000)	(1 850 000)
	-	-

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 met at year end - (see note 14).

Local Government Sector for Education and Training Authority

Current-year receipts	701 240	1 076 722
Conditions met - transferred to revenue	(701 240)	(1 076 722)
	-	-

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 14).

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

31. Government grants & subsidies (continued)

Disaster Management Grant

Current-year receipts	3 500 000	26 000 000
Conditions met - transferred to revenue	-	(26 000 000)
	3 500 000	**-**

The grant was availed to assist the municipality with repairing damaged road and storm water infrastructure. The grant was unspent at year end - (see note 14).

32. 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	2023	2022

33. Employee related costs

Basic	193 460 144	165 664 605
Bonus	14 777 211	13 801 778
Medical aid - company contributions	17 188 031	15 312 142
UIF	1 523 921	1 318 053
Other payroll levies	72 198	64 370
Leave pay provision charge	1 352 424	361 659
Pension fund contributions	36 128 255	32 312 068
Travel, motor car, accommodation, subsistence and other allowances	15 968 532	13 671 005
Overtime payments	34 172 598	27 300 199
Employee benefits - current service costs	5 340 000	5 113 000
Acting allowances	1 076 257	1 512 011
Allowances: Non-pensionable	502 376	1 689 000
Housing benefits and allowances	398 249	361 689
Standby allowance	3 006 032	2 283 234
Group life insurance	2 158 740	1 810 047
	327 124 968	**282 574 860**

Remuneration of municipal manager

Annual Remuneration	848 323	-
Acting allowance	43 499	163 824
Car allowance	259 162	-
Contributions to UIF, Medical and Pension Funds	191 787	-
Other	21 916	-
	1 364 687	**163 824**

The first two months of 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.

Remuneration of chief finance officer

Annual Remuneration	147 802	754 736
Acting allowance	30 502	56 975
Car allowance	51 879	311 300
Contributions to UIF, Medical and Pension Funds	31 981	191 886
Other	21 916	-
	284 080	**1 314 897**

The first two months of the financial year, the position of the Chief Finance Officer was subsisting. However, the CFO resigned on the 31st of August 2022. The position is on acting basis as at the end of current financial year.

Remuneration of Director Technical Services

Annual Remuneration	445 230	-
Acting allowance	14 761	56 975
Car allowance	192 553	-
Contributions to UIF, Medical and Pension Funds	102 646	-
Other	21 916	-
	777 106	**56 975**

The first two months of 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.

Remuneration of Director Corporate Services

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

33. Employee related costs (continued)

Annual Remuneration	693 466	-
Acting allowance	10 763	53 853
Car Allowance	193 668	-
Contributions to UIF, Medical and Pension Funds	177 070	-
Other	23 492	-
	1 098 459	**53 853**

The first two monts of 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.

Remuneration of Director Development Planning

Annual Remuneration	575 801	-
Acting allowance	14 338	56 568
Car Allowance	235 934	-
Contributions to UIF, Medical and Pension Funds	145 836	-
Other	21 916	-
	993 825	**56 568**

The first two months of 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.

Remuneration of Director Community Services

Annual Remuneration	495 078	-
Acting allowance	12 186	56 365
Car Allowance	187 322	-
Contributions to UIF, Medical and Pension Funds	140 299	-
Other	21 916	-
	856 801	**56 365**

The first two months of 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.

34. Remuneration of councillors

Mayor	926 455	924 088
Speaker	747 473	741 959
Councillors	26 534 591	26 404 759
	28 208 519	**28 070 806**

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 46470 of 02 June 2022.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

34. 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 2023

Councillors	Emoluments	Travel allowance	Cellphone allowance	Total
Mr NS MUNYAI	690 492	230 164	5 799	926 455
Mr MR MAGADA	518 106	172 702	13 697	704 505
Mrs TM MALANGE	270 112	90 037	12 218	372 367
Mr FN MADZHIGA	218 517	72 839	19 210	310 566
Ms MS TSHILAMBYANA	218 517	72 839	28 195	319 551
Mr NF CHILILO	218 517	72 839	29 469	320 825
Mr ND DAVHANA	218 517	72 839	29 236	320 592
Mr TC MAMAFHA	218 517	72 839	12 171	303 527
Mrs R RALIPHADA	288 906	96 302	12 220	397 428
Mr N KUTAMA	218 517	72 839	19 878	311 234
Mrs MJ GABARA	218 517	72 839	16 286	307 642
Mr AZ MAPHAHLA	218 517	72 839	46 500	337 856
Mr TJ MAMAFHA	218 517	72 839	29 186	320 542
Mr S MASUKA	218 517	72 839	29 733	321 089
Ms NB JONES	288 906	96 302	22 387	407 595
Mr MJ MPASHE	218 517	72 839	22 541	313 897
Mr NS NEMUDZIVHADI	280 431	93 477	29 403	403 311
Ms MG FURUMELE	218 517	72 839	12 266	303 622
Mr MA SELAPYANA	182 098	60 699	40 300	283 097
Ms GT MUKWEVHO - MITILENI	518 106	172 702	11 230	702 038
Ms NJ SIMANGWE	280 431	93 477	18 278	392 186
Mr MD NDOU	280 431	93 477	12 732	386 640
Mr T KUTAMA	218 517	72 839	11 050	302 406
Mr ME MULEFU	218 517	72 839	29 175	320 531
Mr NV MALIVHA	502 682	167 561	15 586	685 829
Mrs MR MOKGOADI	218 517	72 839	15 282	306 638
Mr ET SITHI	218 517	72 839	11 948	303 304
Mr K MAPHUBU	288 906	96 302	14 374	399 582
Mr N MUNYAI	518 106	172 702	13 197	704 005
Mr SR BALOYI	518 106	172 702	13 287	704 095
Mr R MUKHUBA	218 517	72 839	12 071	303 427
Mr R MUKHUDWANA	218 517	72 839	14 685	306 041
Mr R BALOYI	218 517	72 839	9 511	300 867
Ms L MASHAMBA	218 517	72 839	14 712	306 068
Ms HG MALULEKE	218 517	72 839	12 831	304 187
Mr MC MALANGE	218 517	72 839	28 509	319 865
Mr DJ SEBOLA	218 517	72 839	11 112	302 468
Mr M MARAGA	280 431	93 477	11 108	385 016
Ms M RAMALIVHANA	218 517	72 839	14 020	305 376
Mr MR MAKWALA	280 431	93 477	14 685	388 593
Ms M SWALIVHA	218 517	72 839	14 502	305 858
Mr PA SMALLE	218 517	72 839	46 500	337 856
Miss TC MASHAU	218 517	72 839	13 074	304 430
Mr TR RAVELE	218 517	72 839	41 750	333 106
Mr TT MAKAMU	280 431	93 477	11 089	384 997
Mr PN MASIPA	218 517	72 839	14 706	306 062
Ms KP MAPHAKELA	218 517	72 839	24 583	315 939
Mr AS DZHIVHUHO	218 517	72 839	14 723	306 079
Mr A MADAVHA	218 517	72 839	8 574	299 930
Ms HG MABUDU	218 517	72 839	17 995	309 351

