COLLINS CHABANE LOCAL MUNICIPALITY
Since 2016

Unity in Service Delivery

Collins Chabane Local Municipality
Annual Financial Statements
for the year ended June 30, 2023

General Information

Nature of business and principal activities	Providing municipal services and maintaining the best interest of the local community.
Accounting Officer	Shilenge RR
Registered office	Municipal Offices 125 Collins Chabane Drive Malamulele 0982
Business address	Municipal Offices 125 Collins Chabane Drive Malamulele 0982
Postal address	Private Bag X9271 Malamulele 0982
Bankers	First National Bank
Auditors	Auditor-General South Africa (AGSA)

General Information

Mayoral Committee

Mayor	Cllr Maluleke M (Terminated 21 July 2022)
Mayor	Cllr Maluleke SG (Appointed 04 August 2022)
Speaker	Cllr Mbedzi TS
Chief whip	Cllr Baloyi ME

Members of the Executive Committee

Cllr Mabasa D
Cllr Thovhakale MS
Cllr Chauke HG
Cllr Maluleke LR
Cllr Baloyi DL
Cllr Lebea ME
Cllr Mashila D
Cllr Mahlawule TP
Cllr Maluleke SG

Other members of Municipal Council

Cllr Maremane HR
Cllr Bila ST
Cllr Mashimbye FP
Cllr Mutele ST
Cllr Mavikane SX
Cllr Shivambu S
Cllr Matamela SM
Cllr Masangu GD
Cllr Chauke ST
Cllr Maluleke ET
Cllr Ndove HD
Cllr Mudau TS
Cllr Mabasa KK
Cllr Ngobeni MR
Cllr Mabasa J
Cllr Baloyi HR
Cllr Sunduza SZ
Cllr Chabangu ST
Cllr Mabunda MC
Cllr Munyai N
Cllr Sithole SM
Cllr Shandukani SM
Cllr Rekhotso SS
Cllr Miyambo SZ
Cllr Baloyi MJ
Cllr Hlabangwani TL
Cllr Masia TM
Cllr Rikhotso GM
Cllr Mathavha HF
Cllr Baloyi HJ
Cllr Manganyi HL
Cllr Mabasa W
Cllr Mhangwani C
Cllr Khange G
Cllr Makhubela S
Cllr Bamuza E
Cllr Hlatswayo TG
Cllr Mafanela RM
Cllr Maluleka RM
Cllr Mathebula ML
Cllr Rasiuba NR
Cllr Maluleke HM
Cllr Tshoteli LD
Cllr Maloleka SB

General Information

Cllr Chabalala KR
Cllr Chauke MC
Cllr Hlungwani S
Cllr Mathebula ME
Cllr Chauke GP
Cllr Makhomisani SS
Cllr Maringa RE
Cllr Manganye MJ
Cllr Manganyi MN
Cllr Muthubi KR
Cllr Mulaudzi MM
Cllr Chaoke TS
Cllr Khosa TE
Cllr Chauke MG
Cllr Munarini TJ
Cllr Yingwani T
Cllr Maluleke LR
Cllr Chauke FT

Audit Committee members:	Mudau FJ (Chairperson) Mabuza JM Ngobeni SAB Nevhutalu TG CA(SA) Makhubele E

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

Abbreviations

COIDA	Compensation for Occupational Injuries and Diseases Act
CFO	Chief Financial Officer
AGSA	Auditor-General of South Africa
CIGFARO	Chartered Institute of Governance, Finance, Audit and Risk Officers
GRAP	Generally Recognised Accounting Practice
CCLM	Collins Chabane Local Municipality
MM	Municipal Manager
INEP	Intergrated National Electrification Programme
FMG	Finance Management Grant
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
WIP	Work in Progress
EPWP	Extended Public Works Programme

Preparer

Maluleke NV

Chief Financial Officer

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 they are ultimately responsible for the system of internal financial control established by the municipality 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 June 30, 2024 and, in the light of this review and the current financial position, is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is dependent on the intergovernamental grants and transfers 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 its operations.

The annual financial statements set out on pages 6 to 84, which have been prepared on the going concern basis, were approved and signed on behalf of Council on August 31, 2023 by:

Shilenge RR
Municipal Manager

Accounting Officer's Report

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

1. Incorporation

The municipality was incorporated on August 10, 2016 and commenced business on the same day.

The Municipality was established in terms of section 12 of the Municipal Structures Act, No. 117 of 1998 and is a category B municipality. It consists of 71 elected councilors and 36 wards.

2. Going concern

We draw attention to the fact that at June 30, 2023, the municipality had accumulated surplus of R 1,745,568,846 and that the municipality's total assets exceed its liabilities by R 1,745,568,846.

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 secure funding for the ongoing operations for the municipality and that sound annual financial statements will remain in force for as so long as it takes to maintain the solvency of the municipality.

3. Events after reporting date

Refer to note no. 45 for Events after reporting date disclosure

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4. Accounting policies

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

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Shilenge RR	South African

6. Auditors

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

Collins Chabane Local Municipality

(Registration number LIM345)
Annual Financial Statements for the year ended June 30, 2023

Statement of Financial Position as at June 30, 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	9	5,151,258	3,845,729
Receivables from exchange transactions	10	2,563,745	2,620,111
Receivables from non-exchange transactions	11	9,561,668	7,373,307
Consumer receivables from exchange transaction	12	5,682,067	2,977,723
VAT receivable	13	48,055,407	42,354,324
Cash and cash equivalents	14	194,254,732	296,869,186
		265,268,877	**356,040,380**
Non-Current Assets			
Investment property	3	4,040,106	2,060,022
Property, plant and equipment	4	1,600,812,798	1,300,743,322
Intangible assets	5	3,494,819	5,076,243
Heritage assets	6	1,126,500	1,126,500
Other financial assets	7	2	2
		1,609,474,225	**1,309,006,089**
Total Assets		**1,874,743,102**	**1,665,046,469**
Liabilities			
Current Liabilities			
Finance lease obligation	15	1,809,759	953,555
Payables from exchange transactions	18	90,055,224	84,872,751
Employee benefit obligation	8	7,402,441	5,911,783
Unspent conditional grants and receipts	16	9,234,000	2,849,980
		108,501,424	**94,588,069**
Non-Current Liabilities			
Finance lease obligation	15	3,593,778	-
Employee benefit obligation	8	16,525,308	16,368,816
Provisions	17	553,749	799,426
		20,672,835	**17,168,242**
Total Liabilities		**129,174,259**	**111,756,311**
Net Assets		**1,745,568,843**	**1,553,290,158**
Accumulated surplus		1,745,568,846	1,553,290,167

* See Note 42

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Sale of stands	19	7,514,159	2,343,000
Service charges	20	5,559,694	4,875,772
Rendering of services	19	2,894,937	3,506,221
Interest on arrear receivables		1,459,309	1,124,255
Agency services	19	3,949,163	3,148,086
Licences and permits	19	4,619,359	5,097,338
Rental income	21	319,942	165,813
Interest income	22	18,002,852	12,783,061
Total revenue from exchange transactions		**44,319,415**	**33,043,546**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	33,887,616	35,500,164
Transfer revenue			
Government grants & subsidies	24	605,090,980	569,426,024
Public contributions and donations	25	36,883,987	5,400,931
Interest on arrear receivables	19	8,022,225	6,459,326
Gain on assets/ Fair value adjustments	19	11,154,499	2,631,735
Traffic fines	19	382,250	372,150
Total revenue from non-exchange transactions		**695,421,557**	**619,790,330**
Total revenue	19	**739,740,972**	**652,833,876**
Expenditure			
Employee related costs	26	(132,896,073)	(122,762,015)
Remuneration of councillors	27	(28,265,224)	(26,555,060)
Depreciation and amortisation	28	(59,775,059)	(46,588,069)
Impairment loss/ Reversal of impairments	29	(7,408,518)	(2,277,187)
Finance costs	30	(76,732)	(71,769)
Debt Impairment	31	(31,194,066)	(25,440,478)
Repairs and maintenance	4	(16,929,124)	(28,654,301)
Contracted services	32	(149,259,900)	(95,964,624)
General Expenses	33	(122,329,589)	(99,560,892)
Total expenditure		**(548,134,285)**	**(447,874,395)**
Operating surplus		**191,606,687**	**204,959,481**
Fair value adjustments	35	1,980,086	(1,469,979)
Loss on disposal of assets	34	(1,308,094)	-
		671,992	**(1,469,979)**
Surplus for the year		**192,278,679**	**203,489,502**

* See Note 42

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at July 1, 2021	**1,349,800,665**	**1,349,800,665**
Changes in net assets		
Surplus for the year	203,489,502	203,489,502
Total changes	203,489,502	203,489,502
Opening balance as previously reported	1,575,602,392	1,575,602,392
Adjustments		
Prior year adjustments (Note 42)	(22,312,225)	(22,312,225)
Restated* Balance at July 1, 2022 as restated*	**1,553,290,167**	**1,553,290,167**
Changes in net assets		
Surplus for the year	192,278,679	192,278,679
Total changes	192,278,679	192,278,679
Balance at June 30, 2023	**1,745,568,846**	**1,745,568,846**

Note(s)

