MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements
for the year ended 30 June 2024

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 E.T Sithi
	Cllr N.B Jones
Mayor	Cllr M.D Mboyi
Speaker	Cllr T.G Mukwevho - Mitileni
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 F.P Makhubele
	Cllr S.E Baloyi
	Cllr M.D Ndou
	Cllr N.J Simangwe
	Cllr M.E Mulefu
	Cllr P Mashau
	Cllr T.T Mushandana
	Cllr N.V Malivha
	Cllr P.N Masipa
	Cllr M.E Mulaudzi
	Cllr M.R Makwala
	Cllr T Kutama
	Cllr M.I Phuluwa
	Cllr T.R Ravele
	Cllr M Maraga
	Cllr N.S Nemudzivhadi
	Cllr F.N Madzhiga
	Cllr S Masuka
	Cllr A.S Dzhivhuho
	Cllr K Mukheli
	Cllr M Mukosi
	Cllr M.R Mokgoadi

General Information

	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)	N.G Raliphada
Grading of local authority	5
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 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 Makhuvha EM Toohey Nyezi Rambau Attorneys Ndou Lucky Attorneys Sikhwari Attorneys Inc We Monyai Attorneys Madima M Attorneys Inc Musetsho Inc Letsela Nkondo Associates Inc FR Chauke Inc Ligege & Associates Inc Mavuna & Netshimbupfe Inc Munonde Attorneys

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

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Abbreviations used:

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
VAT	Value Added Tax

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 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is largely dependent on the government for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality'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 7, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Accounting Officer
K.M Nemaname

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality's total income for the period ended 30 June 2024 increased by 10% from R1 190 892 113 in the previous financial period to R1 310 048 934 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 2024, Grants and subsidies was the major contributor to total income of the municipality with a 47.3% [2023:48.2%] contributing factor followed by service charges which contributed 34.7% [2023: 32.4%] of the total income, which was mainly sale of electricity as well as refuse collection. Propety rates contributed 9.2% (2023: 8.2%) of total income.

Net deficit of the municipality was 651 759 (2023: surplus 7 552 478).

Proportion of income generated/raised

2024

Type of income	Proportion of contribution to income	Amount
Service charges	34.69 %	454 445 770
Rental of facilities and equipment	0.03 %	425 659
Agency services	0.25 %	3 273 967
Licences and permits	0.29 %	3 809 976
Interest earned -outstanding receivables: Exchange	1.18 %	15 511 158
Other revenue - Exchange transactions	1.67 %	21 935 915
Interest received from financial institutions	0.42 %	5 456 569
Actuarial gains	0.49 %	6 420 329
Interest earned -outstanding receivables: Non exchnage	1.98 %	25 943 370
Property rates	9.21 %	120 692 497
Fines, Penalties and Forfeits	0.41 %	5 390 564
Government grants & subsidies	47.29 %	619 579 943
Other income - non exchange transactions	2.07 %	27 163 217

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

Accounting Officer's Report

2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of 1 784 774 828 (2023: 1 785 426 587) and that the municipality's total assets exceed its liabilities by 1 784 774 828 (2023:1 785 426 587) .

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 aware of material events that occurred between the end of the reporting period 30 June 2024 and the date that the financial statements are authorised for issue. Refer to Note 51

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 (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 and Risk 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 Audit 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

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

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Accounting Officer
K.M Nemaname

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Non-Current Assets			
Investment property	2	15 058 990	15 438 133
Property, plant and equipment	3	1 926 120 135	1 823 384 391
Intangible assets	4	1 728 326	1 609 780
Heritage assets	5	2 160 329	2 160 329
		1 945 067 780	**1 842 592 633**
Current Assets			
Inventories	7	126 511 484	119 081 129
Receivables from exchange transactions	8	3 303 002	18 117 026
Receivables from non-exchange transactions	9	737 650	1 239 500
VAT receivable	10	779 186	3 167 064
Consumer debtors - Exchange transactions	11	104 387 525	62 839 619
Consumer debtors - Non- Exchange transactions	11	45 139 649	40 585 546
Cash and cash equivalents	12	14 661 767	146 595 502
		295 520 263	**391 625 386**
Total Assets		**2 240 588 043**	**2 234 218 019**
Liabilities			
Current Liabilities			
Employee benefit obligation	6	8 361 000	5 138 000
Finance lease obligation	13	1 126 839	322 046
Unspent conditional grants and receipts	14	4 558 461	3 500 000
Performance bonus obligation	15	-	251 579
Rehabilitation provision	16	1 455 387	5 000 000
Deferred Income	17	99 695	153 578
Payables from exchange transactions	18	285 535 375	286 180 705
Consumer deposits	20	14 982 222	15 621 438
		316 118 979	**316 167 346**
Non-Current Liabilities			
Employee benefit obligation	6	118 989 000	106 614 000
Finance lease obligation	13	1 839 669	-
Rehabilitation provision	16	18 865 567	26 010 086
		139 694 236	**132 624 086**
Total Liabilities		**455 813 215**	**448 791 432**
Net Assets		**1 784 774 828**	**1 785 426 587**
Accumulated surplus		1 784 774 828	1 785 426 587
Total Net Assets		**1 784 774 828**	**1 785 426 587**

* See Note 48

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	454 445 770	385 664 462
Rental of facilities and equipment	23	425 659	321 030
Agency services	25	3 273 967	4 556 844
Licences and permits	26	3 809 976	3 790 850
Interest earned -outstanding receivables	27	15 511 158	14 272 415
Other revenue	28	21 935 915	53 559 025
Interest received from financial institutions	29	5 456 569	9 569 147
Actuarial gains	41	6 420 329	18 155 355
Total revenue from exchange transactions		**511 279 343**	**489 889 128**
Revenue from non-exchange transactions			
Taxation revenue			
Interest earned -outstanding receivables	27	25 943 370	23 042 009
Property rates	30	120 692 497	97 299 879
Transfer revenue			
Fines, Penalties and Forfeits	24	5 390 564	6 144 857
Government grants & subsidies	31	619 579 943	574 516 240
Other revenue	21	27 163 217	-
Total revenue from non-exchange transactions		**798 769 591**	**701 002 985**
Total revenue	21	**1 310 048 934**	**1 190 892 113**
Expenditure			
Employee related costs	32	(381 663 826)	(327 124 968)
Remuneration of councillors	33	(29 989 937)	(28 208 519)
Depreciation and amortisation	34	(158 017 274)	(140 201 265)
Impairment of non - cash generating assets	35	(4 252 095)	(4 567 245)
Finance costs	36	(17 919 048)	(17 252 094)
Debt Impairment	37	(41 600 405)	(50 881 155)
Bulk purchases	38	(371 986 217)	(299 070 654)
Contracted services	39	(180 305 404)	(184 519 383)
General Expenses	40	(108 202 381)	(102 677 704)
Inventories losses/write-downs	42	(596 994)	(1 089 819)
Loss on disposal of assets	43	(16 167 112)	(27 746 829)
Total expenditure		**(1 310 700 693)**	**(1 183 339 635)**
(Deficit) surplus for the year		**(651 759)**	**7 552 478**

* See Note 48

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 777 874 109	1 777 874 109
Balance at 01 July 2022 as restated*	**1 777 874 109**	**1 777 874 109**
Changes in net assets		
Surplus/(Loss) for the year [Restated - Note 48]	7 552 478	7 552 478
Total changes	7 552 478	7 552 478
Adjustments		
Balance at 01 July 2023 as restated*	**1 785 426 587**	**1 785 426 587**
Changes in net assets		
Surplus /(Loss) for the year	(651 759)	(651 759)
Total changes	(651 759)	(651 759)
Balance at 30 June 2024	**1 784 774 828**	**1 784 774 828**

Note(s)

* See Note 48

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Property rates		88 154 843	73 726 746
Service charges		507 358 906	437 295 185
Grants		620 638 404	578 016 240
Traffic Fines & Penalties		1 812 610	1 726 907
Licence & permits		4 442 454	4 321 252
Other income		38 846 270	75 057 219
VAT Received		61 661 660	53 963 413
Interest Income		12 313 196	16 771 981
		1 335 228 343	1 240 878 943
Payments			
Employee costs		(382 244 870)	(329 366 578)
Payments to suppliers		(791 467 125)	(717 410 090)
Finance costs		(915 592)	-
		(1 174 627 587)	(1 046 776 668)
Net cash flows from operating activities	44	**160 600 756**	**194 102 275**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(290 604 151)	(249 927 897)
Proceeds from sale of property, plant and equipment	3	-	1 950 785
Purchase of other intangible assets	4	(776 636)	(67 333)
Net cash flows from investing activities		**(291 380 787)**	**(248 044 445)**
Cash flows from financing activities			
Finance lease payments		(1 153 705)	(786 490)
Net increase/(decrease) in cash and cash equivalents		**(131 933 736)**	**(54 728 660)**
Cash and cash equivalents at the beginning of the year		146 595 502	201 324 162
Cash and cash equivalents at the end of the year	12	**14 661 766**	**146 595 502**

The accounting policies on pages 22 to 61 and the notes on pages 62 to 116 form an integral part of the annual financial statements.

* See Note 48

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	623 568 000	8 364 000	**631 932 000**	454 445 770	**(177 486 230)**	Refer to Appendix C
Rental of facilities and equipment	332 000	-	**332 000**	425 659	**93 659**	Refer to Appendix C
Interest earned - outstanding receivables	17 082 305	-	**17 082 305**	15 511 158	**(1 571 147)**	
Agency services	-	-	**-**	3 273 967	**3 273 967**	Refer to Appendix C
Licences and permits	4 115 000	(512 000)	**3 603 000**	3 809 976	**206 976**	
Other revenue	91 796 000	-	**91 796 000**	21 935 915	**(69 860 085)**	Refer to Appendix C
Interest received - financial institutions	9 536 000	(2 307 000)	**7 229 000**	5 456 569	**(1 772 431)**	Refer to Appendix C
Total revenue from exchange transactions	**746 429 305**	**5 545 000**	**751 974 305**	**504 859 014**	**(247 115 291)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	122 247 000	2 830 000	**125 077 000**	120 692 497	**(4 384 503)**	Refer to Appendix C
Interest earned - outstanding receivables	28 319 695	-	**28 319 695**	25 943 370	**(2 376 325)**	Refer to Appendix C
Transfer revenue						
Government grants & subsidies	609 582 000	13 594 000	**623 176 000**	619 579 943	**(3 596 057)**	Refer to Appendix C
Other revenue	-	-	**-**	27 163 217	**27 163 217**	
Fines, Penalties and Forfeits	5 056 000	(494 000)	**4 562 000**	5 390 564	**828 564**	Refer to Appendix C
Total revenue from non-exchange transactions	**765 204 695**	**15 930 000**	**781 134 695**	**798 769 591**	**17 634 896**	
Total revenue	**1 511 634 000**	**21 475 000**	**1 533 109 000**	**1 303 628 605**	**(229 480 395)**	
Expenditure						
Personnel	(349 488 000)	(33 000 000)	**(382 488 000)**	(381 663 826)	**824 174**	Refer to Appendix C
Remuneration of councillors	(31 004 000)	(996 000)	**(32 000 000)**	(29 989 937)	**2 010 063**	Refer to Appendix C
Depreciation, amortisation & impairment	(147 420 000)	(15 000 000)	**(162 420 000)**	(162 269 369)	**150 631**	Refer to Appendix C
Finance costs	(12 762 000)	(7 000 000)	**(19 762 000)**	(17 919 048)	**1 842 952**	Refer to Appendix C
Debt Impairment	(83 677 000)	10 000 000	**(73 677 000)**	(41 600 405)	**32 076 595**	Refer to Appendix C
Bulk purchases	(397 742 000)	23 650 000	**(374 092 000)**	(371 986 217)	**2 105 783**	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	(236 753 000)	7 028 000	**(229 725 000)**	(180 305 404)	**49 419 596**	Refer to Appendix C
General Expenses	(109 600 000)	(7 858 000)	**(117 458 000)**	(108 202 381)	**9 255 619**	Refer to Appendix C
Total expenditure	**(1 368 446 000)**	**(23 176 000)**	**(1 391 622 000)**	**(1 293 936 587)**	**97 685 413**	
Operating surplus	**143 188 000**	**(1 701 000)**	**141 487 000**	**9 692 018**	**(131 794 982)**	
Loss on disposal of assets	-	(17 500 000)	**(17 500 000)**	(16 167 112)	**1 332 888**	
Actuarial gains	-	-	**-**	6 420 329	**6 420 329**	Refer to Appendix C
Inventories losses/write-downs	-	(700 000)	**(700 000)**	(596 994)	**103 006**	Refer to Appendix C
	-	**(18 200 000)**	**(18 200 000)**	**(10 343 777)**	**7 856 223**	
Surplus for the year	**143 188 000**	**(19 901 000)**	**123 287 000**	**(651 759)**	**(123 938 759)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**143 188 000**	**(19 901 000)**	**123 287 000**	**(651 759)**	**(123 938 759)**	