34. Remuneration of councillors (continued)

Mr MW RAMALWA	241 980	80 660	46 500	369 140
Mr ME MULAUDZI	218 517	72 839	15 627	306 983
Mr K MUKHELI	218 517	72 839	10 622	301 978
Mr M MUKOSI	218 517	72 839	10 891	302 247
Mr W MABASA	218 517	72 839	11 091	302 447
Ms NS MAHOSI	280 431	93 477	10 884	384 792
Mr MD SINGO	218 517	72 839	28 114	319 470
Miss IA TSHIDAVHU	280 431	93 477	10 707	384 615
Ms B HLANGWANI	218 517	72 839	14 713	306 069
Mr FP MAKHUBELE	218 517	72 839	14 713	306 069
Mr SE BALOYI	218 517	72 839	13 834	305 190
Mr P MASHAU	218 517	72 839	15 164	306 520
Mr NA MUDUNUNGU	218 517	72 839	46 500	337 856
Mrs TT MUSHANDANA	218 517	72 839	13 804	305 160
Mr MI PHULUWA	218 517	72 839	14 564	305 920
Mr L PHANGAMI	218 517	72 839	46 500	337 856
Mr MR MUKOSI	218 517	72 839	12 638	303 994
Mr FB Hlongwani	218 517	72 839	29 078	320 434
Mrs RT MAINGO	288 906	96 302	15 872	401 080
Miss KN MANGANYE	82 455	27 485	11 352	121 292
Ms NJ MATUMBA	518 106	172 701	46 500	737 307
Ms MD Mboyi	552 398	184 132	10 943	747 473
Mrs LM MATHALISE	280 431	93 477	14 971	388 879
Ms TA MARAGA	168 529	56 176	8 956	233 661
Miss TT RAMALATA	218 517	72 839	12 804	304 160
Mr CD HALGREEN	163 888	54 629	15 621	234 138
Mr WL ESTERHUIZEN	54 629	18 210	11 100	83 939
Mr TR MATIDZA	36 420	12 140	7 400	55 960
Mrs SM SINYOSI	2 249	750	1 200	4 199
Ms D RATSHIKUNI	5 412	1 804	1 200	8 416
Mr T SESHOKI	2 249	750	1 200	4 199
Mr BK JONES	2 249	750	1 200	4 199
Mr J KHODOGA	2 249	750	1 200	4 199
Ms MS MACHETHE	2 249	750	1 200	4 199
Ms TP MAMOROBELA	5 412	1 804	1 200	8 416
Mrs MF MUKHARI	2 249	750	1 200	4 199
Mr A DU PLOOY	2 249	750	1 200	4 199
Mr SZ MTHOMBENI	2 886	962	1 200	5 048
Mrs LB MOGALE	-	-	3 600	3 600
Mrs VS LUDUVHUNGU	2 249	750	1 200	4 199
Mrs MN NDOU	2 249	750	1 200	4 199
Ms S MADULA	2 249	750	1 200	4 199
Mr J LUKHELI	2 249	750	1 200	4 199
Mr SI BULALA	2 249	750	1 200	4 199
Ms TE TAMBANI	2 249	750	1 200	4 199
Mr MA MASHAMBA	2 249	750	1 200	4 199
Mr A MATUMBA	2 973	991	1 200	5 164
Ms MF NETHULWE	2 249	750	1 200	4 199
Mr G TSHIBVUMO	2 249	750	1 200	4 199
Mrs LR TSHIAMBWA	2 249	750	1 200	4 199
Mrs TJ MOHLABA	2 249	750	1 200	4 199
Mr KM MALULEKE	2 886	945	1 200	5 031
Mr T BALIBALI	2 249	750	1 200	4 199
Mrs MC NEMATANDANI	2 249	750	1 200	4 199
Mr SS TSHIFURA	2 249	750	1 200	4 199
Mrs TM BABADU	2 249	750	1 200	4 199
Ms MG PHOSHOKO	2 249	750	1 200	4 199
Mr KS RAMAVHOYA	2 249	750	1 200	4 199
Mr LG MASUTHA	2 249	750	1 200	4 199

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

34. Remuneration of councillors (continued)

Mrs LG MADUWA	2 249	750	1 200	4 199
Mr E MADUWA	2 249	750	1 200	4 199
Mr SS NYELISANI	2 249	750	1 200	4 199
Mr PN MUSANDIWA	2 249	750	1 200	4 199
Ms GM RAMUSHAVHA	2 249	750	1 200	4 199
Ms ML MASENGANA	2 249	750	1 200	4 199
Mr VO MAUDA	2 249	750	1 200	4 199
Mrs TE DZIVHANI	2 249	750	1 200	4 199
Mrs JJ HLONGWANE	658	219	300	1 177
	20 017 493	**6 672 489**	**1 518 537**	**28 208 519**

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
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

Notes to the Annual Financial Statements

Figures in Rand			2023	2022

34. Remuneration of councillors (continued)

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
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

Notes to the Annual Financial Statements

34. Remuneration of councillors (continued)

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**

35. Depreciation and amortisation

	2023	2022
Property, plant and equipment	139 306 894	133 981 020
Investment properties	381 711	381 711
Intangible assets	604 528	890 324
Total depreciation and amortisation	**140 293 133**	**135 253 055**

36. Impairment loss

	2023	2022
Impairments		
Property, plant and equipment	4 567 245	1 373 483

37. Finance costs

	2023	2022
Interest cost: Actuarial valuation	13 465 000	11 201 000
Interest cost: Trade and other payables	169	8 790
Interest cost: Finance leases	46 446	96 337
Interest cost: Landfill site	3 740 479	3 158 427
	17 252 094	**14 464 554**

38. Debt impairment

	2023	2022
Consumer debtors	46 630 270	60 054 930
Traffic Fines	4 250 885	1 233 615
Sundry debtors - VDM	-	16 940 900
	50 881 155	**78 229 445**

39. Bulk purchases

	2023	2022
Electricity - Eskom	299 070 654	306 303 648

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

39. Bulk purchases (continued)

Included in the electricity bulk purchases is 11% R32 725 648 (2022: 12% R36 624 559) 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.

40. Contracted services

	2023	2022
Outsourced Services		
Business and Advisory	2 967 316	9 951 339
Cleaning Services	721 570	978 000
Clearing and Grass Cutting Services	463 676	50 344
Hygiene Services	-	720 000
Internal Auditors	5 758 223	5 300 693
Meter Management	3 167 969	2 468 044
Medical Services [Medical Health Services & Suppor	-	960 000
Security Services	29 378 936	23 850 988
Consultants and Professional Services		
Business and Advisory	26 906 667	18 894 678
Infrastructure and Planning	2 565 755	3 748 741
Audit Committee	513 598	668 834
Legal Cost	27 051 021	25 463 058
Contractors		
Electrical	14 931 459	7 340 731
Employee Wellness	3 860 653	3 260 254
Maintenance of Equipment	1 502 025	1 183 206
Maintenance of other assets	64 730 515	91 584 455
	184 519 383	**196 423 365**

41. General expenses

	2023	2022
Cost of sales: Land	3 030 000	1 255 000
Advertising & publications	6 555 125	5 698 872
Auditors remuneration	6 499 272	6 215 606
Bank charges	1 975 098	1 962 822
Consumables	43 326 680	30 270 497
Donations	140 000	-
Insurance	3 735 246	2 715 718
Bursaries	25 000	217 076
IT expenses	219 834	329 102
Skills Development Fund Levy	2 904 617	2 562 175
Pre-paid electricity commission	1 420 438	4 929 812
Ward committees allowances	6 292 313	3 204 743
Postage and courier	188 852	17 136
Motor Vehicle Licence & Registrations	1 012 021	986 806
Workmens compensation	1 282 734	-
Subscriptions and membership fees	3 879 113	3 309 702
Telephone and fax	4 870 210	3 866 095
Travel and Subsistence	7 693 772	3 246 308
Uniform expenses	4 221 132	1 078 755
Indigent policy	622 183	240 528
Special programmes	871 430	1 337 222
Other expenses	1 912 634	1 207 661
	102 677 704	**74 651 636**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

42. Actuarial gains/(losses)

Post -Employment Medical Aid Benefits	17 008 420	7 928 168
Long Service Awards	1 146 935	515 336
	18 155 355	**8 443 504**