* See Note 42

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Property rates		23,065,195	19,562,082
Service charges		3,591,116	3,805,877
Grants and subsidies		611,475,004	572,276,000
Interest income		18,002,852	12,783,061
Other receipts		54,793,366	10,740,368
		710,927,533	619,167,388
Payments			
Employee costs		(158,993,360)	(147,753,792)
Suppliers and other payments		(286,052,213)	(228,772,931)
		(445,045,573)	(376,526,723)
Net cash flows from operating activities	37	**265,881,960**	**242,640,665**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(366,898,246)	(344,714,950)
Proceeds from sale of property, plant and equipment	4	-	2,500,963
Purchase of other intangible assets	5	-	(2,809,671)
Net cash flows from investing activities		**(366,898,246)**	**(345,023,658)**
Cash flows from financing activities			
Finance lease payments		(1,598,168)	(2,228,097)
Net increase/(decrease) in cash and cash equivalents		**(102,614,454)**	**(104,611,090)**
Cash and cash equivalents at the beginning of the year		296,869,186	401,480,276
Cash and cash equivalents at the end of the year	14	**194,254,732**	**296,869,186**

* See Note 42

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						
Sales of goods	-	-	**-**	7,514,159	**7,514,159**	
Service charges - refuse	6,424,344	-	**6,424,344**	5,559,694	**(864,650)**	**Note 53**
Rendering of services	73,687,716	8,103,899	**81,791,615**	2,894,937	**(78,896,678)**	
Interest on arrear receivables	-	-	**-**	1,459,309	**1,459,309**	
Agency services	2,668,728	1,525,000	**4,193,728**	3,949,163	**(244,565)**	
Licence and permits	7,213,836	-	**7,213,836**	4,619,359	**(2,594,477)**	
Rental income	209,820	76,000	**285,820**	319,942	**34,122**	
Interest income - Debtors	500,000	7,841,939	**8,341,939**	-	**(8,341,939)**	
Interest income - Bank	15,117,996	4,581,161	**19,699,157**	18,002,852	**(1,696,305)**	
Total revenue from exchange transactions	**105,822,440**	**22,127,999**	**127,950,439**	**44,319,415**	**(83,631,024)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	34,777,356	-	**34,777,356**	33,887,616	**(889,740)**	
Transfer revenue						
Government grants & subsidies	557,341,004	52,583,000	**609,924,004**	605,090,980	**(4,833,024)**	
Public contributions and donations	-	-	**-**	36,883,987	**36,883,987**	
Interest on arrears receiables	-	-	**-**	8,022,225	**8,022,225**	
Gain on asset/ fair value adjustments	-	-	**-**	11,154,499	**11,154,499**	
Traffic fines	675,396	(100,000)	**575,396**	382,250	**(193,146)**	
Total revenue from non-exchange transactions	**592,793,756**	**52,483,000**	**645,276,756**	**695,421,557**	**50,144,801**	
Total revenue	**698,616,196**	**74,610,999**	**773,227,195**	**739,740,972**	**(33,486,223)**	
Expenditure						
Personnel	(159,399,000)	20,766,000	**(138,633,000)**	(132,896,073)	**5,736,927**	
Remuneration of councillors	(28,336,754)	(978,084)	**(29,314,838)**	(28,265,224)	**1,049,614**	
Depreciation and amortisation	(44,697,188)	(3,944,084)	**(48,641,272)**	(59,775,059)	**(11,133,787)**	
Impairment loss/ Reversal of impairments	-	-	**-**	(7,408,518)	**(7,408,518)**	
Finance costs	-	-	**-**	(76,732)	**(76,732)**	
Debt Impairment	(5,600,000)	-	**(5,600,000)**	(31,194,066)	**(25,594,066)**	
Repairs and maintenance	(23,107,188)	(5,300,000)	**(28,407,188)**	(16,929,124)	**11,478,064**	
Contracted Services	(64,750,812)	(77,312,000)	**(142,062,812)**	(149,259,900)	**(7,197,088)**	
General Expenses	(82,952,000)	(6,431,000)	**(89,383,000)**	(122,329,589)	**(32,946,589)**	
Total expenditure	**(408,842,942)**	**(73,199,168)**	**(482,042,110)**	**(548,134,285)**	**(66,092,175)**	
Operating surplus	**289,773,254**	**1,411,831**	**291,185,085**	**191,606,687**	**(99,578,398)**	
Fair value adjustments	-	-	**-**	1,980,086	**1,980,086**	
Loss on disposal of assets	-	-	**-**	(1,308,094)	**(1,308,094)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	-	**-**	**-**	**671,992**	**671,992**	
Surplus	**289,773,254**	**1,411,831**	**291,185,085**	**192,278,679**	**(98,906,406)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**289,773,254**	**1,411,831**	**291,185,085**	**192,278,679**	**(98,906,406)**	
Reconciliation						

Statement of Comparison of Budget and Actual Amounts

Budget on Cash 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	16,173,000	-	**16,173,000**	5,151,258	**(11,021,742)**	**Note 53**
Receivables from exchange transactions	-	-	**-**	2,563,745	**2,563,745**	
Receivables from non-exchange transactions	98,750,000	(79,231,000)	**19,519,000**	9,561,668	**(9,957,332)**	
VAT receivable	-	-	**-**	48,055,407	**48,055,407**	
Consumer debtors - other	50,626,000	3,895,000	**54,521,000**	5,682,067	**(48,838,933)**	
Cash and cash equivalents	397,605,000	(88,163,000)	**309,442,000**	194,254,732	**(115,187,268)**	
	563,154,000	**(163,499,000)**	**399,655,000**	**265,268,877**	**(134,386,123)**	
Non-Current Assets						
Investment property	3,800,000	-	**3,800,000**	4,040,106	**240,106**	
Property, plant and equipment	1,267,648,000	374,741,000	**1,642,389,000**	1,600,812,798	**(41,576,202)**	
Intangible assets	3,758,000	1,519,000	**5,277,000**	3,494,819	**(1,782,181)**	
Heritage assets	1,127,000	-	**1,127,000**	1,126,500	**(500)**	
Other financial assets	-	-	**-**	2	**2**	
Investments	100,000,000	-	**100,000,000**	-	**(100,000,000)**	
	1,376,333,000	**376,260,000**	**1,752,593,000**	**1,609,474,225**	**(143,118,775)**	
Total Assets	**1,939,487,000**	**212,761,000**	**2,152,248,000**	**1,874,743,102**	**(277,504,898)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	1,809,759	**1,809,759**	
Payables from exchange transactions	125,157,000	39,479,000	**164,636,000**	90,055,224	**(74,580,776)**	
Employee benefit obligation	23,675,000	(47,349,000)	**(23,674,000)**	7,402,441	**31,076,441**	
Unspent conditional grants and receipts	-	-	**-**	9,234,000	**9,234,000**	
Consumer deposit	318,000	(636,000)	**(318,000)**	-	**318,000**	
	149,150,000	**(8,506,000)**	**140,644,000**	**108,501,424**	**(32,142,576)**	
Non-Current Liabilities						
Finance lease obligation	-	-	**-**	3,593,778	**3,593,778**	
Employee benefit obligation	125,547,000	-	**125,547,000**	16,525,308	**(109,021,692)**	
Provisions	-	-	**-**	553,749	**553,749**	
	125,547,000	**-**	**125,547,000**	**20,672,835**	**(104,874,165)**	
Total Liabilities	**274,697,000**	**(8,506,000)**	**266,191,000**	**129,174,259**	**(137,016,741)**	
Net Assets	**1,664,790,000**	**221,267,000**	**1,886,057,000**	**1,745,568,843**	**(140,488,157)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1,664,790,000	221,267,000	**1,886,057,000**	1,745,568,843	**(140,488,157)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash 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	10,583,000	3,328,000	**13,911,000**	23,065,195	**9,154,195**	**Note 53**
Service charges	1,927,000	642,000	**2,569,000**	3,591,116	**1,022,116**	
Grant and subsidies	557,241,000	52,683,000	**609,924,000**	611,475,004	**1,551,004**	
Interest income	15,118,000	4,581,000	**19,699,000**	18,002,852	**(1,696,148)**	
Other receipts	32,730,000	100,875,000	**133,605,000**	54,793,366	**(78,811,634)**	
	617,599,000	**162,109,000**	**779,708,000**	**710,927,533**	**(68,780,467)**	
Payments						
Employee costs and supplier payments	(353,622,000)	(74,180,000)	**(427,802,000)**	(445,045,573)	**(17,243,573)**	
Net cash flows from operating activities	**263,977,000**	**87,929,000**	**351,906,000**	**265,881,960**	**(86,024,040)**	
Cash flows from investing activities						
Purchase and proceed of property, plant and equipment	(289,600,000)	(49,734,000)	**(339,334,000)**	(366,898,246)	**(27,564,246)**	
Proceeds from sale of property, plant and equipment	100,000	(100,000)	**-**	-	**-**	
Net cash flows from investing activities	**(289,500,000)**	**(49,834,000)**	**(339,334,000)**	**(366,898,246)**	**(27,564,246)**	
Cash flows from financing activities						
Finance lease payments	-	-	**-**	(1,598,168)	**(1,598,168)**	
Net increase/(decrease) in cash and cash equivalents	(25,523,000)	38,095,000	**12,572,000**	(102,614,454)	**(115,816,383)**	
Cash and cash equivalents at the beginning of the year	-	-	**-**	296,869,186	**296,869,186**	
Cash and cash equivalents at the end of the year	**(25,523,000)**	**38,095,000**	**12,572,000**	**194,254,732**	**181,052,803**	
Reconciliation						

All significant variances +-10 have been explained under note 53.

Accounting Policies

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.

1.1 Presentation currency

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

The 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).

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 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.

Accounting Policies

1.3 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

1.4 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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.

1.4 Property, plant and equipment (continued)

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.

Susequat measurement
Property, plant and equipment is carried at cost, being the cost /fair value at the date of acquisition or transfer less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The Property, plant and equipment of Land is carried at cost. The land is not depreciated.