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	105 731 000	(5 000 000)	**100 731 000**	126 511 484	**25 780 484**	
Receivables from exchange transactions	-	-	**-**	3 303 002	**3 303 002**	
Receivables from non-exchange transactions	77 994 000	2 336 000	**80 330 000**	737 650	**(79 592 350)**	
VAT receivable	-	-	**-**	779 186	**779 186**	
Consumer debtors	(147 663 000)	98 762 000	**(48 901 000)**	149 527 174	**198 428 174**	
Cash and cash equivalents	398 947 000	(55 018 000)	**343 929 000**	14 661 767	**(329 267 233)**	
	435 009 000	**41 080 000**	**476 089 000**	**295 520 263**	**(180 568 737)**	
Non-Current Assets						
Investment property	16 345 000	-	**16 345 000**	15 058 990	**(1 286 010)**	
Property, plant and equipment	2 747 461 000	(30 965 000)	**2 716 496 000**	1 926 120 135	**(790 375 865)**	
Intangible assets	(368 000)	6 890 000	**6 522 000**	1 728 326	**(4 793 674)**	
Heritage assets	-	-	**-**	2 160 329	**2 160 329**	
	2 763 438 000	**(24 075 000)**	**2 739 363 000**	**1 945 067 780**	**(794 295 220)**	
Total Assets	**3 198 447 000**	**17 005 000**	**3 215 452 000**	**2 240 588 043**	**(974 863 957)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	1 126 839	**1 126 839**	
Payables from exchange transactions	127 289 000	40 875 000	**168 164 000**	285 535 375	**117 371 375**	
Consumer deposits	10 458 000	-	**10 458 000**	14 982 222	**4 524 222**	
Employee benefit obligation	-	-	**-**	8 361 000	**8 361 000**	
Unspent conditional grants and receipts	-	-	**-**	4 558 461	**4 558 461**	
Rehabilitation provision	26 893 000	-	**26 893 000**	1 455 387	**(25 437 613)**	
Deferred Income	-	-	**-**	99 695	**99 695**	
	164 640 000	**40 875 000**	**205 515 000**	**316 118 979**	**110 603 979**	
Non-Current Liabilities						
Finance lease obligation	-	-	**-**	1 839 669	**1 839 669**	
Employee benefit obligation	-	-	**-**	118 989 000	**118 989 000**	
Rehabilitation provision	121 789 000	-	**121 789 000**	18 865 567	**(102 923 433)**	
	121 789 000	**-**	**121 789 000**	**139 694 236**	**17 905 236**	
Total Liabilities	**286 429 000**	**40 875 000**	**327 304 000**	**455 813 215**	**128 509 215**	
Net Assets	**2 912 018 000**	**(23 870 000)**	**2 888 148 000**	**1 784 774 828**	**(1 103 373 172)**	
Reserves						
Accumulated surplus	2 912 018 000	(23 870 000)	**2 888 148 000**	1 784 774 828	**(1 103 373 172)**	

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	90 449 000	-	**90 449 000**	88 154 843	**(2 294 157)**	
Services Charges	698 761 000	(80 910 000)	**617 851 000**	507 358 906	**(110 492 094)**	
Grants	609 582 000	13 594 000	**623 176 000**	620 638 404	**(2 537 596)**	
Interest income	9 535 000	(2 307 000)	**7 228 000**	12 313 196	**5 085 196**	
Other receipts	135 540 000	-	**135 540 000**	106 762 994	**(28 777 006)**	
	1 543 867 000	**(69 623 000)**	**1 474 244 000**	**1 335 228 343**	**(139 015 657)**	
Payments						
Suppliers and employees	(1 032 273 000)	40 055 000	**(992 218 000)**	(1 173 711 995)	**(181 493 995)**	
Finance costs	100 000	-	**100 000**	(915 592)	**(1 015 592)**	
	(1 032 173 000)	**40 055 000**	**(992 118 000)**	**(1 174 627 587)**	**(182 509 587)**	
Net cash flows from operating activities	**511 694 000**	**(29 568 000)**	**482 126 000**	**160 600 756**	**(321 525 244)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(503 877 000)	19 375 000	**(484 502 000)**	(291 380 786)	**193 121 214**	
Cash flows from financing activities						
Finance lease payments	-	-	**-**	(1 153 705)	**(1 153 705)**	
Net increase/(decrease) in cash and cash equivalents	7 817 000	(10 193 000)	**(2 376 000)**	(131 933 735)	**(129 557 735)**	
Cash and cash equivalents at the beginning of the year	150 567 000	(3 971 000)	**146 596 000**	146 595 502	**(498)**	
Cash and cash equivalents at the end of the period	**158 384 000**	**(14 164 000)**	**144 220 000**	**14 661 767**	**(129 558 233)**	
Reconciliation						

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2024

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
2024											
Financial Performance											
Property rates	122 247 000	2 830 000	125 077 000	-		125 077 000	120 692 497		(4 384 503)	96 %	99 %
Service charges	623 568 000	8 364 000	631 932 000	-		631 932 000	454 445 770		(177 486 230)	72 %	73 %
Interest earned	9 536 000	(2 307 000)	7 229 000	-		7 229 000	5 456 569		(1 772 431)	75 %	57 %
Transfers recognised - operational	493 825 000	21 336 000	515 161 000	-		515 161 000	504 564 943		(10 596 057)	98 %	102 %
Other own revenue	146 701 000	(1 006 000)	145 695 000	-		145 695 000	83 365 679		(62 329 321)	57 %	57 %
Total revenue (excluding capital transfers and contributions)	**1 395 877 000**	**29 217 000**	**1 425 094 000**	**-**		**1 425 094 000**	**1 168 525 458**		**(256 568 542)**	**82 %**	**84 %**
Employee costs	(349 488 000)	(10 000 000)	(359 488 000)	-	(23 000 000)	(382 488 000)	(381 663 826)	-	824 174	100 %	109 %
Remuneration of councillors	(31 004 000)	(996 000)	(32 000 000)	-	-	(32 000 000)	(29 989 937)	-	2 010 063	94 %	97 %
Debt impairment	(83 677 000)	10 000 000	(73 677 000)			(73 677 000)	(41 600 405)	-	32 076 595	56 %	50 %
Depreciation and asset impairment	(147 420 000)	(5 000 000)	(152 420 000)		(10 000 000)	(162 420 000)	(162 269 369)	-	150 631	100 %	110 %
Finance charges	(12 762 000)	(7 000 000)	(19 762 000)	-	-	(19 762 000)	(17 919 048)	-	1 842 952	91 %	140 %
Bulk purchases	(397 742 000)	29 650 000	(368 092 000)	-	(6 000 000)	(374 092 000)	(371 986 217)	-	2 105 783	99 %	94 %
Other expenditure	(346 353 000)	(58 030 000)	(404 383 000)	-	39 000 000	(365 383 000)	(305 926 632)	-	59 456 368	84 %	88 %
Total expenditure	**(1 368 446 000)**	**(41 376 000)**	**(1 409 822 000)**	**-**	**-**	**(1 409 822 000)**	**(1 311 355 434)**	**-**	**98 466 566**	**93 %**	**96 %**
Surplus/(Deficit)	**27 431 000**	**(12 159 000)**	**15 272 000**	**-**		**15 272 000**	**(142 829 976)**		**(158 101 976)**	**(935)%**	**(521)%**

MAKHADO LOCAL MUNICIPALITY
(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2024

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	115 757 000	(7 742 000)	108 015 000	-		108 015 000	115 015 000		7 000 000	106 %	99 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	27 163 217		27 163 217	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	**143 188 000**	**(19 901 000)**	**123 287 000**	**-**		**123 287 000**	**(651 759)**		**(123 938 759)**	**(1)%**	**- %**
Surplus/(Deficit) for the year	**143 188 000**	**(19 901 000)**	**123 287 000**	**-**		**123 287 000**	**(651 759)**		**(123 938 759)**	**(1)%**	**- %**
Capital expenditure and funds sources											
Total capital expenditure	503 877 000	(19 375 000)	484 502 000	-		484 502 000	261 777 750		(222 724 250)	54 %	52 %
Sources of capital funds											
Transfers recognised - capital	115 757 000	(10 258 000)	105 499 000	-		105 499 000	115 015 000		9 516 000	109 %	99 %
Internally generated funds	388 120 000	(9 117 000)	379 003 000	-		379 003 000	146 762 750		(232 240 250)	39 %	38 %
Total sources of capital funds	**503 877 000**	**(19 375 000)**	**484 502 000**	**-**		**484 502 000**	**261 777 750**		**(222 724 250)**	**54 %**	**52 %**

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
Cash flows											
Net cash from (used) operating	511 694 000	(29 568 000)	482 126 000	-		482 126 000	160 600 756		(321 525 244)	33 %	31 %
Net cash from (used) investing	(503 877 000)	19 375 000	(484 502 000)	-		(484 502 000)	(291 380 786)		193 121 214	60 %	58 %
Net cash from (used) financing	-	-	-	-		-	(1 153 705)		(1 153 705)	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	**7 817 000**	**(10 193 000)**	**(2 376 000)**	**-**		**(2 376 000)**	**(131 933 735)**		**(129 557 735)**	**5 553 %**	**(1 688)%**
Cash and cash equivalents at the beginning of the year	150 567 000	(3 971 000)	146 596 000	-		146 596 000	146 595 502		(498)	100 %	97 %
Cash and cash equivalents at year end	**158 384 000**	**(14 164 000)**	**144 220 000**	**-**		**144 220 000**	**14 661 767**		**129 558 233**	**10 %**	**9 %**

Accounting Policies

Figures in Rand	Note(s)	2024	2023

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, 2024 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 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 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 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 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 financial statements. These judgements, estimates and assumptions affect the amounts presented in the 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.

Accounting Policies

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 - 19 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

Accounting Policies

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.

Accounting Policies

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:

Accounting Policies

1.11 Financial instruments (continued)
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

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

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

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

Accounting Policies

1.11 Financial instruments (continued)

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

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

Accounting Policies

1.11 Financial instruments (continued)

- an investment in a residual interest that meets the requirements for reclassification.

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

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

Gains and losses

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

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

Impairment and uncollectability of financial assets

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

Financial assets measured at amortised cost:

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

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.

Accounting Policies

1.11 Financial instruments (continued)

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

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

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

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

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it 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, minus taxes, plus 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

Accounting Policies

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.

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.

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

Redesignation

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

1.18 Value added tax

The municipality is registered for Value Added Tax (VAT) on the payment basis to SARS in accordance with the VAT Act no 89 of 1991. The 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 entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

The municipality 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

1.19 Employee benefits (continued)

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 accounts for its proportionate share of the defined benefit obligation, plan assets and costs 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.

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:

1.19 Employee benefits (continued)

- 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;
- 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).

Accounting Policies

1.19 Employee benefits (continued)

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.

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

Accounting Policies

1.19 Employee benefits (continued)

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.

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.

Accounting Policies

1.20 Provisions and contingencies (continued)

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 46.

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

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

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

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

1.20 Provisions and contingencies (continued)

- 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.

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.

Accounting Policies

1.22 Revenue from exchange transactions (continued)

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 2024 and 30 June 2025 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 financial statements.

Prior year comparatives:

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

Accounting Policies

1.27 Comparative figures (continued)

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

Certain comparative figures have been reclassified.The nature and reasons for the reclassification and restatement are disclosed in Note 48 "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 write - off 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

Municipalities 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 2023/07/01 to 2024/06/30.

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.

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	2024	2023

2. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	19 459 426	(4 400 436)	15 058 990	19 459 426	(4 021 293)	15 438 133

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Closing balance
Investment property	15 438 133	(379 143)	15 058 990

Reconciliation of investment property - 2023

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

Pledged as security

No investment property of the municipality was pledged as security.

Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

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

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2024			2023		
	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	100 054 029	(26 651 608)	73 402 421	60 232 099	(22 993 928)	37 238 171
Machinery and equipment	71 956 031	(40 869 871)	31 086 160	64 335 165	(34 035 717)	30 299 448
Furniture and office equipment	20 802 007	(13 090 562)	7 711 445	14 439 430	(10 758 441)	3 680 989
Transport assets	83 565 126	(47 611 192)	35 953 934	83 435 257	(39 233 617)	44 201 640
Computer equipment	18 342 431	(9 466 012)	8 876 419	15 116 560	(7 310 383)	7 806 177
Infrastructure assets	2 691 356 880	(1 502 560 416)	1 188 796 464	2 568 463 532	(1 421 550 045)	1 146 913 487
Community assets	174 837 101	(45 048 500)	129 788 601	164 335 556	(37 721 490)	126 614 066
Library Books	2 482 881	(2 402 695)	80 186	2 528 405	(2 385 875)	142 530
Work In Progress	217 222 280	-	217 222 280	193 285 658	-	193 285 658
Total	**3 613 820 991**	**(1 687 700 856)**	**1 926 120 135**	**3 399 373 887**	**(1 575 989 496)**	**1 823 384 391**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers to expenditure	Transfers to completed projects	Depreciation	Impairment loss	Closing balance
Land	233 202 225	-	-	-	-	-	-	233 202 225
Buildings	37 238 171	-	(150 162)	-	40 427 062	(3 765 400)	(347 250)	73 402 421
Machinery and equipment	30 299 448	7 711 571	(5 114)	-	-	(6 919 745)	-	31 086 160
Furniture and office equipment	3 680 989	6 872 339	(91 151)	-	-	(2 750 732)	-	7 711 445
Transport assets	44 201 640	38 003	-	-	-	(8 285 709)	-	35 953 934
Library Books	142 530	-	(954)	-	-	(61 390)	-	80 186
Computer equipment	7 806 177	3 939 991	(125 541)	-	-	(2 744 208)	-	8 876 419
Infrastructure assets	1 146 913 487	26 125 095	(15 766 511)	-	160 517 230	(125 484 247)	(3 508 590)	1 188 796 464
Community assets	126 614 066	194 750	(47 528)	-	10 442 093	(7 018 525)	(396 255)	129 788 601
Work In Progress	193 285 658	259 109 540	-	(23 786 533)	(211 386 385)	-	-	217 222 280
	1 823 384 391	**303 991 289**	**(16 186 961)**	**(23 786 533)**	**-**	**(157 029 956)**	**(4 252 095)**	**1 926 120 135**

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)	-	-	(7 396 893)	(175)	44 201 640
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)**	**-**	**(139 215 028)**	**(4 502 819)**	**1 823 384 391**

Notes to the Annual Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	105 858 774	48 594 667	38 832 217	193 285 658
Additions/capital expenditure	214 947 556	32 503 387	11 658 597	259 109 540
Transferred to completed items	(160 517 230)	(10 442 093)	(40 427 062)	(211 386 385)
Transferred to expenditure	(23 655 343)	-	(131 190)	(23 786 533)
	136 633 757	**70 655 961**	**9 932 562**	**217 222 280**

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**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

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	Constructor was terminated last year july 2023, Advert was done for the remain scope of work
Arts & Crafts Centre in town	1 317 226	Only design completed waiting for budget allocation funds for construntion
Waterval creche ring road to ZCC Church	1 285 344	Only design completed awaiting for budget allocation funds for construntion
Transformers 4x5MVA 22/11(Makhado Park_ Roodewal_ Cricket_ E	6 834 900	Still needs to purchase other transformers for the project to be completed
Upgrade Emmarentia substation - 7x switchgear	465 997	Design completed awaiting budget aloocation for implimentation as the project needs a lot of money
Upgrade & reroute 66KV transmission line from Makhado main substaion to Mpheni	2 050 060	Design completed awaiting for budget aloocation for implimentation
Airconditioners 241235016	335 333	Advertisement was done but there was no appointment for the servise provider for instalation
New Council Chamber and Offices	2 918 108	Design is done and awaiting for funding for for construction
Waterval Stormwater 2020	1 093 906	Design is done and awaiting for funding for for construction
Upgrading of Sane to Natali Road	594 227	Waiting for MIG registration only design was completed
Mingard Bridge to Mhokota Entrance	1 247 104	Only design completed waiting for budget allocation funds for construntion
	30 684 266	

Repairs and Maintenance of property, plant and equipment

An amount of R62.8 million (2023: R66.2 million) was spent during the period ended 30 June 2024. In determining this amount, management has exclusively disclosed amounts charged by service providers. Refer to 39

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

3. Property, plant and equipment (continued)

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	347 250	849 327
Infrastructure assets	3 508 590	3 206 893
Community Assets	396 255	376 533
Machinery and equipment	-	26 323
Furniture and fittings	-	12 947
Computer assets	-	30 621
Transport assets	-	175
	-	-
	4 252 095	**4 502 819**

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.

4. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	9 457 600	(7 729 274)	1 728 326	8 758 278	(7 148 498)	1 609 780

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Closing balance
Intangible assets	1 609 780	726 723	(608 177)	1 728 326

Reconciliation of intangible assets - 2023

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

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

	2024			2023		
	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 2024

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

Reconciliation of heritage assets 2023

	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	2024	2023

6. Employee benefit obligations

Long Service Awards Obligation

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

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

Valuation assumptions made include Discount Rate of 10.97% (2023: 11.08%), Consumer Price Inflation of 5.14% (2023: 6.47%), Normal Salary Increase of 5.00% (2023: 7.50%) and Net Effective Discount Rate of 4.55% (2023: 4.33%), Mortality SA 85-90 (2023: SA 85-90)

Long service awards liability		
Opening balance	(14 185 000)	(14 916 000)
Current service cost	(1 208 000)	(1 230 000)
Interest cost	(1 464 000)	(1 517 000)
Actuarial gains/(loss)	(654 741)	171 935
Past Service Costs	(8 854 000)	975 000
Expected employer benefit vesting	2 501 741	2 331 065
	(23 864 000)	**(14 185 000)**

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 R5,231 (2023: 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 472 (2023: 4312) in service members, 112 (2023: 132) in service non-members and 49 (2023: 49) continuation(retirees and surviving dependents) 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 2024 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.

Valuation assumptions made include Discount Rate of 12.26% (2023: 11.08%), Consumer Price Inflation of 6.24% (2023: 6.47%), Normal Salary Increase of 5.00% (2023: 7.50%) and Net Effective Discount Rate of 4.20% (2023: 4.33%), Mortality SA 85-90 (2023: SA 85-90)

Total post-retirement health care benefits liability		
Opening balance	(97 567 000)	(102 497 000)
Current service cost	(4 252 000)	(4 110 000)
Interest cost	(11 976 000)	(11 948 000)
Actuarial gains/(loss)	7 075 070	17 983 420
Expected contributions (benefits paid)	3 233 930	3 004 580
	(103 486 000)	**(97 567 000)**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

6. Employee benefit obligations (continued)

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

Carrying value		
Opening Balance	(111 752 000)	(117 413 000)
Current Service Costs	(5 460 000)	(5 340 000)
Past Service Costs	(8 854 000)	975 000
Interest Costs	(13 440 000)	(13 465 000)
Expected employee benefit vesting	5 735 671	5 335 645
Actuarial gain/(loss)	6 420 329	18 155 355
	(127 350 000)	**(111 752 000)**

Non-current liabilities	(118 989 000)	(106 614 000)
Current liabilities	(8 361 000)	(5 138 000)
	(127 350 000)	**(111 752 000)**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.26 %	12.47 %
CPI inflation rate	6.24 %	6.58 %
Expected increase in salaries	5.00 %	7.50 %
Expected increase in healthcare costs	7.74 %	8.08 %

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

7. Inventories

Consumable stores	34 419 727	25 771 378
Land inventory	92 091 757	93 309 751
	126 511 484	**119 081 129**

7.1 Reconciliation of inventories

Land inventory		
Opening balance	93 309 751	96 569 742
Less: Sales	(271 000)	(3 030 000)
Less: Donated land	(350 000)	(140 000)
Less: Inventory written down	(596 994)	(89 991)
Closing balance	92 091 757	93 309 751

There are certain portions of land illegally occupied by invaders. At period -end, an amount of R596 994 (2023: R89 991) was written down.

Inventory consumables		
Opening balance	25 771 378	32 067 552
Add: Purchases	44 946 139	38 395 483
Less: Issues	(36 413 862)	(43 691 829)
Less: Adjustments:	-	-
(Increase)/decrease in slow moving stock	116 072	(999 828)
Closing balance	34 419 727	25 771 378

Slow Moving Stock:

For the year ended 30 June 2024, there were certain inventory items that had longer turnover and therefore stayed a lot longer in stores. The increase/ decrease in slow moving stock amounted to R116 072 (2023: R-999 828).

Inventory pledged as security

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

8. Receivables from exchange transactions

Other receivables	2 645 569	7 358 419
Sundry debtors	232 648	83 760
Vhembe District Municipality	-	9 881 800
Prepaid expenses - Insurance	424 782	793 046
	3 303 002	**18 117 026**

Vhembe District Municipality

As of 30 June 2024, trade and other receivables from Vhembe District Municipality amounted to - (2023: 9 881 800) .

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

Opening balance	9 881 800	33 881 800
Settlements	(9 881 800)	(24 000 000)
Total	-	9 881 800
Closing balance	-	9 881 800

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

8. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment

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

Sundry debtors pledged as security.

No trade and other receivables were pledged as security.

9. Receivables from non-exchange transactions

Fines	737 650	1 239 500

Receivables from non-exchange transactions impaired

As of 30 June 2024, receivables from traffic fines of R16 506 640 (2023: R13 957 070) were impaired and provided for. The amount of the provision was R15 768 990 as of 30 June 2024 (2023: R12 717 570.

Gross Balances		
Opening balance	13 957 070	10 289 770
Tickets issued	5 306 050	6 124 700
Withdrawals	(425 050)	(427 680)
Reductions	(58 880)	(275 150)
Payments	(2 272 550)	(1 754 570)
Closing Balance	16 506 640	13 957 070
Less: Provision for impairment	(15 768 990)	(12 717 570)
	737 650	**1 239 500**

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

Opening balance	(12 717 570)	(8 466 685)
Contributions to allowance	(3 051 420)	(4 250 885)
	(15 768 990)	**(12 717 570)**

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)	779 186	443 026
	779 186	**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.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

11. Consumer debtors disclosure

Gross balances		
Consumer debtors - Rates	195 150 166	169 608 899
Consumer debtors - Electricity	103 093 659	97 996 925
Consumer debtors - Interest	166 895 176	139 202 128
Consumer debtors - Refuse	32 327 850	30 040 473
Consumer debtors - Sundries	39 233 708	19 658 463
Consumer debtors - VAT	18 000 205	16 976 536
Consumer debtors - Other	3 718 065	4 026 133
	558 418 829	**477 509 557**
Less: Allowance for impairment		
Consumer debtors - Rates	(150 010 517)	(129 023 372)
Consumer debtors - Electricity	(42 319 597)	(59 242 733)
Consumer debtors - Interest	(144 440 924)	(120 681 325)
Consumer debtors - Refuse	(31 210 270)	(29 126 954)
Consumer debtors - Sundries	(22 676 283)	(17 572 726)
Consumer debtors - VAT	(14 527 299)	(14 580 214)
Consumer debtors - Other	(3 706 765)	(3 857 087)
	(408 891 655)	**(374 084 411)**
Net balance		
Consumer debtors - Rates	45 139 649	40 585 527
Consumer debtors - Electricity	60 774 062	38 754 192
Consumer debtors - Interest	22 454 252	18 520 803
Consumer debtors - Refuse	1 117 580	913 519
Consumer debtors - Sundries	16 557 425	2 085 737
Consumer debtors - VAT	3 472 906	2 396 322
Consumer debtors - Other	11 300	169 046
	149 527 174	**103 425 146**
Included in above is receivables from exchange transactions		
Electricity	60 774 062	38 754 192
Interest	22 454 252	18 520 803
Refuse	1 117 580	913 519
Sundries	16 557 425	2 085 737
VAT	3 472 906	2 396 322
Other	11 300	169 046
	104 387 525	**62 839 619**
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	45 139 649	40 585 527
Net balance	**149 527 174**	**103 425 146**
Rates		
Current (0 -30 days)	21 609 670	9 749 257
31 - 60 days	3 851 594	3 257 294
61 - 90 days	3 379 394	3 073 149
91 - 120 days	3 362 111	2 955 358
121 - 365 days	162 947 397	150 573 841
	195 150 166	**169 608 899**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

11. Consumer debtors disclosure (continued)

Electricity		
Current (0 -30 days)	54 016 911	41 911 855
31 - 60 days	1 101 413	3 052 355
61 - 90 days	1 248 872	1 562 668
91 - 120 days	1 310 007	1 515 768
121 - 365 days	45 416 455	49 954 279
	103 093 658	**97 996 925**
Interest		
Current (0 -30 days)	6 971 503	6 431 591
31 - 60 days	3 437 137	3 120 602
61 - 90 days	3 380 855	3 061 156
91 - 120 days	3 328 221	3 034 983
121 - 365 days	149 777 461	123 553 796
	166 895 177	**139 202 128**
Refuse		
Current (0 -30 days)	1 562 232	1 594 113
31 - 60 days	469 670	488 501
61 - 90 days	447 985	467 973
91 - 120 days	437 960	456 641
121 - 365 days	29 410 002	27 033 245
	32 327 849	**30 040 473**
Sundries		
Current (0 -30 days)	15 057 497	2 540 608
31 - 60 days	1 581 789	769 498
61 - 90 days	4 332 755	516 861
91 - 120 days	554 829	498 324
121 - 365 days	17 706 837	15 333 172
	39 233 707	**19 658 463**
VAT		
Current (0 -30 days)	3 753 344	3 229 160
31 - 60 days	277 904	584 044
61 - 90 days	297 317	349 896
91 - 120 days	301 351	344 257
121 - 365 days	13 370 289	12 469 179
	18 000 205	**16 976 536**
Other		
Current (0 -30 days)	2 082	314 677
31 - 60 days	363	135 560
61 - 90 days	12 064	121 244
91 - 120 days	37 447	113 437
121 - 365 days	3 666 110	3 341 215
	3 718 066	**4 026 133**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