43. Inventories losses/write-downs

Land	(89 991)	(3 419 658)
Consumables	(999 828)	-
	(1 089 819)	**(3 419 658)**

44. Gain/(Loss) on disposal of assets

Property, plant and equipment	(27 746 829)	-

45. Cash generated from operations

Surplus	7 460 612	5 629 593
Adjustments for:		
Depreciation and amortisation	140 293 131	135 253 055
Impairment of non-cash generating assets	4 567 245	1 373 483
Loss on disposal of assets	27 746 829	-
Inventory adjustment	1 089 819	3 419 658
Gains/(losses): Actuarial valuation	(18 155 355)	(8 443 505)
Finance costs - Finance leases	46 446	96 337
Interest Cost: Actuarial valuation	13 465 000	11 201 000
Current Service Costs: Actuarial valuation	5 340 000	5 113 000
Past service cost - Actuarial valuation	(975 000)	-
Interest Cost: Provision for rehabilitation	3 740 479	3 158 427
Debt impairment	50 881 155	78 229 445
Impairment reversal	(16 940 900)	-
Movement in provision for landfill site	(11 925 997)	(7 104 688)
Changes in working capital:		
Inventories	8 556 336	(1 108 720)
Sundry Debtors	3 241 118	28 191 997
Receivables from non-exchange transactions	583 585	(546 410)
Consumer Debtors -Exchange transactions	(23 386 849)	(29 521 067)
VAT receivable	(3 167 064)	-
Consumer Debtors -Non- Exchange transactions	(18 469 378)	(23 559 332)
Consumer Estimates	(19 414 797)	(16 725 058)
Payables from exchange transactions	62 250 372	55 766 562
VAT	(17 681 944)	2 846 389
Unspent conditional grants and receipts	3 500 000	-
Consumer deposits	(336 380)	(70 773)
Deferred Income	(20 669)	26 602
Rehabilitation provision	(8 185 519)	(3 946 261)
	194 102 275	**239 279 734**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

46. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	234 404 868	153 689 830
Total capital commitments		
Already contracted for but not provided for	234 404 868	153 689 830

Authorised operational expenditure

Already contracted for but not provided for		
• Operational costs	23 644 525	79 704 863
Total operational commitments		
Already contracted for but not provided for	23 644 525	79 704 863

Total commitments

Total commitments		
Authorised capital expenditure	234 404 868	153 689 830
Authorised operational expenditure	23 644 525	79 704 863
	258 049 393	**233 394 693**

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

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47. 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 271.6 million (2022 : R129.3 million).The merits must still be determined and could result in a lesser or greater amount.

Contingent Liabilities

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
Tshiamiso Trading: Claim for unpaid standing time invoices for Tender No:61 of 2016. [Case Number: 2628/18]	-	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]	-	-
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	144 291
MA Africa Party: Applicant filed an urgent application for council to be dissolved since it cannot perform its service delivery functions. [Case Number: 742/2020]	-	-
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
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
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	37 535 000
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
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
Murn Trading Enterprise CC: Claim for cancellation of tender by the Municipality. [Case Number:1432/2020]	552 000	552 000

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47. Contingencies (continued)

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	480 000
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
Muofhe Gloria: Notice to compel municipality to register property in favor of gloria muofhe and her husband. [Case Number: 3803/2022]	400 000	-
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
Mpho Emmanuel Mulaudzi: Claim against council [Case Number: 17/01/2022]	11 985 300	11 985 300
Northbulk Petroleum Whosalers: Claims against the Municipality for supply of fuel [Case Number: 147/2022]	5 000 000	5 000 000
Makongoza Adziambei Patrick: Land invasion at Dzanani, Makongoza [Case Number: 065/2022]	500 000	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	400 000
Rammese Thomas: Claim sounding in money and matter is pending in court. [Case Number: 838/2021]	3 000 000	3 000 000
Mudau Dzivhuluwani Jonathan: Application to compel municipality to transfer property to the applicant's name. [Case Number: 4278/2019]	300 000	300 000
MEPF: Application to remove members from contributing to the fund.	500 000	500 000
Daybreak Properties: Claim sounding in money for losses suffered due to municipality's failure to install services. [Case Number: 2284/2022]	151 000 000	-
Illegal Occupants: Prevention of illegal occupants at clouds end hotel	350 000	-
Automotive Parts Exports: Application to review and set aside decision by planning tribunal. [Case Number: 20171/2022]	500 000	-
Sikhetho Freddy Ngobeni: Claim sounding in money for unfair labour practice. [Case Number: LP/LTT/RC/85/2022]	400 000	-
Themba Baloyi: Claim sounding in money as a result of theft and our attorneys of record are busy drafting summons.	128 000	-
Duwyk Boedery cc: Notice to compel municipality to re enstate electricity of applicant untill the dispute of billing between municipality and Duwyk is settled. [Case Number: 5430/2023]	1 000 000	-
Andre Naude:Notice to compel municipality to swich on electricity, matter finalised in favor of municipality. [Case Number:5697/2023]	1 000 000	-
	271 625 842	**129 338 545**

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 R58.3 million (2022 : R70.1 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	58 264 578
Tshiamiso Trading: Counter claim against the defendant due to undue enrichment. [Case Number: 3617/18]	-	7 000 000
Tshiamiso Trading: Counter claim against the defendant due to undue enrichment. [Case Number: 4608/18]	-	4 825 414
	58 264 578	**70 089 992**

Notes to the Annual Financial Statements

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48. 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	Mr K.M Nemaname
Chief Financial Officer	Vacant
Director Community services	Mr H.J Lukheli
Director Corporate Services	Mr S.G Maguga
Director Technical Services	Ms D.G Siboiboi
Director Planning & Development	Mr A Mabunda
Councillors	Refer to note 34

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 33 for detail of remuneration paid to Section 57 Managers and to Note 34 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.

Notes to the Annual Financial Statements

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49. 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	2023	2022

49. Prior-year adjustments (continued)

Statement of financial position

2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Current Assets					
Inventories	7	127 528 447	126	-	127 528 573
Sundry debtors	8	49 061 548	404 833	-	49 466 381
Receivables from non-exchange transactions	9	759 650	(587 010)	-	172 640
Consumer debtors- Exchange transactions	11	118 939 273	(37 644 470)	-	81 294 803
Consumer debtors- Non- Exchange transactions	11	46 802 524	-	-	46 802 524
Cash and cash equivalents	12	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	(7 167 688)	-	1 594 671 374
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	13	(686 149)	-	-	(686 149)
Performance bonus obligation	15	-	-	(523 318)	(523 318)
Rehabilitation provision	16	(3 000 000)	-	-	(3 000 000)
Deferred income	17	(147 645)	-	-	(147 645)
Payables from exchange transactions	18	(169 999 925)	3 090 359	523 318	(166 386 248)
VAT payable	19	(10 056 949)	(4 778 606)	-	(14 835 555)
Consumer deposits	20	(16 028 591)	-	-	(16 028 591)
Non-current liabilities					
Employee benefit obligation	6	(108 718 000)	-	-	(108 718 000)
Finance lease obligation	13	(1 057 797)	-	-	(1 057 797)
Rehabilitation provision	16	(40 141 866)	-	-	(40 141 866)
Opening Accumulated surplus		-	4 798 553	-	4 798 553
Accumulated surplus		(1 814 104 312)	41 859 798	-	(1 772 244 514)
		-	-	-	-