Depreciation is calculated on the asset's depreciable amount, using the straight line method over useful lives of the asset. The components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated seperately. The annual depreciation rates are based on the following estimated average asset lives as per the MFMA - Local Government Capital Assets Management Guideline.

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

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

Item	Depreciation method	Average useful life (years)
Boundary walls	Straight line	20 - 40
Buildings/ Building works	Straight line	5 - 30
Electrical supply	Straight line	7 - 80
Fencing	Straight line	10 - 50
On site paving	Straight line	15 - 30
Bins and containers	Straight line	5 - 15
Computer equipment	Straight line	3 - 10
Furniture and fittings	Straight line	3 - 10
Motor vehicles	Straight line	4 - 15
Office equipment	Straight line	3 - 15
Plant and equipment	Straight line	2 - 20
Bridges	Straight line	15 - 80
Road furniture	Straight line	15 - 50
Road structures	Straight line	20 - 100
Storm water drainage	Straight line	20 - 100
Flood lightning	Straight line	5 - 40
Street light	Straight line	5 - 40
Traffic lights	Straight line	5 - 40
Leased assets	Not fixed	Limited to the contract term

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

1.4 Property, plant and equipment (continued)

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

The 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.

Impairment.

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

De-recognition.

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.

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

1.5 Intangible assets

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

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

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

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

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

1.5 Intangible assets (continued)

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent measurement.

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 (years)
Licenses and franchises	Straight line	2-5
Computer software, other	Straight line	2-5
Other intangible assets	Straight line	2-5

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

De-recognition

Intangible assets are de-recognised when the asset is disposed of or when no future economic benefits or service potential are expected from its use. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sale proceeds and the carrying value and is recognised in the Statement of Financial Performance.he gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Heritage Assets

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.

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

Accounting Policies

1.6 Heritage Assets (continued)

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

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

However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

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

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is de-recognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 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.

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

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

Consumer deposits are recgnised as liabilities

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.

Accounting Policies

1.7 Financial instruments (continued)

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.

Classification

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

Class	Category
Consumer receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and Cash Equivalent	Financial asset measured at amortised cost
Other receivables from exchnage transactions	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost

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

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Finance lease liabilities	Financial liability measured at amortised cost

Accounting Policies

1.7 Financial instruments (continued)

Initial recognition

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

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with GRAP 104, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation. The municipality classifies its financial assets into the following categories:
- loans and receivables; a
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows: Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a noncurrent asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

Cash and Cash Equivalent
Cash includes cash on hand and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as current assets.

Accounting Policies

1.7 Financial instruments (continued)

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

Fixed deposit Investment
Short-term deposit is cash and cash equivalents which is short-term and highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three to twelve months or less and are subject to an insignificant risk of change in value.

Impairment
An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the financial asset.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Impairment of non-financial assets

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

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.

1.8 Value Added Tax

Basis

The municipality accounts for VAT on the cash basis when preparing VAT returns, the accrual basis of accounting is applied in capturing vat on the accounting system.

1.9 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.

Accounting Policies

1.9 Leases (continued)

Finance leases - lessee

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

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

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

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

1.10 Inventories

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

“**Land inventory** is recognised at fair value which equate to net realisable value due to illegal occupation.”

Subsequently inventories are measured at weighted average cost method.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

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

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

1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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.

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

Useful life is either:
(a) the period of time over which an asset is expected to be used by the municipality; or
(b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.12 Employee benefits

Employee benefits are all forms of consideration given by an 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:

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

Accounting Policies

1.12 Employee benefits (continued)

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 recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

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

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

Post-employment benefits

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

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

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

Accounting Policies

1.12 Employee benefits (continued)

Termination benefits

The entity 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 entity 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.

1.13 Provisions and contingencies

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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.

1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a 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 40.

• **Contingent liabilities**:
"Contingent liabilities shall not be recognized in the statement of financial position, a contingent liability shall be disclosed under the notes unless the possibility of an outflow of resources embodying economic benefits or service potential is remote"

"A disclosure shall be made for each class of contingent liability at the reporting date with a brief description of the nature of the contingent liability and where practicable"
o An estimate of its financial effect,

• **Contingent Assets:**

"Contingent assets shall not be recognised in the Statement of financial position, a contingent asset usually arises from unplanned or other unexpected events that are not wholly within the control of the municipality that give rise to the possibility of an inflow of economic benefits."

"A contingent asset is disclosed under the notes by providing a brief description of the nature of the contingent assets at the reporting date, and where practicable, an estimate of their financial effect.

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

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

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

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

Accounting Policies

1.13 Provisions and contingencies (continued)

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

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

1.14 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.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

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. Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances. Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges

When the outcome of a transaction involving the rendering services can be estimated reliably, revenue associated with the transaction is recognised by the stage of completion of the transaction at the reporting date. The outcome of the transaction can be estimated reliably when the following are met:
- 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.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Sale of goods

1.15 Revenue from exchange transactions (continued)

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:
- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Interest shall be recognised on a time proportionate basis that takes into account the effective interest yield on the asset.

Agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement. The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when incurred.

1.15 Revenue from exchange transactions (continued)

Interest

Interest is recognised, on a time proportionate basis that takes into account the effective interest rate method. Interest are earned from primary bank account and short term deposit.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an 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.

Gain/ loss on assets
Gain/ loss on assets - this apply to assets acquired at no consideration and disposal of assets

Gain/ loss on fair value
Gain/ loss on fair value - this apply to the movement on fair value adjustment on investment property as at yea end

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an 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.

Public contribution and donation
Revenue from donation are recognised as revenue when it is probable that the future economic benefits or service potential will flow to the entty and the fair value of the assets can be measured reliably.

Property rates
The Municipality reocgnises and asset in respect of taxes when the taxable event occurs and the asset recognition criteria is met. Revenue from property rates is recognised when the legal entitlement to this revenue arises.

Collection charges are recognised when such amounts are legally enforceable.

Rebates are respectively granted to owner of land on which not more than two dwelling units are erected provided that soley used for residential purpose.

Assessment rates income is recognised was rates account has been issued to the ratepayers

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

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Government grant an 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.

“The municipality recognizes government grants as revenue upon receipts except for; Grants with conditions is recognised as revenue when capital expenditure is incurred. These grants are only recognized as revenue only upon the fulfilment of the conditions attached to the use of the grants. The grants shall be disclosed as a liability until the conditions attached are met”

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

Traffic 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.

1.17 Investment income

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

1.18 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

The assessment of whether an 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.

Accounting Policies

1.18 Accounting by principals and agents (continued)

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.

1.19 Comparative figures

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

1.20 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.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance 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.

1.21 Fruitless and wasteful expenditure

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

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.

1.22 Irregular expenditure

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

1.22 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

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.

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

1.23 Segment information

A segment is an activity of a municipality:

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

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

Measurement

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

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

1.24 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

Accounting Policies

1.24 Budget information (continued)

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

The approved budget covers the fiscal period from 7/1/2022 to 6/30/2023.

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

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

The Municipality will provide explanation of +-10% variance on comparison of budget and actual amount

1.25 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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 management in their dealings with the municipality. Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.

1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.27 Expenditure

Expenditure is recognised for in the financial statements on accrual basis

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality’s accounting periods beginning on or after July 1, 2023 or later periods:

Standards/ Interpretation	**Effective date**	**Expected impact**
GRAP 25 on Employee benefits (Revised)	To be determined	To be determined
GRAP 104 on Financial instruments (revised)	To be determined	To be determined
IGRAP 7 on The limit on defined benefit assets, minimum funding requirements and their interaction (revised)	To be determined	To be determined
IGRAP 21 on The effect of past decision on materiality	To be determined	To be determined
Guideline on Accounting for landfill sites	To be determined	To be determined

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB’s Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12)
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term “ammunition” in IPSAS 12 was replaced with the term “military inventories” and provides a description of what it comprises in accordance with Government Finance Statistics terminology

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	4,040,106	-	4,040,106	2,060,022	-	2,060,022

Reconciliation of investment property - 2023

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	2,060,022	(2)	1,980,086	4,040,106

Reconciliation of investment property - 2022

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	3,800,092	(270,091)	(1,469,979)	2,060,022

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.

Fair Valuation:
The fair values of Investment Property as disclosed in the Annual Financial Statements are based on the valuation by Lutendo Group, an independent valuer who is adequately qualified and has experience in the valuation industry.

The valuation assumptions applied include recent sales comparions approach investment properties .

Investment property were assessed for impairment as at year end, those which have indicator of impairments were impaired.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

3. Investment property (continued)

There was no repairs and maintenance incurred during the year for Investment Property.

4. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	26,213,442	-	26,213,442	8,473,442	-	8,473,442
Buildings	44,617,626	(7,859,859)	36,757,767	43,280,502	(6,153,460)	37,127,042
Movable assets	142,769,767	(52,182,786)	90,586,981	131,037,770	(40,363,616)	90,674,154
Community assets	235,124,798	(38,899,120)	196,225,678	165,574,171	(27,295,354)	138,278,817
Road infrastructure	707,880,075	(89,984,261)	617,895,814	636,287,001	(66,298,634)	569,988,367
Leased assets	5,972,094	(659,889)	5,312,205	6,005,173	(5,160,287)	844,886
WIP - Infrastructure	516,571,945	-	516,571,945	360,560,159	-	360,560,159
Electricity assets	124,437,915	(13,188,949)	111,248,966	99,883,090	(5,086,635)	94,796,455
Total	**1,803,587,662**	**(202,774,864)**	**1,600,812,798**	**1,451,101,308**	**(150,357,986)**	**1,300,743,322**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions through fair value	Disposals	Transfers received	Transfers out	Depreciation	Impairment loss	Impairment reversal	Total
Land	8,473,442	-	20,240,000	-	-	(2,500,000)	-	-	-	26,213,442
Buildings	37,127,042	1,339,542	-	(1,585)	-	-	(1,655,706)	(51,526)	-	36,757,767
Movable assets	90,674,154	18,366,104	-	(25,047)	-	-	(16,142,961)	(2,471,475)	186,206	90,586,981
Community assets	138,278,817	2,483,065	-	(714,757)	68,094,675	(220,814)	(10,752,825)	(942,483)	-	196,225,678
Road infrastructure	569,988,367	2,200,544	16,643,987	(566,706)	53,595,214	-	(23,337,496)	(628,096)	-	617,895,814
Leased Assets	844,886	5,971,718	-	-	-	-	(1,504,399)	-	-	5,312,205
WIP - Infrastructure	360,560,159	325,616,508	-	-	-	(169,604,722)	-	-	-	516,571,945
Electricity Assets	94,796,455	10,920,765	-	-	13,634,060	-	(4,800,403)	(3,314,938)	13,027	111,248,966
	1,300,743,322	**366,898,246**	**36,883,987**	**(1,308,095)**	**135,323,949**	**(172,325,536)**	**(58,193,790)**	**(7,408,518)**	**199,233**	**1,600,812,798**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	8,393,442	-	-	80,000	-	-	-	8,473,442
Buildings	36,980,972	341,598	-	1,583,485	-	(1,504,805)	(274,208)	37,127,042
Movable assets	77,515,467	21,190,448	(427,568)	5,400,931	-	(12,517,544)	(487,580)	90,674,154
Community	125,183,237	188,850	-	21,442,165	-	(7,728,551)	(806,884)	138,278,817
Road - Infrastructure	431,252,156	-	-	156,830,302	-	(17,385,581)	(708,510)	569,988,367
Leased Assets	2,846,485	-	-	-	-	(2,001,599)	-	844,886
WIP - Infrastructure	235,367,751	322,783,278	-	-	(197,590,870)	-	-	360,560,159
Electrical assets	80,139,896	210,776	-	17,734,918	-	(3,289,135)	-	94,796,455
	997,679,406	**344,714,950**	**(427,568)**	**203,071,801**	**(197,590,870)**	**(44,427,215)**	**(2,277,182)**	**1,300,743,322**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

4. Property, plant and equipment (continued)

The Municipality reviewed the Property, Plant and equipment useful lives and residual values as at 30 June 2023.
The Municipality assessed the assets conditions for impairment as at year-end resulting in some assets been impaired.
Impairment reversal was as a results of improved condition of assets which were poor in previous years

Pledged as security

During the financial year ended 30 June 2023, no components of property, plant and equipment were pledged as security for borrowings or banking facilities.

INEP Projects
Included in the Work in Progress - Infrastructure, are electrification of villages WIP assets amounting to R0 2022: R55 064 799, funded from INEP grant. These assets will be transfered to a third party (Eskom), upon completion and are not the asset of the Municipality.

Other information

Completion of the following projects were delayed due to budget constraints and community disputes		
Malamulele D Street	41,969,488	41,969,488
Upgrading of Vuwani Stadium	869,566	869,566
	42,839,054	**42,839,054**

Cumulative expenditure for Work in Progress (WIP) as at year end was as follows:		
Road Infrastructure	307,339,934	172,350,409
Electrical Infrastructure	8,024,649	56,438,873
Community assets	93,010,846	135,998,491
Building assets	108,530,749	69,209,850
	516,906,178	**433,997,623**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Electrical	3,074,271	15,974,134
Buildings	4,063,105	2,071,985
Machinery and equipments	2,349,849	7,835,135
Roads Infrastructure	5,328,698	1,508,980
Motor vehicles	2,093,933	1,240,567
Community assets	19,268	23,500
	16,929,124	**28,654,301**

5. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	8,825,739	(5,330,920)	3,494,819	8,825,739	(3,749,496)	5,076,243

5. Intangible assets (continued)

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	5,076,243	(1,581,424)	3,494,819

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	3,757,592	2,809,671	(1,491,020)	5,076,243

The municipality has reviewed the useful lives, residual values and performed assessment of impairment as at 30 June 2023

6. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain and gowns	1,126,500	-	1,126,500	1,126,500	-	1,126,500

Reconciliation of heritage assets 2023

	Opening balance	Total
Mayoral chain and gowns	1,126,500	1,126,500

Reconciliation of heritage assets 2022

	Opening balance	Total
Mayoral chain and gowns	1,126,500	1,126,500

7. Other financial assets

	2023	2022
Residual interest at cost		
Investment - VBS	113,841,784	113,841,784
	113,841,784	113,841,784
Impairments	(113,841,782)	(113,841,782)
	2	**2**

	2023	2022
Non-current assets		
Residual interest at cost	2	2

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

7. Other financial assets (continued)

Allowance for impairment

Reconciliation of provision of imparment of other financial assets - 2023

	Opening balance	Closing balance
Investment - VBS	(113,841,782)	(113,841,782)

Reconciliation of provison of impairment of other financial assets - 2022

	Opening balance	Reversals	Closing balance
Investment - VBS	(122,410,519)	8,568,737	(113,841,782)

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Employee benefit obligations

Defined benefit plan

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

Defined benefit obligation: Long service award	4,300,000	3,941,000
Defined benefit obligation: unused leave days	7,932,749	7,790,599
Defined benefit obligation: Post employment medical	11,695,000	10,549,000
	23,927,749	**22,280,599**

8.1 Long-Service award

The municipality provides long service awards to its permanent employees. The municipality offers rewards for specified year intervals of completed years of services.

In accordance with prevailing legislation, the defined benefits funds are actuarially valued at intervals of every year. The latest valuation was performed by ARCH Actuarial Consulting for 30 June 2023.

Long service awards relate to the legal obligation to provide long service awards. Acturial benefits have been calculated for 273 elegible employee as at 30 June 2023 that are entitled to long service awards.

The long service awards liability is not a funded arrangement. i.e no assets have been set aside to meet this liability. The municipality offers rewards as per specified year intervals of completed service.

	2023	**2022**
Long term portion	R3 436 000	R3 419 000
Current portion	R864 000	R522 000
	R4 300 000	**R3 941 000**

Reconciliation of long service award:

	2023	**2022**
Opening liablity	R3 941 000	R3 834 000
Current-service cost	R545 000	R522 000
Interest cost	R419 0000	R344 000
Expected benefit vesting	(R83 000)	(R643 000)
Actuarial loss/ (gain)	(R522 000)	R116 000
Closing liability	**R4 300 000**	**R3 941 000**

The plan is a final salary pension / flat plan or a post employment medical benefit plan.

Key assumptions	**2023**	**2022**
Discount rate (%)	12	10
General salary inflation (%)	7	8
Net discount rate (%)	5	4
Average retirement age (Years)	62	62
	-	11
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Employee benefit obligations (continued)

8.2 Unused leave days.

This is the present value of the total unused leave benefit expected to become payable under the employer's current service arrangements and based on the assumption made.

This may be regarded as the amount of money that should be set aside in present day terms to cover all expected unused leave benefit for current employees.

	2023	2022
Long term portion	R1 539 308	R2 511 816
Current portion	R6 393 441	R5 278 783
	R7 932 749	**R7 790 599**

Reconciliation of of unused leave provision:

	2023	2022
Opening liability	R7 790 599	R7 796 529
Current service cost	R1 030 110	R1 159 327
Interest cost	R864 384	R746 180
Expected benefits vesting	(R437 037)	(R406 293)
Actuarial Loss/ (gain)	(R1 315 307)	R1 505 144
Closing liability	**R7 932 749**	**R7 790 599**

Assumption used at the reporting date	**2023**	**2022**
Discount rates used	12.09%	11.41%
General salary inflation	7.25%	7.67%
Net discount rate	4.52%	3.47%
Average retirement age	62	62

Post employment medical aid

The municipality provides Post-Employment Medical Aid (PEMA) to its permanent employees. .

In accordance with prevailing legislation, the defined benefits funds are actuarially valued at intervals of every year. The latest valuation was performed by ARCH Actuarial Consulting for 30 June 2023.

PEMA relate to the legal obligation to provide medical aid contrbution after retirement. Acturial benefits have been calculated for elegible employee as at 30 June 2023 that are entitled to Post employment medical aid.

The long service awards liability is not a funded arrangement. i.e no assets have been set aside to meet this liability. The municipality offers rewards as per specified year intervals of completed service.

	2023	2022
Long term portion	R11 550 000	R10 438 000
Current portion	R145 000	R111 000
	R11 695 000	**R10 549 000**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Employee benefit obligations (continued)

Reconciliation of PEMA award:

	2023	**2022**
Opening liablity	R10 549 000	R9 130 000
Current-service cost	R731 000	R620 000
Interest cost	R1 244 000	R973 000
Expected benefit vesting	(R111 000)	(R104 000)
Actuarial loss/ (gain)	(R718 000)	(R70 000)
Closing liability	**R11 695 000**	**R10 549 000**

Key financial assumpton:
2023
Discount rate = 12.57%
Health care cost inflation rate = 8.17%
Net discount rate = 4.07%

2022
Discount rate = 11.85%
Health care cost inflation rate = 8.46%
Net discount rate = 3.13%

9. Inventories

Consumable stores	2,461,154	3,655,625
Land inventory	2,690,104	190,104
	5,151,258	**3,845,729**

Inventories recognised as an expense during the year	4,322,355	5,771,672

“Land inventory is recognised at fair value which equate to net realisable value due to illegal occupation.”