11. Consumer debtors disclosure (continued)

Summary of debtors by customer classification

Residential		
Current (0 -30 days)	25 127 626	17 545 693
31 - 60 days	4 356 723	3 915 729
61 - 90 days	5 139 963	3 710 003
91 - 120 days	3 962 043	3 607 021
121 - 365 days	213 738 494	26 456 937
> 365 days	-	166 741 571
	252 324 849	221 976 954
Less: Allowance for impairment	(227 044 175)	(211 729 727)
	25 280 674	**10 247 227**
Industrial/ commercial		
Current (0 -30 days)	35 976 087	28 147 806
31 - 60 days	1 908 749	3 009 745
61 - 90 days	2 607 499	1 608 574
91 - 120 days	1 762 874	1 537 392
121 - 365 days	46 752 573	9 732 000
> 365 days	-	37 983 878
	89 007 782	82 019 395
Less: Allowance for impairment	(56 544 253)	(58 112 712)
	32 463 529	**23 906 683**
Agriculture		
Current (0 -30 days)	41 869 526	20 077 761
31 - 60 days	4 454 398	4 482 380
61 - 90 days	5 351 781	3 834 371
91 - 120 days	3 607 009	3 774 354
121 - 365 days	161 803 483	29 193 850
> 365 days	-	112 150 492
	217 086 197	173 513 208
Less: Allowance for impairment	(125 303 227)	(104 241 972)
	91 782 970	**69 271 236**
Total		
Current (0 -30 days)	102 973 239	65 771 260
31 - 60 days	10 719 870	11 407 854
61 - 90 days	13 099 243	9 152 948
91 - 120 days	9 331 927	8 918 767
121 - 365 days	422 294 550	65 382 787
> 365 days	-	316 875 941
	558 418 829	477 509 557
Less: Allowance for impairment	(408 891 655)	(374 084 411)
	149 527 174	**103 425 146**
Less: Allowance for impairment		
Current (0 -30 days)	(52 933 342)	(52 072 195)
31 - 60 days	(8 561 350)	(8 921 853)
61 - 90 days	(10 461 620)	(7 158 336)
91 - 120 days	(7 452 879)	(6 975 188)
121 - 365 days	(329 482 464)	(51 134 558)
> 365 days	-	(247 822 281)

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

11. Consumer debtors disclosure (continued)

	(408 891 655)	**(374 084 411)**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(374 084 411)	(320 785 687)
Contributions to allowance	(44 331 333)	(54 859 417)
Debt impairment written off against allowance	9 524 089	1 560 693
	(408 891 655)	**(374 084 411)**

Consumer debtors impaired

As of 30 June 2024, consumer debtors of R408 891 655 (2023: R374 084 411) 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	149 527 174	103 425 146

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank	14 648 904	146 582 745
Petty Cash	163	57
Cash Float	12 700	12 700
	14 661 767	**146 595 502**

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:

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 30 June 2024	Bank statement balances 30 June 2023	Bank statement balances 30 June 2022	Cash book balances 30 June 2024	Cash book balances 30 June 2023	Cash book balances 30 June 2022
FNB BANK - Primary account - 623-0832-9988	25 932 331	146 328 419	200 740 897	14 648 904	146 582 745	201 324 162
VBS MUTUAL BANKInvestment account-010029570007	58 264 578	58 264 578	58 264 578	58 264 578	58 264 578	58 264 578
Total	**84 196 909**	**204 592 997**	**259 005 475**	**72 913 482**	**204 847 323**	**259 588 740**

Investment in VBS Mutual Bank:

Short term investment in VBS of R58 264 578 (2023: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.

13. Finance lease obligation

	2024	2023
Minimum lease payments due		
- within one year	1 416 000	327 704
- in second to fifth year inclusive	2 006 000	-
	3 422 000	327 704
less: future finance charges	(455 492)	(5 658)
Present value of minimum lease payments	**2 966 508**	**322 046**

	2024	2023
Present value of minimum lease payments due		
- within one year	1 126 839	322 046
- in second to fifth year inclusive	1 839 669	-
	2 966 508	**322 046**

	2024	2023
Non-current liabilities	1 839 669	-
Current liabilities	1 126 839	322 046
	2 966 508	**322 046**

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:

	2024	2023
Rand	2 966 508	322 046

For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note 49 of the financial statements.The fair value of finance lease liabilities approximates their carrying amounts.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

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. Except for Disaster Management Grant, all conditional grants were fully spent as at 30 June 2024.

Unspent conditional grants and receipts comprises of:

	2024	2023
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	-	-
Integrated National Electrification Programme	-	-
Finance Management Grant	-	-
Disaster Management Grant	4 558 461	3 500 000
Expanded Public Works Programmes	-	-
	4 558 461	**3 500 000**

Movement during the year

	2024	2023
Balance at the beginning of the year	3 500 000	-
Additions during the year	137 733 000	131 426 000
Income recognition during the year	(136 674 539)	(127 926 000)
	4 558 461	**3 500 000**

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

15. Performance bonus obligation

The provision is to provide for the performance bonuses of the Section 57 employees. The provision is calculated at 10% of the total remuneration in terms of the performance agreements at the reporting date which is usually paid within one year.

	2024	2023
Performance bonuses	-	251 579

	2024	2023
Reconciliation of performance bonuses		
Balance at the beginning of the year	251 579	251 579
Less: Amount unutilised during the year	(251 579)	-
	-	**251 579**

	2024	2023
Total performance bonus obligation		
Performance bonuses	-	251 579
	-	**251 579**

16. Rehabilitation provision

Reconciliation of rehabilitation provision - 2024

	Opening Balance	Movement	Unwind interest	Closing Balance
Old Landfill Site [Permit Number: 16/2/7/A 700/D1/Z1/P256]	27 109 799	(13 313 342)	2 893 049	16 689 506
New Landfill Site [Permit Number:12/9/11/L413/6]	3 900 287	(714 314)	445 475	3 631 448
	31 010 086	**(14 027 656)**	**3 338 524**	**20 320 954**

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**

	2024	2023
Non-current liabilities	18 865 567	26 010 086
Current liabilities	1 455 387	5 000 000
	20 320 954	**31 010 086**

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 5.0% for the Vondeling Landfill and 5.50% for the Makhado Landfill.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

17. Deferred Income

Deferred Income	99 695	153 578

18. Payables from exchange transactions

Salary Control	15 817 120	13 519 860
Accrued operating creditors	148 799 149	158 955 394
Retentions	54 282 712	49 630 382
Advance payments	15 671 783	13 957 517
Other creditors	2 234 766	6 696 733
Leave pay accrual	40 440 873	36 147 715
Bonus accrual	8 288 972	7 273 104
	285 535 375	**286 180 705**

Fair value of trade and other payables

Trade payables	285 535 375	286 180 705

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)	-	-

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	2024	2023

20. Consumer deposits

Electricity	14 372 770	15 210 158
Rental Properties	609 452	411 280
	14 982 222	**15 621 438**

During the financial period ended 30 June 2024, the municipality had guarantees in lieu of customers of R2 766 069 (2023: R3 231 099).

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	454 445 770	385 664 462
Rental of facilities and equipment	425 659	321 030
Interest earned -outstanding receivables: exchange transactions	15 511 158	14 272 415
Agency services	3 273 967	4 556 844
Licences and permits	3 809 976	3 790 850
Other revenue from exchange transactions	21 935 915	53 559 025
Interest received from financial institutions	5 456 569	9 569 147
Actuarial gains	6 420 329	18 155 355
Property rates	120 692 497	97 299 879
Interest earned -outstanding receivables: non-exchange transactions	25 943 370	23 042 009
Government grants & subsidies	619 579 943	574 516 240
Other revenue from non - exchange transactions	27 163 217	-
Fines, Penalties and Forfeits	5 390 564	6 144 857
	1 310 048 934	**1 190 892 113**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	454 445 770	385 664 462
Rental of facilities and equipment	425 659	321 030
Interest earned -outstanding receivables: exchange transactions	15 511 158	14 272 415
Agency services	3 273 967	4 556 844
Licences and permits	3 809 976	3 790 850
Other revenue from exchange transactions	21 935 915	53 559 025
Interest received from financial institutions	5 456 569	9 569 147
Actuarial gains	6 420 329	18 155 355
	511 279 343	**489 889 128**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	120 692 497	97 299 879
Interest earned -outstanding receivables: non-exchange transactions	25 943 370	23 042 009
Transfer revenue		
Government grants & subsidies	619 579 943	574 516 240
Other revenue from non - exchange transactions	27 163 217	-
Fines, Penalties and Forfeits	5 390 564	6 144 857
	798 769 591	**701 002 985**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

21. Revenue (continued)

Nature and type of Bequests, gifts, donations and goods in-kind are as follows:

Donations	7 907 617

The donation relates to electrical infrastructure donated by the developers. The transaction relates to tangible assets transferred to the municipality in a non-exchange transaction, without charge.

Nature and type of services in-kind are as follows:

Services in kind	19 255 600

The services in kind relates to road maintenance carried out by the performed by Road Agency Limpopo during the year.

The Department of Cooperative Governance and Traditional Affairs (CoGTA) partnered with Roads Agency Limpopo through the Office of the Premier in its commitment to address service delivery backlog in the rural municipalities through mobolisation of re-prioritised MIG and other grants with the objective to ensure job creation through labour intensive methods, poverty alleviation, service delivery and simulation of local economic development.

Makhado Local Municipality was identified as one of the targeted municipalities for this intervention where the Office of the Premier and CoGTAs role was that of coordination and oversight and Road Agency Limpopo the implementing agent for the project.

22. Service charges

	2024	2023
Sale of electricity	439 239 234	371 261 779
Refuse removal	15 206 536	14 402 683
	454 445 770	**385 664 462**

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.

Included in sale of electricity of R439 239 234 (2023: R371 261 779), is prepaid electricity of R89 789 653 (2023: R72 677 220), which is not billed on a monthly basis but purchased by consumers as and when the need arises.

23. Rental of facilities and equipment

	2024	2023
Premises		
Venue hire	296 124	208 101
Facilities and equipment		
Rental-Show Ground	129 535	97 117
Rental of equipment	-	15 812
	129 535	**112 929**
	425 659	**321 030**

24. Fines, Penalties and Forfeits

	2024	2023
Overdue Books Fines	466	560
Pound Fees Fines	84 048	19 597
Municipal Traffic Fines	5 306 050	6 124 700
	5 390 564	**6 144 857**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

25. Agency services

Vehicle Registration & Licencing	3 273 967	4 556 844

The municipality has contractual arrangement with the Department of Community, Safety and Liason Limpopo (principal) for the motor vehicles registrations on an 80/20 commission basis. No risks or rewards in relation to the assets , expenditures and payables in terms of this agreement are applicable to the municipality.

The remittance of 80 percent of the revenues collected in terms of rendering the services on behalf of the principal occurs on a monthly basis.

26. Licences and permits

Dog Licences	4 218	5 161
Trading Licences	321 041	283 975
Road and Transport	3 484 717	3 501 714
	3 809 976	**3 790 850**

27. Interest earned - outstanding receivables

Interest earned - outstanding receivables: exchange transactions	15 511 158	14 272 415
Interest earned - outstanding receivables: non - exchange transactions	25 943 370	23 042 009
	41 454 528	**37 314 424**

28. Other revenue from exchange transactions

Burial fees	153 826	170 613
Advertising	10 274	6 776
Land sales	2 143 793	20 309 765
Sundries	5 375 733	3 991 210
Sale of tender documents	27 000	75 000
Building plans	197 633	138 763
Landfill management	14 027 656	11 925 998
Reversal of impairment: VDM	-	16 940 900
	21 935 915	**53 559 025**

29. Interest received from financial institutions

Interest revenue		
Interest received from primary account	5 456 569	9 569 147

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

30. Property rates

Rates received

Residential	58 729 599	45 156 217
Commercial	34 762 184	29 410 592
Agricultural	27 200 714	22 572 322
Public Service Infrastructure	-	160 748
	120 692 497	**97 299 879**

Valuations R'000

Residential	6 606 796	5 291 613
Commercial	2 469 545	2 189 659
Agricultural	8 471 581	6 203 288
Municipal	589 221	446 594
Churches	118 356	107 716
Government	2 165 769	3 917 637
Public Service Infrastructure	507 058	104 966
Public Benefit Organisation	17 670	2 470
	20 945 996	**18 263 943**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2023. 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 R20 945 996 081 (2023: R18 263 942 347).