2022

	Note	As previously reported	Correction of error	Restated
Current Assets				
Inventories	7	128 637 294	-	128 637 294
Sundry debtors	8	21 274 384	-	21 274 384
Receivables from non-exchange transactions	9	1 828 415	(5 330)	1 823 085
Consumer debtors- Exchange transactions	11	91 333 695	(13 044 102)	78 289 593
Consumer debtors- Non- Exchange transactions	11	36 578 050	-	36 578 050
Cash and cash equivalents	12	201 323 734	428	201 324 162
Non-current Assets				
Investment property	2	15 884 270	-	15 884 270
Property, plant & equipment	3	1 709 692 321	(5 102 328)	1 704 589 993
Intangible assets	4	2 050 795	104 967	2 155 762
Heritage assets	5	2 160 329	-	2 160 329
Current Liabilities				
Employee benefit obligation	6	(4 871 000)	-	(4 871 000)
Finance lease obligation	13	(735 751)	-	(735 751)
Performance bonus obligation	15	(125 789)	-	(125 789)
Rehabilitation provision	16	(10 000 000)	-	(10 000 000)

Notes to the Annual Financial Statements

Figures in Rand			2023	2022
49. Prior-year adjustments (continued)				
Deferred income	17	(174 247)	-	(174 247)
Payables from exchange transactions	18	(223 137 350)	26 526	(223 110 824)
VAT payable	19	(17 681 850)	(94)	(17 681 944)
Consumer deposits	20	(15 957 818)	-	(15 957 818)
Non-current liabilities				
Employee benefit obligation	6	(112 542 000)	-	(112 542 000)
Finance lease obligation	13	(322 046)	-	(322 046)
Performance bonus obligation	15	(125 789)	-	(125 789)
Rehabilitation provision	16	(29 195 605)	-	(29 195 605)
Accumulated surplus		(1 795 894 042)	18 019 933	(1 777 874 109)
		-	-	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

49. Prior-year adjustments (continued)

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue					
Revenue from exchange transactions					
Service charges	22	402 489 332	(13 044 102)	-	389 445 230
Rental of facilities and equipment	23	239 386	-	-	239 386
Agency services	25	4 107 933	-	-	4 107 933
Licences and permits	26	4 053 393	-	-	4 053 393
Interest earned -outstanding receivables	27	11 803 142	-	-	11 803 142
Other revenue	28	20 248 456	(4 798 553)	-	15 449 903
Interest received from financial institutions	29	6 913 853	-	-	6 913 853
Actuarial gains	42	8 443 504	-	-	8 443 504
Revenue from non-exchange transactions					
Taxation revenue					
Interest earned -outstanding receivables	27	19 433 737	-	-	19 433 737
Property rates	30	96 260 597	-	-	96 260 597
Transfer revenue					
Fines, penalties and forfeits	24	3 765 724	(136 430)	-	3 629 294
Government grants & subsidies	31	558 017 722	-	-	558 017 722
Other revenue	32	8 596 409	-	-	8 596 409
Expenditure					
Employee related costs	33	(282 574 860)	-	-	(282 574 860)
Remuneration of councillors	34	(28 070 806)	-	-	(28 070 806)
Depreciation and amortisation	35	(136 057 880)	804 825	-	(135 253 055)
Impairment of non - cash generating assets	36	(1 373 483)	-	-	(1 373 483)
Finance costs	37	(14 464 554)	-	-	(14 464 554)
Debt Impairment	38	(79 464 580)	1 235 135	-	(78 229 445)
Bulk purchases	39	(306 303 648)	-	-	(306 303 648)
Contracted services	40	(201 726 732)	(912 239)	6 215 606	(196 423 365)
General Expenses	41	(68 462 134)	26 104	(6 215 606)	(74 651 636)
Inventories losses/write-downs	43	(3 419 658)	-	-	(3 419 658)
Surplus for the year		**22 454 853**	**(16 825 260)**	**-**	**5 629 593**

Errors

The following prior period errors adjustments occurred:

Error 1

Consumer Debtors

In the previous financial year ended 30 June 2022, consumer debtors were overstated by an amount of R13 044 102 relating to electricity estimates. The estimates relate to 2021, which were supposed to be subsequently reversed in the year ended 30 June 2022. The error was identified and subsequently corrected in the current financial year. The effect of the correction of the error is as follows:

Financial Statement Area	
Decrease in Consumer Debtors from Exchange transactions [SFP]	(13 044 102)
Decrease in Service Charges - Electricity [SCI]	13 044 102
	-

Error 2

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

49. Prior-year adjustments (continued)

Trade & other payables

In the previous financial year ended 30 June 2022, Trade & other payables was overstated by an amount of R26 828.81 relating to General expenses and Contracted services. The error was subsequently corrected in the current financial year.

Furthermore, in the previous financial year ended 30 June 2022, Trade & other payables were understated by an amount of R428 relating to purchasing of lunch. The amount was supposed to be accrued at financial year ended 30 June 2022. 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]	26 829
Decrease in General expenses [SCI]	(26 104)
Decrease in Contracted services [SCI]	(630)
Increase in VAT payables [SFP]	(95)
Increase in Trade & other payables [SFP]	(428)
Increase in Cash & cash equivalents [SFP]	428
	-

Error 3

Other revenue from exchange transactions

In the previous financial year ended 30 June 2022, the disposal proceeds from assets auction amounting to R4 798 552.91 were recorded in the incorrect period. The amount was disclosed in the annual financial statements for the year ended 30 June 2022, under 'Other income from exchange transactions'. The error was discovered during the audit of 30 June 2022 financial year.

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

Financial Statement Area	
Decrease in Other revenue from exchange transactions [SCI]	4 798 553
Increase in Opening Accumulated surplus [SCE]	(4 798 553)
	-

Error 4

Receivables

Traffic fines:

In the previous financial year, traffic fines debtors included an amount of R1 240 465, relating to tickects paid in the previous financial periods. The receivable amount for 30 June 2022 was misstated by the same amount. Impairment amount of R9 701 820 in the previous financial year, included an amount of R1 235 135 relating to tickects that were paid in 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	
Decrease in Revenue from non-exchange transactions [SCI]	136 430
Decrease in Receivable from non -exchange transactions [SFP]	(1 240 465)
Decrease in Retained Earnings [SCE]	1 104 035
Increase in Receivable from non -exchange transactions [SFP]	1 235 135
Decrease in Bad debts impairment [SCI]	(1 235 135)
	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

49. Prior-year adjustments (continued)

Error 5

Property, plant & equipment:

In the prior periods, Work In Progress was misstated due to non- capitalisation of completed projects as well as non - expensing of transactions that do not meet the asset recognition criteria.

Work in progress in the previous financial year was overstated by R1 365 287.81 (2021: R11 021 613.91). Work in progress in the previous financial year was overstated by R666 141.28.The error was identified during the current year and subsequently corrected. The effect of the correction of the errors is as follows:

Financial Statement Area	
2021: Financial Year	
Decrease in Equity [SCE]	4 889 318
Increase in completed projects - Community assets [SFP]	292 945
Increase in completed projects - Infrastructure assets [SFP]	5 839 352
Decrease in Work in progress [SFP]	(11 021 615)
2022: Financial Year	
Increase in Contracted services [SCI]	246 728
Increase in completed projects - Infrastructure assets [SFP]	1 118 560
Decrease in Work in progress [SFP]	(1 365 288)
Increase in Contracted services [SCI]	666 141
Decrease in Work in progress [SFP]	(666 141)
	-

In the prior year, depreciation and amortisation was incorrectly calculated in the Fixed Asset Register. Therefore, property, plant & equipment carrying value was misstated by R1 413 971.97; R24 593.76; R26 486.78; R39 802.27 and R622 936.80 as well as intangible assets carrying value was misstated by R104 966.87 The error was identified in the current year and subsequently corrected.