10. Receivables from exchange transactions

Deposits	2,084,102	1,850,653
Sundry debtors	7,854,916	8,144,731
Sundry debtors - impairment	(7,375,273)	(7,375,273)
	2,563,745	**2,620,111**

There was no sundry debtors which was pledged as collateral

Reconciliation of provision for impairment of other receivables from exchange transaction

Impairment reconciliation - sundry debtors

Opening balance	(7,375,273)	(7,375,273)

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

11. Receivables from non-exchange transactions

Traffic fines	1,608,530	1,287,780
Traffic fines - Impairment	(1,399,399)	(1,073,607)
Property rates	131,993,910	121,171,489
Property rates - impairment	(122,641,373)	(114,012,355)
	9,561,668	**7,373,307**

Ageing for rates.	**2023**	**2022**
Current (0-30 days)	2,808,412	4,342,058
31-60 days	2,280,248	2,540,441
61- 90 days	2,214,865	2,684,346
91-120 days	2,548,112	2,476,786
121-365 days	20,468,242	33,922,296
> 365 days	101,674,031	75,205,562
	131,993,910	121,171,489
Less: Allowance for impairment	(122,641,373)	(114,012,355)
	9,352,537	**7,159,134**

Fair value of consumer debtors approximates the carrying amount thereof.

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

Opening balance	(114,012,355)	(98,696,530)
Provision for impairment	(8,629,018)	(15,315,825)
	(122,641,373)	**(114,012,355)**

12. Consumer receivables from exchange transaction

Gross balances		
Refuse	24,038,584	22,070,006
Consumer debtors - other	100,169,683	92,011,135
	124,208,267	**114,081,141**
Less: Allowance for impairment		
Refuse	(22,579,864)	(21,090,074)
Others	(95,946,336)	(90,013,344)
	(118,526,200)	**(111,103,418)**
Net balance		
Refuse	1,458,720	979,932
Other	4,223,347	1,997,791
	5,682,067	**2,977,723**
Refuse		
Current (0 -30 days)	475,716	429,862
31 - 60 days	370,759	384,189
61 - 90 days	359,840	362,708
91 - 120 days	364,288	363,342
121 - 365 days	2,896,908	2,694,763
> 365 days	19,571,074	17,835,142
	(22,579,864)	(21,090,074)
	1,458,721	**979,932**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

12. Consumer receivables from exchange transaction (continued)

Other		
Current (0 -30 days)	881,973	757,567
31 - 60 days	850,409	782,981
61 - 90 days	845,649	736,373
91 - 120 days	834,483	719,292
121 - 365 days	6,806,628	5,409,842
> 365 days	89,950,540	83,605,080
	(95,946,336)	(90,013,344)
	4,223,346	**1,997,791**

Summary of debtors by customer classification

Residential		
Current (0 -30 days)	1,682,549	1,841,324
31 - 60 days	1,532,465	1,442,856
61 - 90 days	1,489,808	1,401,559
91 - 120 days	1,457,909	1,394,095
121 - 365 days	12,316,926	11,867,143
> 365 days	132,010,678	123,137,842
	150,490,335	**141,084,819**
Industrial/ Commercial		
Current (0 -30 days)	545,489	729,544
31 - 60 days	232,247	565,452
61 - 90 days	225,689	729,580
91 - 120 days	584,993	520,835
121 - 365 days	1,779,287	5,101,154
> 365 days	14,706,620	12,832,401
	18,074,325	**20,478,966**
Government		
Current (0 -30 days)	1,938,062	2,984,033
31 - 60 days	1,736,704	1,673,891
61 - 90 days	1,704,859	1,652,287
91 - 120 days	1,703,981	1,644,489
121 - 365 days	16,075,564	25,058,603
> 365 days	64,578,347	40,675,542
	87,737,517	73,688,845
	-	-
Total		
Current (0 -30 days)	4,166,101	5,554,901
31 - 60 days	3,501,417	3,682,198
61 - 90 days	3,420,355	3,783,427
91 - 120 days	3,746,883	3,559,420
121 - 365 days	30,171,777	42,026,900
> 365 days	211,195,645	176,645,785
	256,202,178	**235,252,631**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

12. Consumer receivables from exchange transaction (continued)

Reconciliation of allowance for impairment		
Balance at beginning of the year	(111,103,418)	(101,363,952)
Contributions to allowance	(7,422,782)	(9,739,466)
	(118,526,200)	**(111,103,418)**

The carrying amount of receivables at year-end equates to its fair value

13. VAT receivable

VAT	48,055,407	42,354,324

Reconciliation of General Ledger and SARS Statement

	2023	2022
VAT balance per GL/AFS	48 055 407	42 354 324
Less: Reconciling items(Accrual, payable, Retentions etc)	-9 811 183	-27 235 284
Less: Unclaimed VAT	-13 574 032	- 10 340 253
VAT balance per SARS Statement	**24 670 191**	**4 778 787**

The municipality accounts for VAT on the cash basis when preparing VAT returns, the accrual basis of accounting is applied in capturing vat on the accounting system.

Significant amount of VAT receivables was recovered from SARS during the current year.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	121,923,643	296,869,186
Investments (Short-term fixed deposit)	72,331,089	-
	194,254,732	**296,869,186**

The 12 month fixed deposits were made with FNB and Nedbank. The investments will mature after year end.

The difference between bank statement and cashbook was due to speedpoints machine cash not cleared as at 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

14. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2023	June 30, 2022	June 30, 2021
FNB Current Account - 62632407020	121,828,644	296,869,186	-	121,923,644	296,869,186	300,816,954
FNB 12 Month Fixed Deposit - 76201583143	35,971,128	-	-	35,971,128	-	-
Nedbank 12 Month Fixed Deposit - 03/788166908/000	36,359,961	-	50,319,315	36,359,961	-	50,319,315
Standard Bank 12 Month Fixed Deposti - 00258624817	-	-	50,344,007	-	-	50,344,007
Total	**194,159,733**	**296,869,186**	**100,663,322**	**194,254,733**	**296,869,186**	**401,480,276**

15. Finance lease obligation

	2023	2022
Minimum lease payments due		
- within one year	1,809,759	953,555
- in second to fifth year inclusive	3,593,778	-
Present value of minimum lease payments	**5,403,537**	**953,555**
Non-current liabilities	3,593,778	-
Current liabilities	1,809,759	953,555
	5,403,537	**953,555**

Municipality has entered into a contract to lease photocopier machines for a period of 36 month. The lease agreement provides for monthly payments with 10% annual escalation.

16. Unspent conditional grants and receipts

There following were unspent grant as at 30 June 2023.

Unspent conditional grants and receipts comprises of:

	2023	2022
Unspent conditional grants and receipts		
INEP	4,734,000	2,849,980
Municipal Disaster Relief Fund	4,500,000	-
	9,234,000	**2,849,980**

17. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Reversed during the year	Total
Provision for performance bonus	799,426	(245,677)	553,749

Reconciliation of provisions - 2022

	Opening Balance	Additions	Total
Provision for performance bonus	-	799,426	799,426

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

18. Payables from exchange transactions

Trade payables	21,224,712	25,000,714
Payments received in advance from customers	2,457,899	2,269,940
Sundry creditors	2,589,435	2,544,419
Accrued bonus - 13th cheque	3,293,978	2,773,191
Unallocated deposits	955,629	260,155
Retention	56,634,455	50,558,003
Department of Transport	2,899,116	1,466,329
	90,055,224	**84,872,751**

19. Total revenue

Sale of stands	7,514,159	2,343,000
Rendering of services	2,894,937	3,506,221
Service charges	5,559,694	4,875,772
Interest on arrear receivables - exchange transaction	1,459,309	1,124,255
Agency services	3,949,163	3,148,086
Licences and permits	4,619,359	5,097,338
Rental income	319,942	165,813
Interest earned - bank	18,002,852	12,783,061
Property rates	33,887,616	35,500,164
Government grants & subsidies	605,090,980	569,426,024
Traffic fines	36,883,987	5,400,931
Interest on receivables - non exchange transactions	8,022,225	6,459,326
Gain or (Loss) on assets/ Fair value adjustments	11,154,499	2,631,735
Traffic fines	382,250	372,150
	739,740,972	**652,833,876**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of stands	7,514,159	2,343,000
Service charges	5,559,694	4,875,772
Rendering of services	2,894,937	3,506,221
Interest on arrear receivables	1,459,309	1,124,255
Agency services	3,949,163	3,148,086
Licences and permits	4,619,359	5,097,338
Rental income	319,942	165,813
Interest income - bank	18,002,852	12,783,061
	44,319,415	**33,043,546**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	33,887,616	35,500,164
Transfer revenue		
Government grants & subsidies	605,090,980	569,426,024
Traffic fines	36,883,987	5,400,931
Interest on arrears receivables	8,022,225	6,459,326
Gain on assets/ Fair value adjustments	11,154,499	2,631,735
Traffic fines	382,250	372,150
	695,421,557	**619,790,330**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

19. Total revenue (continued)

Nature

Rendering of services - This include revenue for sale of tender documents, approval of building plans and proof of residence fees.

Service revenue - Is the revenue from refuse removal services provided by the municipality

20. Service charges

Refuse removals	5,559,694	4,875,772

21. Rental income

Rental income - third party	319,942	165,813

22. Interest revenue

Interest revenue		
Interest income - Bank	18,002,852	12,783,061

During the current year interest were earned from the primary bank account and 12 month fixed deposit.