Rates are levied monthly on property owner's accounts.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

31. Government grants & subsidies

Operating grants		
Equitable share	481 943 000	445 889 000
Expanded Public Works Programmes (EPWP)	2 768 000	3 259 000
Finance Management Grant (FMG)	1 950 000	1 950 000
Local Government Sector for Education and Training Authority	962 404	701 240
Disaster Management Grant	16 941 539	-
	504 564 943	**451 799 240**
Capital grants		
Municipal Infrastructure Grant (MIG)	108 015 000	102 597 000
Integrated Electrification Program (INEP)	7 000 000	20 120 000
	115 015 000	**122 717 000**
	619 579 943	**574 516 240**

Capital and Operational Grants Received

Included in above are the following grants and subsidies received:

Capital grants received	115 015 000	122 717 000
Operational grants received	22 621 943	5 910 240
Equitable Share	481 943 000	445 889 000
	619 579 943	**574 516 240**

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 1 711 665 (2023: 622 183), which is funded from the grant.

Current-year receipts	481 943 000	445 889 000
Conditions met - transferred to revenue	(481 943 000)	(445 889 000)
	-	-

Municipal Infrastructure Grant (MIG)

Current-year receipts	108 015 000	102 597 000
Conditions met - transferred to revenue	(108 015 000)	(102 597 000)
	-	-

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	2024	2023

31. Government grants & subsidies (continued)

Integrated National Electricity Programme (INEP)

Current-year receipts	7 000 000	20 120 000
Conditions met - transferred to revenue	(7 000 000)	(20 120 000)
	-	-

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	2 768 000	3 259 000
Conditions met - transferred to revenue	(2 768 000)	(3 259 000)
	-	-

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	1 950 000
Conditions met - transferred to revenue	(1 950 000)	(1 950 000)
	-	-

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	962 404	701 240
Conditions met - transferred to revenue	(962 404)	(701 240)
	-	-

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	2024	2023

31. Government grants & subsidies (continued)

Disaster Management Grant

Balance unspent at beginning of year	3 500 000	-
Current-year receipts	18 000 000	3 500 000
Conditions met - transferred to revenue	(16 941 539)	-
	4 558 461	**3 500 000**

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

32. Employee related costs

Basic	220 859 194	193 460 144
Bonus	16 985 056	14 777 211
Medical aid - company contributions	20 074 050	17 188 031
UIF	1 633 328	1 523 921
Other payroll levies	116 038	72 198
Leave pay provision charge	5 763 641	1 352 424
Pension fund contributions	40 660 064	36 128 255
Travel, motor car, accommodation, subsistence and other allowances	18 631 304	15 968 532
Overtime payments	35 316 324	34 172 598
Employee benefits - Current service costs	5 460 000	5 340 000
Employee benefits - Past Service Costs	8 854 000	-
Acting allowances	884 359	1 076 257
Allowances: Non-pensionable	142 380	502 376
Housing benefits and allowances	459 583	398 249
Standby allowance	3 142 508	3 006 032
Group life insurance	2 681 997	2 158 740
	381 663 826	**327 124 968**

Remuneration of municipal manager

Annual Remuneration	1 219 739	848 323
Acting allowance	22 890	43 499
Car allowance	345 904	259 162
Contributions to UIF, Medical and Pension Funds	249 028	191 787
Other	16 950	21 916
	1 854 511	**1 364 687**

The Municipal Manager was appointed with effect from 01 September 2022 and the position is currently occupied.

Remuneration of chief finance officer

Annual Remuneration	-	147 802
Acting allowance	132 269	30 502
Car allowance	-	51 879
Contributions to UIF, Medical and Pension Funds	-	31 981
Other	-	21 916
	132 269	**284 080**

The position of Chief Finance Officer is on acting basis. The Chief Finance Officer was appointed subsequent to financial year end. Refer to AFS Note 51

Remuneration of Director Technical Services

Annual Remuneration	277 414	445 230
Acting allowance	48 262	14 761
Car allowance	109 529	192 553
Contributions to UIF, Medical and Pension Funds	58 960	102 646
Other	15 255	21 916
	509 420	**777 106**

The position of Technical Services Director is on acting basis. The director resigned on the 30th of November 2023.

Remuneration of Director Corporate Services

Annual Remuneration	1 030 819	693 466

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

32. Employee related costs (continued)

Acting allowance	-	10 763
Car allowance	262 408	193 668
Contributions to UIF, Medical and Pension Funds	232 941	177 070
Other	16 950	23 492
	1 543 118	**1 098 459**

The Director was appointed with effect from 01 September 2022 and the position is currently occupied.

Remuneration of Director Development Planning

Annual Remuneration	953 949	575 801
Acting allowance	-	14 338
Car allowance	355 706	235 934
Contributions to UIF, Medical and Pension Funds	212 387	145 836
Other	15 255	21 916
	1 537 297	**993 825**

The Director was appointed with effect from 01 September 2022 and the position is currently occupied.

Remuneration of Director Community Services

Annual Remuneration	702 606	495 078
Acting allowance	-	12 186
Car allowance	228 634	187 322
Contributions to UIF, Medical and Pension Funds	178 090	140 299
Other	20 340	21 916
	1 129 670	**856 801**

The Director was appointed with effect from 01 September 2022 and the position is currently occupied.

33. Remuneration of councillors

Mayor	991 011	926 455
Speaker	802 540	747 473
Councillors	28 196 386	26 534 591
	29 989 937	**28 208 519**

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 49142 of 08 August 2023.

Notes to the Annual Financial Statements

33. Remuneration of councillors (continued)

Additional information

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

30 June 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

Notes to the Annual Financial Statements

Figures in Rand			2024	2023

33. 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

33. 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 2024

Councillors	Emoluments	Travel allowance	Cellphone allowance	Total
Ms MD Mboyi [MAYOR]	684 516	228 172	10 188	922 876
Mr NS MUNYAI	434 930	144 977	4 606	584 513
Ms GT MUKWEVHO - MITILENI [SPEAKER]	579 534	193 178	13 786	786 498
MR S.R BALOYI [CHIEF WHIP]	557 001	185 667	13 681	756 349
Miss IA TSHIDAVHU	269 610	89 870	13 839	373 319
Miss TC MASHAU	235 125	78 375	17 219	330 719
Miss KN MANGANYE	230 281	76 760	14 068	321 109
Mr A MADAVHA	235 125	78 375	12 372	325 872
Miss TT RAMALATA	235 125	78 375	17 285	330 785
Mr AS DZHIVHUHO	235 125	78 375	17 313	330 813
Mr AZ MAPHAHLA	235 125	78 375	49 608	363 108
Mr K MAPHUBU	310 863	103 621	16 226	430 710
Mr K MUKHELI	235 125	78 375	12 863	326 363
Mr DJ SEBOLA	235 125	78 375	13 850	327 350
Mr L PHANGAMI	235 125	78 375	49 608	363 108
Mr ET SITHI	281 066	93 689	13 510	388 265
Mr M MARAGA	301 743	100 581	13 834	416 158
Mr FB Hlongwani	235 125	78 375	28 316	341 816
Mr FN MADZHIGA	235 125	78 375	18 036	331 536
Mr FP MAKHUBELE	235 125	78 375	16 655	330 155
Mr M MUKOSI	235 125	78 375	13 506	327 006
Mr MC MALANGE	235 125	78 375	26 584	340 084
Mr MD NDOU	269 610	89 870	17 060	376 540
Mr MD SINGO	235 125	78 375	28 677	342 177
Mr ME MULAUDZI	235 125	78 375	10 553	324 053
Mr ME MULEFU	235 125	78 375	27 375	340 875
Mr MI PHULUWA	235 125	78 375	17 167	330 667
Mr MJ MPASHE	235 125	78 375	26 661	340 161
Mr MR MAGADA	557 001	185 667	17 144	759 812
Mr MR MAKWALA	301 743	100 581	17 311	419 635
Mr MR MUKOSI	235 125	78 375	13 961	327 461
Mr MW RAMALWA	309 080	103 027	49 608	461 715
Mr N KUTAMA	235 125	78 375	20 784	334 284
Mr N MUNYAI	557 001	185 667	17 046	759 714
Mr NA MUDUNUNGU	235 125	78 375	49 608	363 108
Mr ND DAVHANA	235 125	78 375	28 913	342 413
Mr NF CHILILO	235 125	78 375	27 325	340 825
Mr NS NEMUDZIVHADI	269 610	89 870	27 234	386 714
Mr NV MALIVHA	540 886	180 295	17 250	738 431
Mr P MASHAU	235 125	78 375	15 308	328 808
Mr PA SMALLE	235 125	78 375	49 608	363 108
Mr PN MASIPA	235 125	78 375	17 276	330 776
Mr R BALOYI	235 125	78 375	8 384	321 884
Mr R MUKHUBA	235 125	78 375	13 559	327 059

Notes to the Annual Financial Statements

Figures in Rand			2024	2023

33. Remuneration of councillors (continued)

Mr R MUKHUDWANA	235 125	78 375	17 313	330 813
Mr S MASUKA	235 125	78 375	28 916	342 416
Mr SE BALOYI	235 125	78 375	17 180	330 680
Mr T KUTAMA	235 125	78 375	17 257	330 757
Mr TC MAMAFHA	235 125	78 375	13 742	327 242
Mr TJ MAMAFHA	235 125	78 375	27 363	340 863
Mr TR MATIDZA	228 205	76 068	19 975	324 248
Mr TR RAVELE	235 125	78 375	41 585	355 085
Mr TT MAKAMU	301 743	100 581	13 840	416 164
Mr W MABASA	235 125	97 693	14 017	346 835
Mr WL ESTERHUIZEN	229 589	76 530	47 872	353 991
Mrs LM MATHALISE	301 743	100 581	16 986	419 310
Mrs MJ GABARA	235 125	78 375	11 257	324 757
Mrs MR MOKGOADI	216 223	91 393	16 679	324 295
Mrs R RALIPHADA	460 306	153 435	14 758	628 499
Mrs RT MAINGO	310 863	103 621	17 119	431 603
Mrs TM MALANGE	269 610	89 870	13 604	373 084
Mrs TT MUSHANDANA	235 125	78 375	17 275	330 775
Ms B HLANGWANI	235 125	78 375	17 295	330 795
Ms HG MABUDU	235 125	78 375	18 038	331 538
Ms HG MALULEKE	235 125	78 375	17 312	330 812
Ms KP MAPHAKELA	235 125	78 375	22 921	336 421
Ms L MASHAMBA	235 125	78 375	17 304	330 804
Ms M RAMALIVHANA	235 125	78 375	17 298	330 798
Ms M SWALIVHA	235 125	78 375	17 074	330 574
Ms MG FURUMELE	235 125	78 375	13 840	327 340
Ms MS TSHILAMBYANA	235 125	78 375	30 137	343 637
Ms NB JONES	310 863	103 621	17 196	431 680
Ms NJ MATUMBA	557 001	185 667	49 608	792 276
Ms NJ SIMANGWE	301 743	100 581	14 691	417 015
Ms NS MAHOSI	301 743	100 581	13 774	416 098
	21 294 982	**7 136 964**	**1 557 991**	**29 989 937**

34. Depreciation and amortisation

	2024	2023
Property, plant and equipment	157 029 955	139 215 026
Investment properties	379 142	381 711
Intangible assets	608 177	604 528
Total depreciation and amortisation	**158 017 274**	**140 201 265**

35. Impairment loss

Impairments

	2024	2023
Property, plant and equipment	4 252 095	4 567 245

36. Finance costs

	2024	2023
Interest cost: Actuarial valuation	13 440 000	13 465 000
Interest cost: Trade and other payables	915 592	169
Interest cost: Finance leases	224 932	46 446
Interest cost: Landfill site	3 338 524	3 740 479
	17 919 048	**17 252 094**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

37. Debt impairment

Consumer debtors	38 548 985	46 630 270
Traffic Fines	3 051 420	4 250 885
	41 600 405	**50 881 155**

38. Bulk purchases

Electricity - Eskom	371 986 217	299 070 654

Included in the rand value of the bulk purchases for sale is 12% of the total units purchased R45 848 926 (2023: 11% R32 725 648) 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 the readings.