Financial Statement Area	
Decrease in Accumulated depreciation [SFP]	1 413 972
Decrease in depreciation expense [SCI]	(1 413 972)
Decrease in Accumulated amortisation [SFP]	104 967
Decrease in amortisation expense [SCI]	(104 967)
Increase in Accumulated depreciation - Computer Equipment [SFP]	(24 594)
Increase in depreciation - Computer Equipment [SFP]	24 594
Increase in Accumulated depreciation - Furniture Equipment [SFP]	(3 144)
Increase in Depreciation - Furniture Equipment [SCI]	3 144
Increase in Accumulated depreciation - Machinery and Equipment [SFP]	(23 343)
Increase in Depreciation - Machinery and Equipment [SCI]	23 343
Increase in Accumulated depreciation - Community Assets [SFP]	(39 802)
Increase in Depreciation - Community Assets [SFP]	39 802
Increase in Accumulated depreciation & impairment [SFP]	(622 937)
Increase in Depreciation & impairment [SFP]	622 937
	-

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1

General Expenses:

An amount of R6 215 606.05 paid for external audit fees was incorrectly disclosed as contracted services. The error was identified in the current year and corrected. The following re-classification was done in financial statements:

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

49. Prior-year adjustments (continued)

Financial Statements Area		
Increase in General Expenses (Audit fees) [SCI]		6 215 606
Decrease in Contracted services [SCI]		(6 215 606)
		-

50. 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 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liability	(322 046)	-	-	-
Payables from exchange transactions	(286 096 946)	-	-	-
Performance bonus obligation	(251 579)	-	-	-
Consumer deposits	(15 621 438)	-	-	-
Rehabilitation provision	(5 000 000)	-	(26 010 086)	-
Deferred Income	(153 578)	-	-	-

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liability	(735 751)	(322 046)	-	-
Payables from exchange transactions	(223 110 824)	-	-	-
Performance bonus obligation	(125 789)	(125 790)	-	-
Consumer deposits	(15 957 818)	-	-	-
Rehabilitation provision	(10 000 000)	-	(29 195 605)	-
Deferred Income	(174 247)	-	-	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

50. 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 counterparty. 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 assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Sundry Debtors	18 033 266	21 274 384
Receivables from non-exchange transactions	1 239 500	1 823 085
Consumer debtors -exchange transactions	62 839 619	78 289 593
Consumer debtors -Non-exchange transactions	40 585 546	36 578 050
Cash and cash equivalents	146 595 502	201 324 162

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.

51. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of 1 785 334 720 and that the municipality's total assets exceed its liabilities by 1 785 334 720.

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.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

52. Events after the reporting date

There were no material events that occurred between the end of the reporting period 30 June 2023 and the date that the financial statements are authorised for issue.

53. Fruitless and wasteful expenditure

Opening balance	207 812	199 918
Add: Fruitless and wasteful expenditure identified - current	259 169	8 774
Less: Amount recovered - current	(40 790)	(880)
Closing balance	**426 191**	**207 812**

Amount recovered

After the council committee investigations, council adopted the council committee recommendations to recover an amount of 40 790 from persons involved.

Amounts recovered on interest charged by SARS	(8 774)	-
Amounts recovered from stolen fuel cards	(32 016)	-
Amounts recovered from interest charged by Munsoft	-	(880)
	(40 790)	**(880)**

54. Irregular expenditure

Opening balance	130 850	79 528
Add: Irregular expenditure - current	562 570	130 850
Less: Amount written off - current	(56 952)	(79 528)
Closing balance	**636 468**	**130 850**

55. Additional disclosure in terms of Municipal Finance Management Act

Subscription fees

Current year subscription / fee	3 879 113	3 309 702
Amount paid - current year	(3 879 113)	(3 309 702)
	-	**-**

Distribution Losses

Kilowats Hours		
Units Purchased	181 910 524	209 981 467
Units Sold	(162 005 062)	(184 874 084)
Distribution Loss (Units)	**19 905 462**	**25 107 383**
Rand Values		
Electricity	32 725 648	36 624 559
	32 725 648	**36 624 559**

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 19 905 462 (2022: 25 107 383) kilowatts per hour were lost. This represented 11% (2022: 12%) of the electricity purchases for the year, which has been included in bulk purchases.An average price per kilowatt hour of R1.64 (2022: R1.46) was used.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

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

Audit fees

Current year subscription / fee	6 499 272	6 160 198
Amount paid - current year	(6 499 272)	(6 160 198)
	-	-

PAYE and UIF

Current year amount - Employer	1 367 387	1 204 967
Current year amount - Employees	53 966 710	48 150 907
Amount paid - current year	(55 334 097)	(49 355 874)
	-	-

Pension and Medical Aid Deductions

Current year amount - Employer	55 470 087	49 326 109
Current year amount - Employees	29 574 568	26 059 803
Amount paid - current year	(85 044 655)	(75 385 912)
	-	-

VAT

VAT(receivable) /payable	(3 167 064)	17 681 944

VAT output payables and VAT input receivables are shown in Note 10 and 19. All VAT returns have been submitted by the due date throughout the year.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

55. 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 2023:

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sebola DJ	3 852	-	3 852
Phuluwa MI	8 043	180 350	188 393
Halgreen CD	185	-	185
Jones NB	64	273	337
Mudunungu NA	220	141	361
Baloyi RS	2 951	63 244	66 195
Tshidavhu IA	4 073	4 054	8 127
	19 388	**248 062**	**267 450**

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**

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

30 June 2023	Highest outstanding amount	Aging (in days)
Phuluwa MI	180 350	90
Jones NB	273	90
Mudunungu NA	141	-
Baloyi RS	63 244	90
Tshidavhu IA	4 054	90
	248 062	**360**

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**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

56. Actual operating expenditure versus budgeted operating expenditure

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

57. 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 2022/23 financial year in terms of the Supply Chain Management Regulations amounted to R1 759 455 [2022: R1 651 807].

Period		
Quarter 1	248 812	459 482
Quarter 2	621 180	141 353
Quarter 3	386 836	550 175
Quarter 4	502 627	500 797
	1 759 455	**1 651 807**

58. 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.

59. 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.

59. 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
Executive & Council	Council
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 2023.

60. Accounting by principals and agents

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

Details of the arrangment(s) is|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 556 844 (2022: R4 107 933) as disclosed in note 25.

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 2023, the municipality paid R21 840 467 (2022:R18 823 404) over to the Department of Transport.