23. Property rates

Rates received

Property rates	33,887,616	35,500,164

Valuations

Residential	1,479,770,500	1,447,267,500
Commercial	410,979,000	429,239,001
Agricultural	412,449,000	433,368,000
Government	1,286,300,503	1,287,617,503
	3,589,499,003	**3,597,492,004**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

24. Government grants and subsidies

Operating grants		
Equitable share	454,043,000	412,284,000
Financial Management Grant (FMG)	2,550,000	2,450,004
Extended Public Works Programme Grant (EPWP)	1,759,000	1,784,000
Disaster Relief Grant (DRG)	-	26,000,000
	458,352,000	**442,518,004**
Capital grants		
Municipal Infrastructure Grant (MIG)	138,889,000	114,758,000
Intergrated National Electrification Program Grant (INEP)	7,849,980	12,150,020
	146,738,980	**126,908,020**
	605,090,980	**569,426,024**

Equitable Share

In terms of the constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from the grant.

Finance Management Grant (FMG)

Current-year receipts	2,550,000	2,450,000
Conditions met - transferred to revenue	(2,550,000)	(2,450,000)
	-	-

The grant conditions were met as at year-end.

This grant is used to promote and support reforms to municipal financial management and implementation of MFMA, 2003.The conditions of the grant were met. No funds have been withheld.

Municipal Infrastructure Grant (MIG)

Current-year receipts	138,889,000	114,758,000
Conditions met - transferred to revenue	(138,889,000)	(114,758,000)
	-	-

The grant conditons were met as at year-end.

This grant was used to construct Municipal Infrastructure to provide basic services for the benefit of communities.

Intergrated National Electrification Programme

Balance unspent at beginning of year	2,849,980	-
Current-year receipts	9,734,000	15,000,000
Conditions met - transferred to revenue	(7,849,980)	(12,150,020)
	4,734,000	**2,849,980**

Grant Conditions were not met for 2023 - remain liabilities (see note 16). The grant conditions were not met in 2022.

The grant is used for electrification of villages projects

Extended Public Works Program (EPWP)

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

24. Government grants and subsidies (continued)

Current-year receipts	1,759,000	1,784,000
Conditions met - transferred to revenue	(1,759,000)	(1,784,000)
	-	-

Grant conditions were met. The grant is used to create temporarily work for unemployed people.

Municipal Disaster Relief Grant

Current-year receipts	4,500,000	26,000,000
Conditions met - transferred to revenue	-	(26,000,000)
	4,500,000	-

No grant was received during the current year 2022/23 budget. The Municipality received a Municipal disaster response grant of R4 500 000 for financal year 2023/24 allocation on 15 June 2023. The municipality was advised by sector department to apply for grant roll-over as at 30 June 2023.

Grant conditions were met as at year-end of previous year. The grant was used for disaster relief

Covid-19 relief grant

Balance unspent at beginning of year	-	724,618
Conditions met - transferred to revenue	-	(724,618)
	-	-

Not grant was received during the current year 2023

Conditions were met as at 30 June 2022. The previous year approved roll-over was utilised in full, no new grant was received in the current year.

25. Public contributions and donations

Public contributions and donations	36,883,987	5,400,931

2023:
During the municipality received donation for roads rehabilitation and land

2022:
The municipality received a donation of plant and machinery to be used in service delivery.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

26. Employee related costs

Basic	88,027,076	80,021,379
Cellphone allowance	-	6,000
Bonus	7,191,895	7,569,257
Medical aid - company contributions	5,599,657	5,456,919
UIF	488,129	434,520
Other payroll levies	25,192	25,276
Leave pay provision charge	1,213,566	927,438
Travel, motor car, accommodation and other allowances	12,469,141	11,274,846
Overtime payments	1,248,279	1,888,467
Long-service awards	875,424	771,208
Housing benefits and allowances	53,624	73,387
Pension fund contribution	15,694,090	14,303,318
Uniform allowance	10,000	10,000
	132,896,073	**122,762,015**

Remuneration of Municipal Manager

Annual Remuneration	1,099,964	166,669
Car Allowance	281,542	47,009
Bonus	102,886	62,420
Acting allowance	-	145,567
	1,484,392	**421,665**

Senior Manager: Corporate Services acted on the position for the period until April 2022. Municipal Manager was appointed effective May 2022.

Remuneration of Chief Finance Officer

Annual Remuneration	912,734	811,455
Car Allowance	231,161	228,872
Bonus	52,797	52,016
Leave pay	155,799	-
	1,352,491	**1,092,343**

Chief Financial Officer contract ended in August 2022. Re-appointed September 2022

Remuneration of Senior Manager - Corporate Services

Annual Remuneration	730,277	676,213
Car Allowance	193,015	190,727
Bonus	-	72,823
Leave pay	-	155,799
Acting allowance	58,862	-
	982,154	**1,095,562**

Manager PMS started acting as Senior Manager Corporate Services effective from May 2022 until August 2022. PMS Manager was appointed as Senior Manager Corporate Services effective September 2022.

Remuneration of Senior Manager - Spatial Planning and Development

Annual Remuneration	882,780	135,243
Car Allowance	231,161	38,145
Acting allowance	4,525	215,104
	1,118,466	**388,492**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

26. Employee related costs (continued)

Manager - Building and control Mr. C Radali acted on the position until April 2022. The New Senior Manager: Spatial Planning and Development was appointed effective May 2022.

Remuneration of Senior Manager - Technical service

Annual Remuneration	657,019	749,035
Car Allowance	173,943	228,872
Bonus	-	166,452
	830,962	**1,144,359**

Manager: Electrical acted on the position for Senior Manager from July 2022 to September 2022. The Senior Manager Technical Services was appointed effective October 2022.

Remuneration of Senior Manager - Community Services

Annual Remuneration	620,852	811,455
Car Allowance	153,726	228,872
Bonus	52,797	104,033
Leave payment	158,136	-
	985,511	**1,144,360**

Senior Manager Community Services contracted ended in November 2022. Manager Waste and Environmental acted in the position effective December 2022

Acting Senior Manager - Corporate Services

Acting allowance	-	29,440

PMS Manager - Mrs TMD Maputla started acting on the position effective from May 2022.

Acting Senior Manager Technical Services

Acting allowance	68,673	-

Manager: Electrical acted on the position for Senior Manager from July 2022 to September 2022

Acting Senior Manager - Community Services

Acting allowance	88,294	-

Manager Waste and Environmental acted in the position effective December 2022

27. Remuneration of councillors

Mayor	909,633	824,330
Speaker	584,081	528,727
Remuneration and allowances for other councillors	26,771,510	25,202,003
	28,265,224	**26,555,060**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

28. Depreciation and amortisation

Property, plant and equipment	58,193,625	45,097,048
Amortisation of assets	1,581,434	1,491,021
	59,775,059	**46,588,069**

29. Impairment of assets

Impairments		
Property, plant and equipment	7,408,518	2,277,187

30. Finance cost

Finance leases	76,732	71,769

31. Impairment

Debt impairment	31,194,066	25,440,478

32. Contracted services

Outsourced services		
Security services	17,174,312	14,689,043
Consultants and professional services		
Business advisory	28,222,412	18,005,276
Legal costs	14,926,184	15,188,865
IT services and others	88,936,992	48,081,440
	149,259,900	**95,964,624**

33. General expenses

Advertising and adminstrative	2,484,144	2,949,518
Auditors remuneration	5,047,641	4,633,561
Bank charges	925,847	813,427
Consumables	18,329,171	14,215,264
Insurance	8,071,761	8,071,784
Printing and stationery	1,102,885	1,510,912
Protective clothing	3,058,232	1,858,396
Subscriptions and membership fees	96,295	80,110
Telephone and fax	733,403	921,168
Venue, conference and catering	7,415,318	5,985,630
Accomodation	5,821,187	3,765,101
Ward committes	6,907,598	2,917,343
Travel - local	1,435,431	1,035,954
Electricity	7,206,710	5,407,636
Licences and permits (non-vehicle)	2,018,244	3,615,486
IDP forum and other trainings	6,950,696	5,950,506
Bursary	1,257,927	1,020,217
Information and technology	6,764,263	6,953,497
Transfers expenditure	34,501,586	24,028,257
Indingent expenses	2,201,250	3,827,125
	122,329,589	**99,560,892**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

34. Loss on disposal of assets

Gains or losses on disposal of assets	(1,308,094)	-

35. Fair value adjustments

Investment property (Fair value model)	1,980,086	(1,469,979)

36. Auditors' remuneration

Fees	5,047,641	4,633,561

37. Cash generated from operations

Surplus	192,278,679	203,489,502
Adjustments for:		
Depreciation and amortisation	59,775,059	46,588,069
Gain (loss) on sale of assets and liabilities	1,308,094	(2,631,735)
Fair value adjustments	(1,980,086)	1,469,979
Finance costs - Finance leases	76,732	71,769
Impairment loss	7,408,518	2,277,187
Debt impairment	31,194,066	25,440,478
Movements in provisions	(245,677)	799,426
Gain on assets	(11,154,499)	-
Public contribution and donations	(36,883,987)	(5,400,931)
Interest in arrears	(9,695,190)	-
Prior year error	-	21,664,920
Changes in working capital:		
Inventories	(1,305,529)	745,099
Receivables from exchange transactions	56,366	(947,869)
Receivable from non-exchange	29,420,601	(27,162,021)
Consumer receivbales from exchange	(236,597)	1,259,284
Payables from exchange transactions	5,182,473	(27,950,142)
VAT receivable	(5,701,083)	77,670
Unspent conditional grants and receipts	6,384,020	2,849,980
	265,881,960	**242,640,665**

38. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At cost	Total
Receivables from non-exchange transactions	9,561,668	9,561,668
Consumer receivables from exchange transaction	5,682,067	5,682,067
Cash and cash equivalent	194,354,732	194,354,732
	209,598,467	**209,598,467**

Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	90,055,224	90,055,224
Finance lease obligations	5,403,537	5,403,537

Figures in Rand	2023	2022

38. Financial instruments disclosure (continued)

	95,458,761	**95,458,761**

2022

Financial assets

	At cost	Total
Receivables from non-exchange transactions	7,373,307	7,373,307
Consumer receivables from exchange transaction	2,977,723	2,977,723
Cash and cash equivalent	296,869,186	296,869,186
	307,220,216	**307,220,216**

Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	84,872,751	84,872,751
Finance lease obligations	953,555	953,555
	85,826,306	**85,826,306**

39. Commitments

:

Already contracted for but not provided for		
• Capital	421,197,105	364,208,485
• Operational	63,223,823	96,241,638
	484,420,928	**460,450,123**

Commitments in respect of capital and operational expenditure are disclosed inclusive of VAT

40. Contingencies

Litigation comprised of the lawsuits which are deemed to be possible obligation and neither the expense nor the accompanyng liablity was recoginsed. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely.