Electricity losses

	KWH 2024	KWH 2023		
Units purchased	191 623 898	181 910 524	-	-
Units sold	(167 764 315)	(162 005 062)	45 848 926	32 725 648
Total loss	**23 859 583**	**19 905 462**	**45 848 926**	**32 725 648**
Comprising of:				
Non-technical losses	23 859 583	19 905 462	45 848 926	32 725 648
Percentage Loss:				
Non-technical losses	12 %	11 %	12 %	11 %

39. Contracted services

Outsourced Services		
Business and Advisory	2 654 628	2 967 316
Cleaning Services	708 300	721 570
Clearing and Grass Cutting Services	48 250	463 676
Internal Auditors	4 824 339	5 758 223
Meter Management	3 948 276	3 167 969
Security Services	33 216 506	29 378 936
Consultants and Professional Services		
Business and Advisory	28 076 805	26 906 667
Infrastructure and Planning	-	2 565 755
Audit Committee	1 418 152	513 598
Legal Cost	36 706 966	27 051 021
Contractors		
Electrical	2 987 769	14 931 459
Employee Wellness	2 911 497	3 860 653
Maintenance of Equipment	3 823 674	1 502 025
Maintenance of other assets	58 980 242	64 730 515
	180 305 404	**184 519 383**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

40. General expenses

Cost of sales: Land	271 000	3 030 000
Advertising & publications	8 478 766	6 555 125
Auditors remuneration	6 486 983	6 499 272
Bank charges	1 934 210	1 975 098
Consumables	48 292 321	43 326 680
Donations	350 000	140 000
Insurance	2 267 264	3 735 246
Bursaries	25 000	25 000
IT expenses	813 244	219 834
Skills Development Fund Levy	3 241 786	2 904 617
Pre-paid electricity commission	1 754 396	1 420 438
Ward committees allowances	7 154 180	6 292 313
Postage and courier	207 082	188 852
Motor Vehicle Licence & Registrations	1 027 672	1 012 021
Workmens compensation	1 244 020	1 282 734
Subscriptions and membership fees	3 879 113	3 879 113
Telephone and fax	4 943 175	4 870 210
Travel and Subsistence	7 015 147	7 693 772
Uniform expenses	3 489 055	4 221 132
Indigent policy	1 711 665	622 183
Special programmes	572 035	871 430
Other expenses	3 044 267	1 912 634
	108 202 381	**102 677 704**

41. Actuarial gains/(losses)

Post -Employment Medical Aid Benefits	7 075 070	17 008 420
Long Service Awards	(654 741)	1 146 935
	6 420 329	**18 155 355**

42. Inventories losses/write-downs

Land	(596 994)	(89 991)
Consumables	-	(999 828)
	(596 994)	**(1 089 819)**

43. Gain/(Loss) on disposal of assets

Property, plant and equipment	(16 167 112)	(27 746 829)

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

44. Cash generated from operations

(Deficit) surplus	(651 759)	7 552 478
Adjustments for:		
Depreciation and amortisation	158 017 274	140 201 265
Impairment of non-cash generating assets	4 252 095	4 567 245
Loss on disposal of assets	16 167 112	27 746 829
Inventory adjustment	596 994	1 089 819
Gains/(losses): Actuarial valuation	(6 420 329)	(18 155 355)
Finance costs - Finance leases	224 932	46 446
Interest Cost: Actuarial valuation	13 440 000	13 465 000
Current Service Costs: Actuarial valuation	5 460 000	5 340 000
Past service cost - Actuarial valuation	8 854 000	(975 000)
Interest Cost: Provision for rehabilitation	3 338 524	3 740 479
Debt impairment	41 600 405	50 881 155
Impairment reversal	-	(16 940 900)
Movement in provision for landfill site	(14 027 656)	(11 925 997)
Other income- donated assets	(27 163 217)	-
Employee benefit vesting	(6 727 458)	(5 335 645)
Changes in working capital:		
Inventories	(7 430 355)	9 556 165
Receivables from exchange transactions	14 814 024	3 157 358
Receivables from non-exchange transactions	501 850	583 585
Consumer Debtors -Exchange transactions	(41 547 906)	15 449 974
VAT receivable	2 387 878	(3 167 064)
Consumer Debtors -Non- Exchange transactions	(4 554 103)	(4 007 496)
Payables from exchange transactions	(645 332)	(14 229 073)
VAT payable	-	(17 681 944)
Unspent conditional grants and receipts	1 058 461	3 500 000
Consumer deposits	(639 216)	(336 380)
Deferred Income	(53 883)	(20 669)
Performance bonus obligation	(251 579)	-
	160 600 756	**194 102 275**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

45. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	413 323 462	234 404 868
Total capital commitments		
Already contracted for but not provided for	413 323 462	234 404 868

Authorised operational expenditure

Already contracted for but not provided for		
• Operational costs	164 322 340	23 644 525
Total operational commitments		
Already contracted for but not provided for	164 322 340	23 644 525

Total commitments

Total commitments		
Authorised capital expenditure	413 323 462	234 404 868
Authorised operational expenditure	164 322 340	23 644 525
	577 645 802	**258 049 393**

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.

46. 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 R273.9 million (2023 : R270.6 million).The merits must still be determined and could result in a lesser or greater amount.

Contingent Liabilities

	2024	2023
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
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
	-	-
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
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
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:1432/2020]	552 000	552 000
Mpho Aaron Mulaudzi: Claim against the municipality for the death of employee who was electrocuted in the Levubu area under Makhado Local Municipality.[Case Number: 1661/2020]	480 000	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	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
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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

46. Contingencies (continued)

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	151 000 000
Illegal Occupants: Prevention of illegal occupants at clouds end hotel	350 000	350 000
Automotive Parts Exports: Application to review and set aside decision by planning tribunal. [Case Number: 20171/2022]	500 000	500 000
Sikhetho Freddy Ngobeni: Claim sounding in money for unfair labour practice. [Case Number: LP/LTT/RC/85/2022]	400 000	400 000
Themba Baloyi: Claim sounding in money as a result of theft and our attorneys of record are busy drafting summons.	128 000	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	1 000 000
Pinkie Marry Mahlangu: Claim sounding in money against municipality.	1 000 000	-
DDP Valuers: Claim sounding in money against municipality. [Case number:2871/2024]	1 054 203	-
Pilo GPS system: Claim sounding in money against municipality. [Case number:6247/2024]	988 500	-
Frinjansuite TRD CC To compel municipality to reconnect electricity supply to applicant. [Case Number: 182/2024]	200 000	-
	273 868 545	**270 625 842**

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 (2023 : R58.3 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

47. 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	The position is vacant
Director Community Services	Mr H.J Lukheli
Director Corporate Services	Mr S.G Maguga
Director Technical Services	The position is vacant
Director Planning & Development	Mr A Mabunda
Councillors	Refer to note 33

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

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

Related party transactions

Section 57 Managers and Councillors:

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

Loans granted to related parties:

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

48. 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 financial statements, followed by a description of each individual prior period error with the amounts involved:

48. Prior-year adjustments (continued)

Statement of financial position

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Current Assets					
Inventories	7	119 081 129	-	-	119 081 129
Receivables from exchange transactions	8	18 033 266	-	83 759	18 117 025
Receivables from non-exchange transactions	9	1 239 500	-	-	1 239 500
VAT receivable	10	3 167 064	-	-	3 167 064
Consumer debtors- Exchange transactions	11	62 839 619	-	-	62 839 619
Consumer debtors- Non- Exchange transactions	11	40 585 546	-	-	40 585 546
Cash and cash equivalents	12	146 595 502	-	-	146 595 502
Non-current Assets					
Investment property	2	15 438 133	-	-	15 438 133
Property, plant & equipment	3	1 823 292 525	91 866	-	1 823 384 391
Intangible assets	4	1 609 780	-	-	1 609 780
Heritage assets	5	2 160 329	-	-	2 160 329
Current Liabilities					
Employee benefit obligation	6	(5 138 000)	-	-	(5 138 000)
Finance lease obligation	13	(322 046)	-	-	(322 046)
Unspent conditional grants and receipts	14	(3 500 000)	-	-	(3 500 000)
Performance bonus obligation	15	(251 579)	-	-	(251 579)
Rehabilitation provision	16	(5 000 000)	-	-	(5 000 000)
Deferred Income	17	(153 578)	-	-	(153 578)
Payables from exchange transactions	18	(286 096 946)	-	(83 759)	(286 180 705)
Consumer deposits	20	(15 621 438)	-	-	(15 621 438)
Non-current liabilities					
Employee benefit obligation	6	(106 614 000)	-	-	(106 614 000)
Rehabilitation provision	16	(26 010 086)	-	-	(26 010 086)
Accumulated surplus		(1 785 334 720)	(91 866)	-	(1 785 426 586)
		-	-	-	-

48. Prior-year adjustments (continued)

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Restated
Revenue				
Revenue from exchange transactions				
Service charges	22	385 664 462	-	385 664 462
Rental of facilities and equipment	23	321 030	-	321 030
Agency services	25	4 556 844	-	4 556 844
Licences and permits	26	3 790 850	-	3 790 850
Interest earned -outstanding receivables	27	14 272 415	-	14 272 415
Other revenue	28	53 559 025	-	53 559 025
Interest received from financial institutions	29	9 569 147	-	9 569 147
Actuarial gains	41	18 155 355	-	18 155 355
Revenue from non-exchange transactions				
Taxation revenue				
Interest earned -outstanding receivables	27	23 042 009	-	23 042 009
Property rates	30	97 299 879	-	97 299 879
Transfer revenue				
Fines, penalties and forfeits	24	6 144 857	-	6 144 857
Government grants & subsidies	31	574 516 240	-	574 516 240
Expenditure				
Employee related costs	32	(327 124 968)	-	(327 124 968)
Remuneration of councillors	33	(28 208 519)	-	(28 208 519)
Depreciation and amortisation	34	(140 293 131)	91 866	(140 201 265)
Impairment of non - cash generating assets	35	(4 567 245)	-	(4 567 245)
Finance costs	36	(17 252 094)	-	(17 252 094)
Debt Impairment	37	(50 881 155)	-	(50 881 155)
Bulk purchases	38	(299 070 654)	-	(299 070 654)
Contracted services	39	(184 519 383)	-	(184 519 383)
General Expenses	40	(102 677 704)	-	(102 677 704)
Inventories losses/write-downs	42	(1 089 819)	-	(1 089 819)
Loss on disposal of assets	43	(27 746 829)	-	(27 746 829)
Surplus for the year		**7 460 612**	**91 866**	**7 552 478**

Errors

The following prior period errors adjustments occurred:

Error 1

Risk Management Disclosure:

In the previous financial year, the below items were erroneously disclosed as financial instruments under AFS Note ,49 where as they do not fall within the GRAP 104 - Financial instruments disclosure. The error was subsequently identified and corrected in the current financial year.

Disclosure Items:	
Receivables from non-exchange transactions	1 239 500
Consumer debtors – Non exchange transactions	40 585 546
Performance bonus obligation	(251 579)
Rehabilitation provision	(31 010 086)
Deferred income	(153 578)
	10 409 803

48. Prior-year adjustments (continued)

Error 2

Property, plant and equipment:

In the previous financial year ended 30 June 2023, there are transport assets in the asset register that were not depreciated using the estimated useful lives (EUL), the error was identified by the auditors during the audit of the Annual Financial Statements for the year ended 30 June 2024.

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

Financial Statement Area	
Increase in carrying amount of Transport assets (SOFP)	91 866
Decrease in depreciation expense of Transport assets (SFPER)	(91 866)
	-

Error 3

Contingent Assets and Liabilities:

Adjustment made to opening balance of contingent liabilities is due to inclusion of Andre Naude:Notice to compel municipality to swich on electricity, matter was finalised in favor of municipality during the year. [Case Number:5697/2023]. The error was identified and corrected in the current year. Refer to Note 46

Contingent Assets and Liabilities

Opening balance	271 625 842
Legal case finalised during the year	(1 000 000)
Restated opening balance	**270 625 842**

Figures in Rand	2024	2023

48. Prior-year adjustments (continued)

Error 4

Additional disclosure in terms of Municipal Finance Management Act:

The disclosure for PAYE and UIF as well as Pension and Medical Aid deductions in the previous year was incorrect, as it did not show an amount outstanding at year end. Payments to SARS for PAYE and UIF and other third parties are due by the 7th of the following month. Therefore, at the reporting date, the amounts for June were only paid in July. In this instance, the disclosures in note 55 in the prior year financial statements are incorrect as there is a payable at the reporting date which is not reflected in the reconciliation.