MAKHADO LOCAL MUNICIPALITY

MAKHADO LOCAL MUNICIPALITY

Appendix B
June 2023

Analysis of property, plant and equipment as at 30 June 2023

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Developed land	209 945 543	-	-	-	-	-	**209 945 543**	-	-	-	-	-	**-**	209 945 543
Undeveloped land	23 256 682	-	-	-	-	-	**23 256 682**	-	-	-	-	-	**-**	23 256 682
Dwellings	3 487 346	-	-	-	-	-	**3 487 346**	(866 468)	-	-	-	(144 894)	**(1 011 362)**	2 475 984
Nonresidential structures	49 976 849	7 389 818	-	(621 915)	-	-	**56 744 752**	(19 546 320)	298 302	-	(849 327)	(1 885 221)	**(21 982 566)**	34 762 186
	286 666 420	**7 389 818**	**-**	**(621 915)**	**-**	**-**	**293 434 323**	**(20 412 788)**	**298 302**	**-**	**(849 327)**	**(2 030 115)**	**(22 993 928)**	**270 440 395**
Infrastructure														
Electricity	1 109 633 441	66 167 110	-	(9 975 513)	-	-	**1 165 825 038**	(670 738 054)	5 814 983	-	(2 237 787)	(46 179 035)	**(713 339 893)**	452 485 145
Roads	1 280 292 631	157 019 227	-	(63 680 267)	-	-	**1 373 631 591**	(667 404 909)	39 690 623	-	(936 992)	(67 031 084)	**(695 682 362)**	677 949 229
Solid waste disposal	28 537 782	469 226	-	-	-	-	**29 007 008**	(11 235 300)	-	-	(32 114)	(1 260 379)	**(12 527 793)**	16 479 215
	2 418 463 854	**223 655 563**	**-**	**(73 655 780)**	**-**	**-**	**2 568 463 637**	**(1 349 378 263)**	**45 505 606**	**-**	**(3 206 893)**	**(114 470 498)**	**(1 421 550 048)**	**1 146 913 589**
Community Assets														
Cemetries	9 252 583	4 817 189	-	-	-	-	**14 069 772**	(4 797 599)	-	-	(43 110)	(454 353)	**(5 295 062)**	8 774 710
Cemetries perimeter protection	7 812 671	3 076 992	-	(570)	-	-	**10 889 093**	(1 201 739)	545	-	(20 017)	(329 347)	**(1 550 558)**	9 338 535
Community center	80 813 903	13 980 540	-	(6 410)	-	-	**94 788 033**	(19 353 405)	3 591	-	(227 170)	(3 025 647)	**(22 602 631)**	72 185 402
Libraries	1 238 958	-	-	-	-	-	**1 238 958**	(790 638)	-	-	-	(44 771)	**(835 409)**	403 549
Sports and recreational facilities	42 044 994	1 304 707	-	-	-	-	**43 349 701**	(5 623 605)	-	-	(86 236)	(1 727 990)	**(7 437 831)**	35 911 870
Library books	2 470 476	82 156	-	(24 227)	-	-	**2 528 405**	(2 334 684)	22 648	-	-	(73 839)	**(2 385 875)**	142 530
	143 633 585	**23 261 584**	**-**	**(31 207)**	**-**	**-**	**166 863 962**	**(34 101 670)**	**26 784**	**-**	**(376 533)**	**(5 655 947)**	**(40 107 366)**	**126 756 596**

MAKHADO LOCAL MUNICIPALITY
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Appendix B
June 2023

Analysis of property, plant and equipment as at 30 June 2023

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Work In Progress														
Work In Progress	173 318 568	283 960 811	(253 824 808)	-	(10 168 913)	-	**193 285 658**	-	-	-	-	-	-	193 285 658
	173 318 568	**283 960 811**	**(253 824 808)**	**-**	**(10 168 913)**	**-**	**193 285 658**	**-**	**-**	**-**	**-**	**-**	**-**	**193 285 658**
Other assets														
Machinery and equipment	61 215 141	6 310 238	-	(3 190 213)	-	-	**64 335 166**	(30 778 335)	3 054 245	-	(26 323)	(6 285 304)	**(34 035 717)**	30 299 449
Furniture and office equipment	17 201 205	418 233	-	(3 180 008)	-	-	**14 439 430**	(12 481 292)	3 105 916	-	(12 947)	(1 370 118)	**(10 758 441)**	3 680 989
Computer Equipment	14 722 559	2 538 165	-	(2 144 164)	-	-	**15 116 560**	(7 243 360)	1 969 752	-	(30 620)	(2 006 154)	**(7 310 382)**	7 806 178
Transport assets	78 167 816	8 437 490	-	(3 170 048)	-	-	**83 435 258**	(34 403 341)	2 566 792	-	(175)	(7 488 759)	**(39 325 483)**	44 109 775
	171 306 721	**17 704 126**	**-**	**(11 684 433)**	**-**	**-**	**177 326 414**	**(84 906 328)**	**10 696 705**	**-**	**(70 065)**	**(17 150 335)**	**(91 430 023)**	**85 896 391**

MAKHADO LOCAL MUNICIPALITY
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Appendix B
June 2023

Analysis of property, plant and equipment as at 30 June 2023

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	286 666 420	7 389 818	-	(621 915)	-	-	**293 434 323**	(20 412 788)	298 302	-	(849 327)	(2 030 115)	**(22 993 928)**	270 440 395
Infrastructure	2 418 463 854	223 655 563	-	(73 655 780)	-	-	**2 568 463 637**	(1 349 378 263)	45 505 606	-	(3 206 893)	(114 470 498)	**(1 421 550 048)**	1 146 913 589
Community Assets	143 633 585	23 261 584	-	(31 207)	-	-	**166 863 962**	(34 101 670)	26 784	-	(376 533)	(5 655 947)	**(40 107 366)**	126 756 596
Work In Progress	173 318 568	283 960 811	(253 824 808)	-	(10 168 913)	-	**193 285 658**	-	-	-	-	-	**-**	193 285 658
Other assets	171 306 721	17 704 126	-	(11 684 433)	-	-	**177 326 414**	(84 906 328)	10 696 705	-	(70 065)	(17 150 335)	**(91 430 023)**	85 896 391
	3 193 389 148	**555 971 902**	**(253 824 808)**	**(85 993 335)**	**(10 168 913)**	**-**	**3 399 373 994**	**(1 488 799 049)**	**56 527 397**	**-**	**(4 502 818)**	**(139 306 895)**	**(1 576 081 365)**	**1 823 292 629**
Heritage assets														
Heritage assets	2 160 329	-	-	-	-	-	**2 160 329**	-	-	-	-	-	**-**	2 160 329
	2 160 329	**-**	**-**	**-**	**-**	**-**	**2 160 329**	**-**	**-**	**-**	**-**	**-**	**-**	**2 160 329**
Intangible assets														
Computers - software	8 699 729	58 550	-	(24 227)	-	-	**8 734 052**	(6 543 971)	22 648	-	-	(604 528)	**(7 125 851)**	1 608 201
	8 699 729	**58 550**	**-**	**(24 227)**	**-**	**-**	**8 734 052**	**(6 543 971)**	**22 648**	**-**	**-**	**(604 528)**	**(7 125 851)**	**1 608 201**
Investment properties														
Developed land	4 979 659	-	-	-	-	-	**4 979 659**	-	-	-	-	-	**-**	4 979 659
Dwellings	6 372 122	-	-	-	-	-	**6 372 122**	(2 145 336)	-	-	(64 426)	(177 451)	**(2 387 213)**	3 984 909
Non residential structures	8 107 646	-	-	-	-	-	**8 107 646**	(1 429 821)	-	-	-	(204 260)	**(1 634 081)**	6 473 565
	19 459 427	**-**	**-**	**-**	**-**	**-**	**19 459 427**	**(3 575 157)**	**-**	**-**	**(64 426)**	**(381 711)**	**(4 021 294)**	**15 438 133**
Total														
Land and buildings	286 666 420	7 389 818	-	(621 915)	-	-	**293 434 323**	(20 412 788)	298 302	-	(849 327)	(2 030 115)	**(22 993 928)**	270 440 395
Infrastructure	2 418 463 854	223 655 563	-	(73 655 780)	-	-	**2 568 463 637**	(1 349 378 263)	45 505 606	-	(3 206 893)	(114 470 498)	**(1 421 550 048)**	1 146 913 589
Community Assets	143 633 585	23 261 584	-	(31 207)	-	-	**166 863 962**	(34 101 670)	26 784	-	(376 533)	(5 655 947)	**(40 107 366)**	126 756 596
Work In Progress	173 318 568	283 960 811	(253 824 808)	-	(10 168 913)	-	**193 285 658**	-	-	-	-	-	**-**	193 285 658
Other assets	171 306 721	17 704 126	-	(11 684 433)	-	-	**177 326 414**	(84 906 328)	10 696 705	-	(70 065)	(17 150 335)	**(91 430 023)**	85 896 391
Heritage assets	2 160 329	-	-	-	-	-	**2 160 329**	-	-	-	-	-	**-**	2 160 329
Intangible assets	8 699 729	58 550	-	(24 227)	-	-	**8 734 052**	(6 543 971)	22 648	-	-	(604 528)	**(7 125 851)**	1 608 201
Investment properties	19 459 427	-	-	-	-	-	**19 459 427**	(3 575 157)	-	-	(64 426)	(381 711)	**(4 021 294)**	15 438 133
	3 223 708 633	**556 030 452**	**(253 824 808)**	**(86 017 562)**	**(10 168 913)**	**-**	**3 429 727 802**	**(1 498 918 177)**	**56 550 045**	**-**	**(4 567 244)**	**(140 293 134)**	**(1 587 228 510)**	**1 842 499 292**