Contigent Liabilties:

30 June 2023:

1. Nyari Violet & Others Versus LIM345 (Collins Chabane) Local Municipality,
Nyari Violet and her twenty-five (25) other colleagues, Extended Public Works Programme (EPWP) contract termination by the Municipality). The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2023: R0

2. Midiro Civils and Construction cc (First Applicant) & Lebaka Construction (Pty) Ltd (Second Applicant) versus Engineerex (Pty) Ltd (First Responded) & Collins Chabane Local Municipality(Second Respondent); and Engineerex (Pty) Ltd (Applicant) versus Collins Chabane Local Municipality (Second Defendant),
Disputed Payment Certificate for Xikundu Ring Road. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as indeterminable. 2023: R17 165 134.00

3. Midiro Civil Construction JV Lebaka Construction (First plaintiff), Lebaka Construction (Pty) Ltd (Second plaintiff) and MIdiro Civils and COnstruction cc (Third Plaintiff) versus Collins Chabane Local Municipality (Second Defendant),
The plaintiff issued summons fot the court to compel the municiplaity to pay them retention fund and interests on upgrading of Xikundu Ring road. The unicipality is opposing the case.The municipality lawyers and management consider the likelihood of the action against the municipality being successful as indeterminable. 2023: R4 716 691

4**. Khethwayo Construction CC (Plantiff) versus Ndhuna Civil Engineering Services CC,Firts Defendant and LIM345 Local Municipality i.e Collins Chabane Loca Municipality, Second Defendant**
Disputed allegtion that the Municipality paid the amount wrongfully to the bank account of the partner of the Joint Venture instead of paying the same amount to the Joint Venture bank account. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely and remote. 2023: R0

5**. Nkuna, Jan Wisani(First Applicant); Bila Solly Khatani (Second Applicant); The Masingita Group of Companies (Third Applicant); Mavambe Tribal Authority (Fourth Applicant); and Mavambe Tribal Council of the Mavambe Tribe(Fifth Applicant) versus Collins Chabane Municipality (12th Respondent)**
The dispute is about title to ownership/control of a huge piece of Land worth 7384 hectares. The Land in question now falls under the Jurisdiction of the Colllins Chabane Local Municipality. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2023: R0

6. **Ma-Africa Party Versus Collins Chabane Local Municipality and Eight other municipalities**
The applicant made an urget application in the High Court Polokwane for an order for dissolution of amongst other the Council of Collins Chabane municipalty on ground that it made an anlawful investment of R120 000 000 worth of its funds on VBS. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2023: R0

Figures in Rand	2023	2022

40. Contingencies (continued)

30 June 2022:

1. Nyari Violet & Others Versus LIM345 (Collins Chabane) Local Municipality,
Nyari Violet and her twenty-five (25) other colleagues, Extended Public Works Programme (EPWP) contract termination by the Municipality). The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2022: R0

2. Midiro Civils and Construction cc (First Applicant) & Lebaka Construction (Pty) Ltd (Second Applicant) versus Engineerex (Pty) Ltd (First Responded) & Collins Chabane Local Municipality(Second Respondent); and Engineerex (Pty) Ltd (Applicant) versus Collins Chabane Local Municipality (Second Defendant),
Disputed Payment Certificate for Xikundu Ring Road. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as indeterminable. 2022: R17 165 134.00

3. Midiro Civil Construction JV Lebaka Construction (First plaintiff), Lebaka Construction (Pty) Ltd (Second plaintiff) and MIdiro Civils and COnstruction cc (Third Plaintiff) versus Collins Chabane Local Municipality (Second Defendant),
The plaintiff issued summons fot the court to compel the municiplaity to pay them retention fund and interests on upgrading of Xikundu Ring road. The unicipality is opposing the case.The municipality lawyers and management consider the likelihood of the action against the municipality being successful as indeterminable. 2022: R4 716 691

4. Khethwayo Construction CC (Plantiff) versus Ndhuna Civil Engineering Services CC,Firts Defendant and LIM345 Local Municipality i.e Collins Chabane Loca Municipality, Second Defendant
Disputed allegtion that the Municipality paid the amount wrongfully to the bank account of the partner of the Joint Venture instead of paying the same amount to the Joint Venture bank account. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely and remote. 2022: R0

5. Nkuna, Jan Wisani(First Applicant); Bila Solly Khatani (Second Applicant); The Masingita Group of Companies (Third Applicant); Mavambe Tribal Authority (Fourth Applicant); and Mavambe Tribal Council of the Mavambe Tribe(Fifth Applicant) versus Collins Chabane Municipality (12th Respondent)
The dispute is about title to ownership/control of a huge piece of Land worth 7384 hectares. The Land in question now falls under the Jurisdiction of the Colllins Chabane Local Municipality. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2022: R0

6. Ma-Africa Party Versus Collins Chabane Local Municipality and Eight other municipalities
The applicant made an urget application in the High Court Polokwane for an order for dissolution of amongst other the Council of Collins Chabane municipalty on ground that it made an anlawful investment of R120 000 000 worth of its funds on VBS. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2022: R0.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

41. Related parties

Relationships	
Remuneration of key management personnel (Refer to note 25)	RR Shilenge (Municipal Manager) NV Maluleke (Chief Financial Officer) C Radali (Senior Manager Spatial Planning and Development) Baloyi P (Senior Manager Technical Services) GL Maluleke (Senior Manager Community Services) TMD Maputla Senior Manager Corporate Sertives
Councillors	Refer to the detail remuneration below:

Remuneration of councillors

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

Councillors

2023

Name	Basic salary	Car allowance	Cellphone allowance	Total
Cllr Maluleke M (Mayor Retired)	100,016	3,400	-	103,416
Cllr Maluleke SG (Mayor	871,594	14,610	42,900	929,104
Cllr Lebea ME	315,390	74,200	42,900	432,490
Cllr Mbedzi SM (Speaker)	585,581	133,003	42,900	456,865
Cllr Baloyi ME (Chief Whip)	400,028	101,452	44,400	545,880
Cllr Maremane HR	224,482	56,121	39,300	331,952
Cllr J Bila ST	237,155	56,121	42,900	336,176
Cllr Mashimbye FP	240,887	56,121	42,900	339,908
Cllr Mutele ST	238,033	56,120	42,900	337,053
Cllr Mavikane SX	30,912	4,677	3,400	38,989
Cllr Mukhaha SA	1,200	-	-	1,200
Cllr Chauke HG	312,105	74,200	42,900	427,705
Cllr Baloyi DL	312,105	74,200	42,900	429,205
Cllr Shivambu S	237,155	56,121	42,900	336,176
Cllr Mabasa SD	311,999	74,200	42,900	429,099
Cllr Khoza ST	1,200	-	-	1,200
Cllr Matamela SM	237,155	56,121	42,900	336,176
Cllr Masangu GD	237,155	56,121	42,900	336,176
Cllr Chauke ST	237,155	56,121	42,900	336,176
Cllr Maluleke ET	237,155	56,121	42,900	336,176
Cllr Simamngo MR	1,200	-	-	1,200
Cllr Makhubele HT	900	-	-	900
Cllr Ndove HD	303,074	72,021	42,900	417,995
Cllr Mudau TS	544,804	130,331	42,900	718,035
Cllr Mabasa KK	237,155	56,121	42,900	336,176
Cllr Mabasa J	303,074	72,021	42,900	417,995
Cllr Baloyi HR	302,302	72,021	42,900	417,223
Cllr Rivombo KE	1,200	-	-	1,200

Notes to the Annual Financial Statements

41. Related parties (continued)

Cllr Sunduza SZ	303,302	72,021	42,900	418,223
Cllr Chabangu ST	237,695	56,121	42,900	336,716
Cllr Khosa HJ	1,200	-	-	1,200
Cllr Mabunda MC	237,155	56,121	42,900	336,176
Cllr Chauke SN	1,200	-	-	1,200
Cllr Munyai N	237,155	56,121	42,900	336,176
Cllr Mukhomi VN	1,200	-	-	1,200
Cllr Maluleke MP	1,200	-	-	1,200
Cllr Ngobeni SN	1,200	-	-	1,200
Cllr Mahlale S	1,200	-	-	1,200
Cllr Moyo MT	1,200	-	-	1,200
Cllr Mathonsi NP	1,200	-	-	1,200
Cllr Sambo ST	1,200	-	-	1,200
Cllr Sithole SM	237,155	56,121	42,900	336,176
Cllr Shandukani SM	303,074	72,021	42,900	417,995
Cllr Chavani PJ	1,200	-	-	1,200
Cllr Mashakeni SK	1,200	-	-	1,200
Cllr Mulaudzi TN	1,200	-	-	1,200
Cllr Mudau SR	1,200	-	-	1,200
Cllr Ndzovela SN	1,200	-	-	1,200
Cllr Rekhotso SS	303,074	72,021	42,900	417,995
Cllr Nkuna SD	1,200	-	-	1,200
Cllr Miyambo SZ	237,927	56,121	42,900	336,948
Cllr Baloyi MJ	237,155	56,121	42,900	336,176
Cllr Baloyi NL	1,200	-	-	1,200
Cllr Mahlangu D	1,200	-	-	1,200
Cllr Mabasa SR	1,200	-	-	1,200
Cllr Baloyi OC	1,200	-	-	1,200
Cllr Vukeya ST	1,200	-	-	1,200
Cllr Chauke HM	1,200	-	-	1,200
Cllr Machovani SR	1,200	-	-	1,200
Cllr Hlabangwani TL	237,155	56,121	42,900	336,176
Cllr Radzivhoni CM	1,200	-	-	1,200
Cllr Masia TM	238,033	56,121	42,900	337,054
Cllr Mathoma MP	1,200	-	-	1,200
Cllr Rikhotso GM	237,155	56,121	42,900	336,176