The error was identified and corrected in the current year. Refer to Note 54:

PAYE and UIF	
Current year amount - Employer	1 367 387
Current year amount - Employees	53 966 710
Amount paid - current year	(50 766 318)
Outstanding balance at year -end	**4 567 779**

Pension and Medical Aid Deductions	
Current year amount - Employer	55 470 087
Current year amount - Employees	29 574 568
Amount paid - current year	(77 777 633)
Outstanding balance at year -end	**7 267 022**

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1

Property, plant and equipment:

In the previous financial year on AFS Note ,3 there was a disclosure error on the PPE reconciliation note between Cost and Accumulated depreciation. The cost element of the disposed assets was erroneously included under the column for accumulated depreciation. The error was subsequently identified and corrected in the current financial year. The impact of the error correction is as follows:

Financial Statements Area	
BUILDINGS:	-
Decrease in Cost [SOFP]	(298 302)
Decrease in Accumulated depreciation [SOFP]	298 302
MACHINERY AND EQUIPMENT:	-
Decrease in Cost [SOFP]	(3 054 245)
Decrease in Accumulated depreciation [SOFP]	3 054 245
FURNITURE AND OFFICE EQUIPMENT:	-
Decrease in Cost [SOFP]	(3 105 916)
Decrease in Accumulated depreciation [SOFP]	3 105 916
TRANSPORT ASSETS:	-
Decrease in Cost [SOFP]	(2 566 792)
Decrease in Accumulated depreciation [SOFP]	2 566 792
COMPUTER EQUIPMENT:	-
Decrease in Cost [SOFP]	(1 969 752)
Decrease in Accumulated depreciation [SOFP]	1 969 752
INFRASTRUCTURE ASSETS:	-
Decrease in Cost [SOFP]	(45 505 606)

Figures in Rand	2024	2023

48. Prior-year adjustments (continued)

Decrease in Accumulated depreciation [SOFP]	45 505 606
COMMUNITY ASSETS:	-
Decrease in Cost [SOFP]	(4 135)
Decrease in Accumulated depreciation [SOFP]	4 135
LIBRARY BOOKS:	-
Decrease in Cost [SOFP]	(22 648)
Decrease in Accumulated depreciation [SOFP]	22 648
	-

Reclassification 2

Receivables from exchange transactions:

In the previous financial year, receivables from exchange transactions to the amount of R83 759.33 were misallocated to trade and other payables from exchange transactions. The error was discovered in the current financial year and corrected. The impact of the correction is as follows:

Financial Statements Area	
Increase in Receivables from exchange transactions (SoFP)	83 759
Increase in Trade & other payables from exchange transactions (SoFP)	(83 759)
	-

49. 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 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liability	(826 000)	(1 416 000)	(2 006 000)	-
Payables from exchange transactions	(285 535 375)	-	-	-
Consumer deposits	(14 982 222)	-	-	-

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liability	(393 244)	-	-	-
Payables from exchange transactions	(286 180 705)	-	-	-
Consumer deposits	(15 621 438)	-	-	-

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

49. 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	2024	2023
Receivables from exchange transactions	3 303 071	18 117 026
Consumer debtors -exchange transactions	104 387 525	62 839 619
Cash and cash equivalents	14 661 767	146 595 502

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.

50. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of 1 784 774 828 and that the municipality's total assets exceed its liabilities by 1 784 774 828.

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	2024	2023

51. Events after the reporting date

Below are the material events that occurred between the end of the reporting period 30 June 2024 and the date that the financial statements were authorised for issue.

Appointment of Chief Financial Officer:

For the financial year ended 30 June 2024, the position of Chief Financial Officier was on an acting basis. The appointment was done subsequent to financial year end on the 01st of August 2024.

High Court Judgement: NERSA's methodology for determining electricity tariff increases:

On the 8th of July 2024, under Case Number 2024/061993, the High Court made a substantial finding that NERSA's methodology of approving municipal tariff increases for the 2024/25 financial year was unlawful and consequently ordered NERSA and the municipalities to only increase tariffs based on the cost of supply studies.

The High Court granted non compliant municipalities 60 days from the date of the court order to supplement electricity tariff applications with cost of supply studies. As at the date of submission of the Annual Financial Statements in terms of section 126 of MFMA, 31 August 2024, Makhado Local Municipality had not submitted the cost of supply studies. Management, however, intent to submit the cost of supply studies to NERSA within 60 days, in order to comply with the High Court directive.

52. Fruitless and wasteful expenditure

	2024	2023
Opening balance	426 191	207 812
Add: Fruitless and wasteful expenditure identified - current	915 592	259 169
Less: Amount recovered - current	(244 104)	(40 790)
Closing balance	**1 097 679**	**426 191**

Amount recovered

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

	2024	2023
Amounts recovered on interest charged by SARS	-	(8 774)
Amounts recovered from stolen fuel cards	-	(32 016)
Amounts recovered for ghost ward committees	(244 104)	-
	(244 104)	**(40 790)**

53. Irregular expenditure

	2024	2023
Opening balance	636 468	130 850
Add: Irregular expenditure - current	550 900	562 570
Less: Amount recovered - current	(4 000)	-
Less: Amount written off - current	-	(56 952)
Closing balance	**1 183 368**	**636 468**

54. Additional disclosure in terms of Municipal Finance Management Act

Subscription fees

	2024	2023
Current year subscription / fee	3 879 113	3 879 113
Amount paid - current year	(3 879 113)	(3 879 113)
	-	**-**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

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

Distribution Losses

Kilowats Hours		
Units Purchased	191 623 898	181 910 524
Units Sold	(167 764 315)	(162 005 062)
Distribution Loss (Units)	**23 859 583**	**19 905 462**
Rand Values		
Electricity	45 848 926	32 725 648
	45 848 926	**32 725 648**

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 23 859 583 (2023: 19 905 462) kilowatts per hour were lost. This represented 12% (2023: 11%) of the electricity purchases for the year, which has been included in bulk purchases.An average price per kilowatt hour of R1.92 (2023: R1.64) was used.

Audit fees

Current year audit fees charged	6 486 983	6 499 272
Current year audit fees settled	(6 486 983)	(6 499 272)
	-	-

PAYE and UIF

Current year amount - Employer	1 435 474	1 367 387
Current year amount - Employees	61 868 287	53 966 710
Amount paid - current year	(57 682 236)	(50 766 318)
	5 621 525	**4 567 779**

Pension and Medical Aid Deductions

Current year amount - Employer	63 413 931	55 470 087
Current year amount - Employees	34 193 975	29 574 568
Amount paid - current year	(89 289 412)	(77 777 633)
	8 318 494	**7 267 022**

VAT

VAT(receivable) /payable	(779 186)	(3 167 064)

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.

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Phuluwa MI	10 245	204 543	214 788
Halgreen CD	229	158	387
Jones NB	158	505	663
Baloyi RS	3 321	75 805	79 126
	13 953	**281 011**	**294 964**

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**

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

30 June 2024	Highest outstanding amount	Aging (in days)
Phuluwa MI	204 543	90
Halgreen CD	158	90
Jones NB	505	90
Baloyi RS	75 805	90
	281 011	**360**

30 June 2023	Highest outstanding amount	Aging (in days)
Phuluwa MI	180 350	90
Jones NB	273	90
Mudunungu NA	141	90
Baloyi RS	63 244	90
Tshidavhu IA	4 054	90
	248 062	**450**

55. Actual operating expenditure versus budgeted operating expenditure

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

56. Deviation from supply chain management regulations

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

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

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

Quotation deviations for the 2023/24 financial year in terms of the Supply Chain Management Regulations amounted to R1 240 364 [2023: R1 759 455].

Period		
Quarter 1	302 617	248 812
Quarter 2	400 576	621 180
Quarter 3	91 516	386 836
Quarter 4	445 655	502 627
	1 240 364	**1 759 455**

57. Key Assumptions and Estimates Used

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

58. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: Community and Public Services, Economic and Environmental Services and Traiding Services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Types of goods and/or services by segment

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

Reportable segment	**Goods and/or services**
Community and Public Services	Sports and Recreation, Housing, Health, Public Safety and Community and Social Services
Economic and Environmental Services	Environmental Protection, Road Transport, Planning and Development
Traiding Services	Water and Electricity, Waste Management , Waste Water Management
Other Reportable Segments	Executive and Council, Finance and Administration, Internal Audit and Other

Notes to the Annual Financial Statements

Figures in Rand

58. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Community and Public Services	Economic and Environmental Services	Traiding Services	Other Reportable Segments	Total
Revenue					
Revenue from non-exchange transactions	84 514	117 018 980	9 768 000	671 898 097	798 769 591
Revenue from exchange transactions	280 258	7 820 806	454 642 116	48 536 163	511 279 343
Total segment revenue	**364 772**	**124 839 786**	**464 410 116**	**720 434 260**	**1 310 048 934**
Entity's revenue					**1 310 048 934**
Expenditure					
Contracted services	1 514 702	26 085 454	42 659 381	110 045 867	180 305 404
Bulk purchases	-	-	371 986 217	-	371 986 217
Depreciation and Amortisation	62 682	379 184	9 479 808	148 095 600	158 017 274
Employee Related Cost	17 433 053	134 714 752	72 443 817	157 072 204	381 663 826
Remuneration of councillors	-	-	-	29 989 937	29 989 937
Other expenses	1 326 994	32 517 136	35 204 643	119 689 262	188 738 035
Total segment expenditure	**20 337 431**	**193 696 526**	**531 773 866**	**564 892 870**	**1 310 700 693**
Total segmental surplus/(deficit)					**(651 759)**
Assets					
Current assets	-	-	145 502 353	150 017 910	295 520 263
Non current assets	17 637 552	408 517 361	233 967 818	1 284 945 049	1 945 067 780
Total segment assets	**17 637 552**	**408 517 361**	**379 470 171**	**1 434 962 959**	**2 240 588 043**
Total assets as per Statement of financial Position					**2 240 588 043**

Notes to the Annual Financial Statements

Figures in Rand

58. Segment information (continued)

	Community and Public Services	Economic and Environmental Services	Traiding Services	Other Reportable Segments	Total
Liabilities					
Current Liabilities	-	-	215 113 000	101 005 979	316 118 979
Non current liabilities	-	-	36 300 293	103 393 943	139 694 236
Total segment liabilities	**-**	**-**	**251 413 293**	**204 399 922**	**455 813 215**
Total liabilities as per Statement of financial Position					**455 813 215**

2023

	Community and Public Services	Economic and Environmental Services	Traiding Services	Other Reportable Segments	Total
Revenue					
Revenue from non-exchange transactions	20 157	112 228 575	23 379 000	565 375 253	701 002 985
Revenue from exchange transactions	253 834	25 840 367	385 664 460	78 130 467	489 889 128
Total segment revenue	**273 991**	**138 068 942**	**409 043 460**	**643 505 720**	**1 190 892 113**
Entity's revenue					**1 190 892 113**
Expenditure					
Contracted Services	1 297 333	31 790 316	34 417 753	117 013 981	184 519 383
Bulk purchases	-	-	299 070 654	-	299 070 654
Depreciation and Amortisation	5 508 460	56 262 716	42 026 923	36 403 166	140 201 265
Employee Related Cost	8 912 391	108 133 305	62 539 653	147 539 619	327 124 968
Remuneration of councillors	-	-	-	28 208 519	28 208 519
Other expenses	1 435 809	35 183 591	38 091 479	129 503 967	204 214 846
Total segment expenditure	**17 153 993**	**231 369 928**	**476 146 462**	**458 669 252**	**1 183 339 635**
Total segmental surplus/(deficit)					**7 552 478**

Notes to the Annual Financial Statements

Figures in Rand

58. Segment information (continued)

Assets					
Segment assets:	-	-	-	-	-
Current assets	1 314 695	52 269 214	37 348 513	300 692 964	391 625 386
Non current assets	6 185 315	245 913 749	175 715 532	1 414 778 037	1 842 592 633
Total segment assets	**7 500 010**	**298 182 963**	**213 064 045**	**1 715 471 001**	**2 234 218 019**
Total assets as per Statement of financial Position					**2 234 218 019**
Liabilities					
Segment liabilities:	-	-	-	-	-
Current Liabilities	180 396	-	262 228 455	53 758 496	316 167 347
Non current liabilities	-	-	36 300 293	96 323 793	132 624 086
Total segment liabilities	**180 396**	**-**	**298 528 748**	**150 082 289**	**448 791 433**
Total liabilities as per Statement of financial Position					**448 791 433**

59. Accounting by principals and agents

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

59. Accounting by principals and agents (continued)

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 R3 273 967 (2023: R4 556 844) 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:

During the financial period ended 30 June 2024, the municipality paid R16 402 789 (2023:R21 840 467) over to the Department of Transport.

Makhado Local Municipality as Principal and Contour Technology Pvty Ltd as agent:

The municipality entered into an agreement with Contour Technology Pvty Ltd to distribute, process and manage the sale of prepaid electricity on behalf of the municipality. The municipality acts as the principal and the prepaid electricity vendor as an agent to this arrangement in accordance with the provisions of GRAP 109, Principal Agent Arrangement.

The prepaid vendor received a commission based compensation of 1.7% from the services rendered to the municipality in terms of the arrangement.