MAKHADO LOCAL MUNICIPALITY

Appendix B

March 2023

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

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Developed land	210 582 951	45 000	-	(682 408)	-	-	**209 945 543**	-	-	-	-	-	**-**	209 945 543
Undeveloped land	23 256 682	-	-	-	-	-	**23 256 682**	-	-	-	-	-	**-**	23 256 682
Dwellings	3 487 346	-	-	-	-	-	**3 487 346**	(721 574)	-	-	-	(144 894)	**(866 468)**	2 620 878
Nonresidential structures	41 682 534	4 160 001	4 134 314	-	-	-	**49 976 849**	(17 911 557)	-	-	(19 348)	(1 615 415)	**(19 546 320)**	30 430 529
	279 009 513	**4 205 001**	**4 134 314**	**(682 408)**	**-**	**-**	**286 666 420**	**(18 633 131)**	**-**	**-**	**(19 348)**	**(1 760 309)**	**(20 412 788)**	**266 253 632**
Infrastructure														
Electricity	1 061 665 466	47 967 975	-	-	-	-	**1 109 633 441**	(625 273 120)	-	-	(1 166)	(45 463 768)	**(670 738 054)**	438 895 387
Roads	1 221 022 592	59 270 039	-	-	-	-	**1 280 292 631**	(603 188 599)	-	-	(1 341 553)	(62 874 757)	**(667 404 909)**	612 887 722
Solid waste disposal	27 910 882	626 900	-	-	-	-	**28 537 782**	(9 991 592)	-	-	-	(1 243 708)	**(11 235 300)**	17 302 482
	2 310 598 940	**107 864 914**	**-**	**-**	**-**	**-**	**2 418 463 854**	**(1 238 453 311)**	**-**	**-**	**(1 342 719)**	**(109 582 233)**	**(1 349 378 263)**	**1 069 085 591**
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	1 330 838	-	-	-	-	**7 812 671**	(965 841)	-	-	-	(235 898)	**(1 201 739)**	6 610 932
Community center	57 410 900	23 403 003	-	-	-	-	**80 813 903**	(17 154 271)	-	-	(3 950)	(2 195 184)	**(19 353 405)**	61 460 498
Libraries	1 183 252	55 706	-	-	-	-	**1 238 958**	(749 170)	-	-	-	(41 468)	**(790 638)**	448 320
Sports and recreational facilities	15 197 083	26 847 911	-	-	-	-	**42 044 994**	(4 884 007)	-	-	(7 466)	(732 132)	**(5 623 605)**	36 421 389
Library books	2 470 476	-	-	-	-	-	**2 470 476**	(2 247 923)	-	-	-	(86 761)	**(2 334 684)**	135 792
	91 855 127	**51 778 458**	**-**	**-**	**-**	**-**	**143 633 585**	**(30 413 711)**	**-**	**-**	**(11 416)**	**(3 676 543)**	**(34 101 670)**	**109 531 915**

MAKHADO LOCAL MUNICIPALITY
MAKHADO LOCAL MUNICIPALITY
Appendix B
June 2023

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

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Work In Progress														
Work In Progress	108 706 404	224 641 676	(156 909 972)	-	(3 119 540)	-	**173 318 568**	-	-	-	-	-	**-**	173 318 568
	108 706 404	**224 641 676**	**(156 909 972)**	**-**	**(3 119 540)**	**-**	**173 318 568**	**-**	**-**	**-**	**-**	**-**	**-**	**173 318 568**
Other assets														
Machinery and equipment	48 408 593	12 806 548	-	-	-	-	**61 215 141**	(25 059 128)	-	-	-	(5 719 207)	**(30 778 335)**	30 436 806
Furniture and office equipment	15 154 754	2 046 451	-	-	-	-	**17 201 205**	(10 773 365)	-	-	-	(1 707 927)	**(12 481 292)**	4 719 913
Computer Equipment	11 560 863	3 161 696	-	-	-	-	**14 722 559**	(5 588 173)	-	-	-	(1 655 187)	**(7 243 360)**	7 479 199
Transport assets	76 689 551	1 478 265	-	-	-	-	**78 167 816**	(25 223 688)	-	-	-	(9 179 653)	**(34 403 341)**	43 764 475
	151 813 761	**19 492 960**	**-**	**-**	**-**	**-**	**171 306 721**	**(66 644 354)**	**-**	**-**	**-**	**(18 261 974)**	**(84 906 328)**	**86 400 393**

MAKHADO LOCAL MUNICIPALITY

MAKHADO LOCAL MUNICIPALITY

Appendix B

June 2023

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

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	279 009 513	4 205 001	4 134 314	(682 408)	-	-	**286 666 420**	(18 633 131)	-	-	(19 348)	(1 760 309)	**(20 412 788)**	266 253 632
Infrastructure	2 310 598 940	107 864 914	-	-	-	-	**2 418 463 854**	(1 238 453 311)	-	-	(1 342 719)	(109 582 233)	**(1 349 378 263)**	1 069 085 591
Community Assets	91 855 127	51 778 458	-	-	-	-	**143 633 585**	(30 413 711)	-	-	(11 416)	(3 676 543)	**(34 101 670)**	109 531 915
Work In Progress	108 706 404	224 641 676	(156 909 972)	-	(3 119 540)	-	**173 318 568**	-	-	-	-	-	**-**	173 318 568
Other assets	151 813 761	19 492 960	-	-	-	-	**171 306 721**	(66 644 354)	-	-	-	(18 261 974)	**(84 906 328)**	86 400 393
	2 941 983 745	**407 983 009**	**(152 775 658)**	**(682 408)**	**(3 119 540)**	**-**	**3 193 389 148**	**(1 354 144 507)**	**-**	**-**	**(1 373 483)**	**(133 281 059)**	**(1 488 799 049)**	**1 704 590 099**
Heritage assets														
Heritage assets	2 160 329	-	-	-	-	-	**2 160 329**	-	-	-	-	-	**-**	2 160 329
	2 160 329	**-**	**-**	**-**	**-**	**-**	**2 160 329**	**-**	**-**	**-**	**-**	**-**	**-**	**2 160 329**
Intangible assets														
Computers - software & programming	7 544 139	1 155 590	-	-	-	-	**8 699 729**	(5 653 647)	-	-	-	(890 324)	**(6 543 971)**	2 155 758
	7 544 139	**1 155 590**	**-**	**-**	**-**	**-**	**8 699 729**	**(5 653 647)**	**-**	**-**	**-**	**(890 324)**	**(6 543 971)**	**2 155 758**
Investment properties														
Developed land	4 297 251	682 408	-	-	-	-	**4 979 659**	-	-	-	-	-	**-**	4 979 659
Dwellings	6 372 122	-	-	-	-	-	**6 372 122**	(1 967 884)	-	-	-	(177 451)	**(2 145 335)**	4 226 787
Nonresidential structures	8 107 646	-	-	-	-	-	**8 107 646**	(1 225 561)	-	-	-	(204 260)	**(1 429 821)**	6 677 825
	18 777 019	**682 408**	**-**	**-**	**-**	**-**	**19 459 427**	**(3 193 445)**	**-**	**-**	**-**	**(381 711)**	**(3 575 156)**	**15 884 271**
Total														
Land and buildings	279 009 513	4 205 001	4 134 314	(682 408)	-	-	**286 666 420**	(18 633 131)	-	-	(19 348)	(1 760 309)	**(20 412 788)**	266 253 632
Infrastructure	2 310 598 940	107 864 914	-	-	-	-	**2 418 463 854**	(1 238 453 311)	-	-	(1 342 719)	(109 582 233)	**(1 349 378 263)**	1 069 085 591
Community Assets	91 855 127	51 778 458	-	-	-	-	**143 633 585**	(30 413 711)	-	-	(11 416)	(3 676 543)	**(34 101 670)**	109 531 915
Work In Progress	108 706 404	224 641 676	(156 909 972)	-	(3 119 540)	-	**173 318 568**	-	-	-	-	-	**-**	173 318 568
Other assets	151 813 761	19 492 960	-	-	-	-	**171 306 721**	(66 644 354)	-	-	-	(18 261 974)	**(84 906 328)**	86 400 393
Heritage assets	2 160 329	-	-	-	-	-	**2 160 329**	-	-	-	-	-	**-**	2 160 329
Intangible assets	7 544 139	1 155 590	-	-	-	-	**8 699 729**	(5 653 647)	-	-	-	(890 324)	**(6 543 971)**	2 155 758
Investment properties	18 777 019	682 408	-	-	-	-	**19 459 427**	(3 193 445)	-	-	-	(381 711)	**(3 575 156)**	15 884 271
	2 970 465 232	**409 821 007**	**(152 775 658)**	**(682 408)**	**(3 119 540)**	**-**	**3 223 708 633**	**(1 362 991 599)**	**-**	**-**	**(1 373 483)**	**(134 553 094)**	**(1 498 918 176)**	**1 724 790 457**

MAKHADO LOCAL MUNICIPALITY
Appendix D
June 2023

Segmental Statement of Financial Performance for the year ended

Current Year Actual Income Rand	Current Year Actual Expenditure Rand	Current Year Surplus /(Deficit) Rand		Prior Year Actual Income Rand	Prior Year Actual Expenditure Rand	Prior Year Surplus /(Deficit) Rand
			Municipality			
445 889 000	104 637 930	341 251 070	Executive & Council/Mayor and Council	401 747 000	91 306 366	310 440 634
197 163 219	401 950 856	(204 787 637)	Finance & Admin/Finance	176 389 376	483 388 395	(306 999 019)
20 618 511	28 799 429	(8 180 918)	Planning and Development/Economic Development/Plan	5 841 144	31 268 618	(25 427 474)
-	1 836 827	(1 836 827)	Health/Clinics	-	2 152 706	(2 152 706)
157 277	10 249 432	(10 092 155)	Comm. & Social/Libraries and archives	182 238	3 335 062	(3 152 824)
19 597	8 632 349	(8 612 752)	Public Safety/Police	41 431	3 901 789	(3 860 358)
97 117	1 656 181	(1 559 064)	Sport and Recreation	117 767	1 079 152	(961 385)
17 661 683	21 270 059	(3 608 376)	Waste Water Management/Sewerage	16 007 554	23 953 422	(7 945 868)
117 903 931	174 862 505	(56 958 574)	Road Transport/Roads	123 009 814	108 235 806	14 774 008
391 381 778	429 535 933	(38 154 155)	Electricity /Electricity Distribution	403 057 779	372 143 194	30 914 585
190 892 113	**183 431 501**	**7 460 612**		**126 394 103**	**120 764 510**	**5 629 593**
190 892 113	183 431 501	7 460 612	Municipality	126 394 103	120 764 510	5 629 593
190 892 113	**183 431 501**	**7 460 612**	**Total**	**126 394 103**	**120 764 510**	**5 629 593**

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2023

	Current year 2023 Act. Bal. Rand	Current year 2023 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Service charges	385 664 462	542 975 000	(157 310 538)	(29,0)	The municipality billed less revenue than budgeted.
Rental of facilities and equipment	321 030	315 000	6 030	1,9	The municipality realised more collections from rentals of community halls and other facilities
Property rates	97 299 879	116 094 000	(18 794 121)	(16,2)	Less revenue was billed as compared to what was budgeted for for the year.
Interest received from debtors	37 314 424	39 318 000	(2 003 576)	(5,1)	Interest receivable from consumers was less than budgeted amount.
Agency services	4 556 844	-	4 556 844	-	
Government grants & subsidies	574 516 240	573 815 000	701 240	0,1	The actual government grants received approximates the budgeted amounts.
Fines, Penalties and Forfeits	6 144 857	4 802 000	1 342 857	28,0	The municipality billed more tickects than budgeted.
Licences and permits	3 790 850	3 908 000	(117 150)	(3,0)	The municipality collected less licences and permits than budgeted by only 3%.
Other income	53 559 025	83 455 000	(29 895 975)	(35,8)	Less revenue was realised from other sources than what was budgeted for.
Actuarial gains	18 155 355	-	18 155 355	-	
Interest received from financial institutions	9 569 147	9 056 000	513 147	5,7	The municipality received more interest from banks during the year than budgeted for.
	190 892 113	373 738 000	(182 845 887)	(13,3)	
Expenses					
Personnel	(327 124 968)	(327 501 000)	376 032	(0,1)	Expenditure is within the budget.
Remuneration of councillors	(28 208 519)	(29 444 000)	1 235 481	(4,2)	Expenditure is within the budget.
Depreciation & amortisation	(144 860 376)	(145 000 000)	139 624	(0,1)	Expenditure is within the budget.
	-	-	-	-	
Finance costs	(17 252 094)	(17 620 000)	367 906	(2,1)	Expenditure is within the budget
Debt Impairment	(50 881 155)	(60 715 000)	9 833 845	(16,2)	Expenditure is within the budget.
Bulk purchases	(299 070 654)	(333 062 000)	33 991 346	(10,2)	Expenditure is within the budget.

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2023

	Current year 2023 Act. Bal.	Current year 2023 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Contracted Services	(184 519 383)	(220 227 000)	35 707 617	(16,2)	Expenditure is within the budget.
General Expenses	(131 514 352)	(132 183 000)	668 648	(0,5)	Expenditure is within the budget.
Other revenue and costs	183 431 501)	265 752 000)	82 320 499	(6,5)	
Net surplus/ (deficit) for the year	7 460 612	107 986 000	(100 525 388)	(93,1)	

MAKHADO LOCAL MUNICIPALITY
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2023

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	-	31 650	29 510	41 437	-	-	(13 899)	(36 461)	(11 549)	(40 688)	-	-	-	-	-		Yes	
Integrated Electrification Program	Department of Energy	-	-	5 000	15 120	-	-	-	(5 000)	(7 340)	(7 780)	-	-	-	-	-		Yes	
Financial Management Grant	National Treasury	-	1 950	-	-	-	-	(525)	(592)	(430)	(403)	-	-	-	-	-		Yes	
EPWP	Department of Public Works	-	815	1 467	977	-	-	(815)	(815)	(815)	(814)	-	-	-	-	-		Yes	
Disaster Management Grant	COGTA	-	-	-	-	3 500	-	-	-	-	-	-	-	-	-	-			
		-	34 415	35 977	57 534	3 500	-	(15 239)	(42 868)	(20 134)	(49 685)	-	-	-	-	-			