Prepaid electricity revenue:

The aggregate revenue generated from the sale of prepaid electricity by vendor through this arrangement amounted to R 89 789 653 (2023: R 72 677 220) as disclosed in note 22

Fee paid

Fee paid as compensation to the agent	1 754 396	1 420 438

MAKHADO LOCAL MUNICIPALITY

MAKHADO LOCAL MUNICIPALITY

Appendix B
June 2024

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 2024

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)	(7 396 893)	**(39 233 617)**	44 201 641
	171 306 721	**17 704 126**	**-**	**(11 684 433)**	**-**	**-**	**177 326 414**	**(84 906 328)**	**10 696 705**	**-**	**(70 065)**	**(17 058 469)**	**(91 338 157)**	**85 988 257**

MAKHADO LOCAL MUNICIPALITY

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)	(17 058 469)	**(91 338 157)**	85 988 257
	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)**	**(139 215 029)**	**(1 575 989 499)**	**1 823 384 495**
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)	(17 058 469)	**(91 338 157)**	85 988 257
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)**	**(140 201 268)**	**(1 587 136 644)**	**1 842 591 158**

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Appendix B
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Analysis of property, plant and equipment as at 30 June 2024

	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**	(1 011 362)	-	-	-	(187 407)	**(1 198 769)**	2 288 577
Nonresidential structures	56 744 752	40 427 062	-	(605 132)	-	-	**96 566 682**	(21 982 566)	454 969	-	(347 250)	(3 577 993)	**(25 452 840)**	71 113 842
	293 434 323	**40 427 062**	**-**	**(605 132)**	**-**	**-**	**333 256 253**	**(22 993 928)**	**454 969**	**-**	**(347 250)**	**(3 765 400)**	**(26 651 609)**	**306 604 644**
Infrastructure														
Electricity	1 165 825 038	45 103 415	-	(12 653 923)	-	-	**1 198 274 530**	(713 339 893)	7 660 386	-	(2 601 195)	(52 610 449)	**(760 891 151)**	437 383 379
Roads	1 373 631 591	121 750 799	-	(48 505 638)	-	-	**1 446 876 752**	(695 682 362)	37 933 951	-	(886 025)	(71 962 373)	**(730 596 809)**	716 279 943
Solid waste disposal	29 006 906	19 788 111	-	(2 570 737)	-	-	**46 224 280**	(12 527 793)	2 388 130	-	(21 369)	(911 425)	**(11 072 457)**	35 151 823
	2 568 463 535	**186 642 325**	**-**	**(63 730 298)**	**-**	**-**	**2 691 375 562**	**(1 421 550 048)**	**47 982 467**	**-**	**(3 508 589)**	**(125 484 247)**	**(1 502 560 417)**	**1 188 815 145**
Community Assets														
Cemetries	14 069 772	-	-	(99 381)	-	-	**13 970 391**	(5 295 062)	69 543	-	(35 135)	(580 201)	**(5 840 855)**	8 129 536
Cemetries perimeter protection	10 889 093	-	-	-	-	-	**10 889 093**	(1 550 558)	-	-	(16 921)	(382 415)	**(1 949 894)**	8 939 199
Community center	94 788 033	5 055 361	-	(35 418)	-	-	**99 807 976**	(22 602 631)	17 762	-	(100 837)	(3 976 608)	**(26 662 314)**	73 145 662
Libraries	1 238 958	-	-	-	-	-	**1 238 958**	(835 409)	-	-	-	(44 893)	**(880 302)**	358 656
Sports and recreational facilities	43 349 701	5 581 482	-	(500)	-	-	**48 930 683**	(7 437 831)	465	-	(243 422)	(2 034 407)	**(9 715 195)**	39 215 488
Library books	2 528 405	-	-	(44 936)	-	-	**2 483 469**	(2 385 875)	43 982	-	-	(61 390)	**(2 403 283)**	80 186
	166 863 962	**10 636 843**	**-**	**(180 235)**	**-**	**-**	**177 320 570**	**(40 107 366)**	**131 752**	**-**	**(396 315)**	**(7 079 914)**	**(47 451 843)**	**129 868 727**

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Analysis of property, plant and equipment as at 30 June 2024

	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	193 285 658	259 109 540	(211 386 385)	-	(23 786 533)	-	**217 222 280**	-	-	-	-	-	**-**	217 222 280
	193 285 658	**259 109 540**	**(211 386 385)**	**-**	**(23 786 533)**	**-**	**217 222 280**	**-**	**-**	**-**	**-**	**-**	**-**	**217 222 280**
Other assets														
Machinery and equipment	64 335 166	7 711 571	-	(90 705)	-	-	**71 956 032**	(34 035 717)	85 441	-	150	(6 919 746)	**(40 869 872)**	31 086 160
Furniture and office equipment	14 439 430	6 872 339	-	(509 762)	-	-	**20 802 007**	(10 758 441)	399 007	-	19 604	(2 750 732)	**(13 090 562)**	7 711 445
Computer Equipment	15 116 560	3 939 991	-	(714 120)	-	-	**18 342 431**	(7 310 382)	585 821	-	2 758	(2 744 209)	**(9 466 012)**	8 876 419
Transport assets	83 435 258	38 003	-	-	-	-	**83 473 261**	(39 233 617)	-	-	-	(8 285 710)	**(47 519 327)**	35 953 934
	177 326 414	**18 561 904**	**-**	**(1 314 587)**	**-**	**-**	**194 573 731**	**(91 338 157)**	**1 070 269**	**-**	**22 512**	**(20 700 397)**	**(110 945 773)**	**83 627 958**

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Appendix B
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Analysis of property, plant and equipment as at 30 June 2024

	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	293 434 323	40 427 062	-	(605 132)	-	-	**333 256 253**	(22 993 928)	454 969	-	(347 250)	(3 765 400)	**(26 651 609)**	306 604 644
Infrastructure	2 568 463 535	186 642 325	-	(63 730 298)	-	-	**2 691 375 562**	(1 421 550 048)	47 982 467	-	(3 508 589)	(125 484 247)	**(1 502 560 417)**	1 188 815 145
Community Assets	166 863 962	10 636 843	-	(180 235)	-	-	**177 320 570**	(40 107 366)	131 752	-	(396 315)	(7 079 914)	**(47 451 843)**	129 868 727
Work In Progress	193 285 658	259 109 540	(211 386 385)	-	(23 786 533)	-	**217 222 280**	-	-	-	-	-	**-**	217 222 280
Other assets	177 326 414	18 561 904	-	(1 314 587)	-	-	**194 573 731**	(91 338 157)	1 070 269	-	22 512	(20 700 397)	**(110 945 773)**	83 627 958
	3 399 373 892	**515 377 674**	**(211 386 385)**	**(65 830 252)**	**(23 786 533)**	**-**	**3 613 748 396**	**(1 575 989 499)**	**49 639 457**	**-**	**(4 229 642)**	**(157 029 958)**	**(1 687 609 642)**	**1 926 138 754**
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	8 758 278	726 723	-	-	-	-	**9 485 001**	(7 148 498)	-	-	-	(608 177)	**(7 756 675)**	1 728 326
	8 758 278	**726 723**	**-**	**-**	**-**	**-**	**9 485 001**	**(7 148 498)**	**-**	**-**	**-**	**(608 177)**	**(7 756 675)**	**1 728 326**
Investment properties														
Developed land	4 979 659	-	-	-	-	-	**4 979 659**	-	-	-	-	-	**-**	4 979 659
Dwellings	6 372 122	-	-	-	-	-	**6 372 122**	(2 387 213)	-	-	-	(174 323)	**(2 561 536)**	3 810 586
Nonresidential structures	8 107 646	-	-	-	-	-	**8 107 646**	(1 634 081)	-	-	-	(204 820)	**(1 838 901)**	6 268 745
	19 459 427	**-**	**-**	**-**	**-**	**-**	**19 459 427**	**(4 021 294)**	**-**	**-**	**-**	**(379 143)**	**(4 400 437)**	**15 058 990**
Total														
Land and buildings	293 434 323	40 427 062	-	(605 132)	-	-	**333 256 253**	(22 993 928)	454 969	-	(347 250)	(3 765 400)	**(26 651 609)**	306 604 644
Infrastructure	2 568 463 535	186 642 325	-	(63 730 298)	-	-	**2 691 375 562**	(1 421 550 048)	47 982 467	-	(3 508 589)	(125 484 247)	**(1 502 560 417)**	1 188 815 145
Community Assets	166 863 962	10 636 843	-	(180 235)	-	-	**177 320 570**	(40 107 366)	131 752	-	(396 315)	(7 079 914)	**(47 451 843)**	129 868 727
Work In Progress	193 285 658	259 109 540	(211 386 385)	-	(23 786 533)	-	**217 222 280**	-	-	-	-	-	**-**	217 222 280
Other assets	177 326 414	18 561 904	-	(1 314 587)	-	-	**194 573 731**	(91 338 157)	1 070 269	-	22 512	(20 700 397)	**(110 945 773)**	83 627 958
Heritage assets	2 160 329	-	-	-	-	-	**2 160 329**	-	-	-	-	-	**-**	2 160 329
Intangible assets	8 758 278	726 723	-	-	-	-	**9 485 001**	(7 148 498)	-	-	-	(608 177)	**(7 756 675)**	1 728 326
Investment properties	19 459 427	-	-	-	-	-	**19 459 427**	(4 021 294)	-	-	-	(379 143)	**(4 400 437)**	15 058 990
	3 429 751 926	**516 104 397**	**(211 386 385)**	**(65 830 252)**	**(23 786 533)**	**-**	**3 644 853 153**	**(1 587 159 291)**	**49 639 457**	**-**	**(4 229 642)**	**(158 017 278)**	**(1 699 766 754)**	**1 945 086 399**

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2024

	Current year 2024 Act. Bal. Rand	Current year 2024 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Service charges	454 445 770	631 932 000	(177 486 230)	(28.1)	The municipality billed less revenue than expected.
Rental of facilities and equipment	425 659	332 000	93 659	28.2	More revenue than budgeted was collected from rental of halls and faciities. Management saw an influx of activities and events during the year, that was not anticipated during the budget process.
Property rates	120 692 497	125 077 000	(4 384 503)	(3.5)	
Interest received from debtors: Exchange transactions	15 511 158	17 082 305	(1 571 147)	(9.2)	Management billed customers less revenue than budgeted.
Agency services	3 273 967	-	3 273 967	-	The budget for agency fees is under other income
Government grants & subsidies	619 579 943	623 176 000	(3 596 057)	(0.6)	.
Fines, Penalties and Forfeits	5 390 564	4 562 000	828 564	18.2	Road traffic offences were higher than budgeted. More traffic offenders were billed during the year surpassing the target.
Licences and permits	3 809 976	3 603 000	206 976	5.7	More Road users renewed and got their drivers licences than budgeted.
Interest received from debtors: Non - exchange transactions	25 943 370	28 319 695	(2 376 325)	(8.4)	Management billed customers less revenue than budgeted
Other income	21 935 915	91 796 000	(69 860 085)	(76.1)	Management collected less revenue from other income than budgeted.
Other revenue - non exchange	27 163 217	-	27 163 217	-	
Interest received from financial institutions	5 456 569	7 229 000	(1 772 431)	(24.5)	The amounts received from interest on bank balance fluctuated during the year, resulting in less revenue collected than budgeted.
	303 628 605	533 109 000	(229 480 395)	(15.0)	
Expenses					
Personnel	(381 663 826)	(382 488 000)	824 174	(0.2)	Expenditure is within the budget.

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2024

	Current year 2024 Act. Bal.	Current year 2024 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Remuneration of councillors	(29 989 937)	(32 000 000)	2 010 063	(6.3)	Expenditure is within the budget.
Depreciation & amortisation	(161 764 147)	(162 420 000)	655 853	(0.4)	Expenditure is within the budget.
Amortisation	-	-	-	-	
Finance costs	(17 919 048)	(19 762 000)	1 842 952	(9.3)	Expenditure is within the budget
Debt Impairment	(41 600 405)	(73 677 000)	32 076 595	(43.5)	Expenditure is within the budget.
Bulk purchases	(371 986 217)	(374 092 000)	2 105 783	(0.6)	Expenditure is within the budget.
Contracted Services	(180 305 404)	(229 725 000)	49 419 596	(21.5)	Expenditure is within the budget.
General Expenses	(108 202 381)	(117 458 000)	9 255 619	(7.9)	Expenditure is within the budget.
	293 431 365)	391 622 000)	98 190 635	(7.1)	
Other revenue and costs					
Gain or(loss) on disposal of assets	(16 167 112)	(17 500 000)	1 332 888	(7.6)	Expenditure is within the budget
Gain or(loss) on actuarial valuation	6 420 329	-	6 420 329	-	
Inventory losses/write downs	(596 994)	(700 000)	103 006	(14.7)	Expenditure is within the budget.
	(10 343 777)	(18 200 000)	7 856 223	(43.2)	
Net surplus/ (deficit) for the year	(146 537)	123 287 000	(123 433 537)	(100.1)	

MAKHADO LOCAL MUNICIPALITY
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2024

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	-	84 878	10 850	12 287	-	-	34 201)	43 408)	23 265)	(7 141)	-	-	-	-	-		Yes	
Integrated Electrification Program	Department of Energy	-	2 500	3 000	1 500	-	-	(260)	(4 014)	(1 408)	(1 318)	-	-	-	-	-		Yes	
Financial Management Grant	National Treasury	-	1 950	-	-	-	-	(527)	(762)	(225)	(436)	-	-	-	-	-		Yes	
EPWP	Department of Public Works	-	733	1 319	716	-	-	(733)	(733)	(692)	(610)	-	-	-	-	-		Yes	
Disaster Management Grant	COGTA	3 500	-	-	18 000	-	-	(1 658)	(793)	-	14 490)	-	-	-	-	-		Yes	
		3 500	90 061	15 169	32 503	-	-	37 379)	49 710)	25 590)	23 995)	-	-	-	-	-			