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

Cllr Thovhakale MS	552,150	133,003	4,242,900	4,928,053
Cllr Ngobeni NL	1,200	-	-	1,200
Cllr Muavha S	1,200	-	-	1,200
Cllr Maswanganyi TC	1,200	-	-	1,200
Cllr Mathavha HF	303,074	72,021	42,900	417,995
Cllr Baloyi HJ	299,578	72,021	42,900	414,499
Cllr Manganyi HL	234,431	56,121	42,900	333,452
Cllr Mabasa W	299,578	72,021	42,900	414,499
Cllr Mhangwani C	234,431	56,121	42,900	333,452
Cllr Khange G	234,431	56,121	42,900	333,452
Cllr Mashila D	308,503	74,200	42,900	425,603
Cllr Makhubela S	234,431	56,121	42,900	333,452
Cllr Bamuza E	234,431	56,121	42,900	333,452
Cllr Hlatswayo TG	234,431	56,121	42,900	333,452
Cllr Mafanela RM	234,431	56,121	42,900	333,452
Cllr Maluleka RM	234,431	56,121	42,900	333,452
Cllr Mathebula ML	234,431	56,121	42,900	333,452
Cllr Rasiuba NR	234,431	56,121	42,900	333,452
Cllr Mahlawule TP	308,503	74,200	42,900	425,603
Cllr Maluleke HM	299,284	72,021	42,900	414,205
Cllr Tshoteli LD	234,431	56,121	42,900	333,452
Cllr Maloleka SB	234,431	56,121	42,900	333,452
Cllr Chabalala KR	234,431	56,121	42,900	333,452
Cllr Chauke MC	234,431	56,121	42,900	333,452
Cllr Hlungwani S	234,431	56,121	42,900	333,452
Cllr Mathebula ME	234,431	56,121	42,900	333,452
Cllr Chauke GP	234,431	56,121	42,900	333,452
Cllr Makhomisani SS	299,284	72,022	42,900	414,206
Cllr Maringa RE	234,431	56,121	42,900	333,452
C;llr Manganye MJ	234,431	56,121	42,900	333,452
Cllr Manganyi MN	299,284	72,021	42,900	414,205
Cllr Muthubi KR	140,897	32,737	24,400	198,034
Cllr Mulaudzi MM	234,431	56,121	42,900	333,452
Cllr Chaoke TS	234,431	56,121	42,900	333,452
Cllr Chauke MG	240,887	56,121	42,900	339,908
Cllr Munarini TJ	234,431	56,121	42,900	333,452

41. Related parties (continued)

Cllr Yingwani T	234,431	56,121	42,900	333,452
Cllr Maluleke LR	553,027	133,003	42,900	728,930
Cllr Chauke FT	299,284	72,021	42,900	414,205
Cllr Mavikane SX	477,772	119,881	39,500	637,153
Cllr Mudau RP	169,580	41,645	32,376	243,601
Cllr Baloyi ME	552,150	133,003	42,900	728,053
Cllr Makondo N	93,534	23,384	18,500	135,418
	20,532,506	**4,693,941**	**3,038,776**	**28,265,223**

2022

Name	Basic salary	Car allowance	Cellphone allowance	Total
Cllr Maluleke M (Mayor)	824,330	-	44,400	868,730
Cllr Lebea ME (Speaker)	376,809	95,647	44,400	516,856
Cllr Chauke MG (Chief Whip)	194,858	50,159	18,800	263,817
Cllr Mbedzi SM (Speaker)	345,077	82,692	29,095	456,865
Cllr Baloyi ME (Chief Whip)	400,028	101,452	44,400	545,880
Cllr Maremane HR	143,775	27,243	20,400	191,418
Cllr J Bila ST	217,944	55,931	44,400	318,275
Cllr FP Mashimbye	321,992	81,943	44,400	665,213
Cllr M Maluleke (Mayor Retired)	-	-	-	448,335
Cllr Mutele MT	242,411	62,048	44,400	348,859
Cllr Mavikane SX	321,992	81,943	44,400	448,335
Cllr Mukhaha AJ	120,064	30,016	18,500	168,580
Cllr Chauke HG	285,229	72,752	44,400	402,381
Cllr Baloyi DL	285,229	72,752	44,400	402,381
Cllr Shivambu SS	217,944	55,931	44,400	318,275
Cllr Mabasa D	282,409	72,015	44,400	398,824
Cllr Khoza TG	75,950	18,988	15,473	110,411
Cllr Matamela MS	217,944	55,931	44,400	318,275
Cllr Masangu GD	217,944	55,931	44,400	318,275
Cllr Chauke TR	217,944	54,486	44,400	316,830
Cllr Maluleke ET	237,155	55,931	44,400	337,486

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

Cllr Simango MR	75,950	18,988	15,473	110,411
Cllr Maluleke SL	141,152	36,733	22,200	200,085
Cllr Makhubela HT	42,426	10,595	11,100	64,121
Cllr Ndove HD	274,687	67,743	44,400	386,830
Cllr Mudau TS	494,131	124,978	44,400	663,509
Cllr Mabasa KK	217,944	55,931	44,400	318,275
Cllr Ngobeni MR	-	-	600	600
Cllr Mabasa JM	274,687	67,743	44,400	386,830
Cllr Baloyi HR	253,168	62,363	44,400	359,931
Cllr Rivombo KE	75,950	18,988	15,473	110,411
Cllr Sunduza ZW	253,168	62,363	44,400	359,931
Cllr Chabangu TC	217,944	55,931	44,400	318,275
Cllr Khosa HJ	75,950	18,988	15,473	110,411
Cllr Mabunda MC	217,944	55,931	44,400	318,275
Cllr Chauke NS	72,648	18,162	16,000	106,810
Cllr Munyai N	214,642	55,105	44,400	314,147
Cllr Mukhomi VN	75,950	18,988	15,473	110,411
Cllr Maluleke MP	75,950	18,988	15,473	110,411
Cllr Ngobeni SN	127,134	31,784	25,900	184,818
Cllr Mahlale S	75,950	18,988	15,473	110,411
Cllr Moyo MT	97,469	24,367	15,473	137,309
Cllr Mathonsi NP	75,950	18,988	15,473	110,411
Cllr Sambo TM	75,950	18,988	15,473	110,411
Cllr Sithole MW	217,944	55,931	44,400	318,275
Cllr Shandukani MJ	274,687	67,743	44,400	386,830
Cllr Chavani PJ	75,950	18,988	15,473	110,411
Cllr Mashakeni KE	90,810	22,703	18,500	132,013
Cllr Mulaudzi TN	97,469	24,367	15,473	137,309
Cllr Mudau SR	97,469	24,367	15,473	137,309
Cllr Ndzovela NG	75,950	18,988	15,473	110,411
Cllr Rekhotso SM	274,687	67,743	44,400	386,830
Cllr Nkuna DT	75,950	18,988	15,473	110,411
Cllr Miyambo ZQ	239,463	61,310	44,400	345,173
Cllr Baloyi MJ	217,944	55,931	44,400	318,275
Cllr Baloyi NL	75,950	18,988	15,473	110,411
Cllr Mahlangu D	97,469	24,367	15,473	137,309

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

Cllr Mabasa RC	97,469	24,367	15,473	137,309
Cllr Baloyi OC	75,950	18,988	15,473	110,411
Cllr Vukeya TE	75,950	18,988	15,473	110,411
Cllr Chauke HM	75,950	18,988	15,473	110,411
Cllr Machovani RG	75,950	18,988	15,473	110,411
Cllr Tshiredo CE	75,950	18,988	15,473	110,411
Cllr Hlabangwani TL	217,944	55,931	44,400	318,275
Cllr Radzivhoni CM	75,950	18,988	15,472	110,410
Cllr Masia TM	242,411	62,048	44,359	348,818
Cllr Mathoma MP	75,950	18,988	15,472	110,410
Cllr Rikhotso GM	217,944	55,930	44,400	318,274
Cllr Thovhakale MS	400,028	101,452	44,400	545,880
Cllr Ngobeni NL	75,950	18,988	15,473	110,411
Cllr Muavha S	75,950	18,988	15,473	110,411
Cllr Maswanganyi TC	75,950	18,988	15,473	110,411
Cllr Mathavha HF	274,687	39,894	30,800	345,381
Cllr Mabunda RJ	86,596	21,621	18,500	126,717
Cllr Baloyi HJ	177,218	43,376	29,095	249,689
Cllr Manganyi HL	146,535	32,403	29,095	208,033
Cllr Mabasa W	177,218	43,376	29,095	249,689
Cllr Mhangwani C	141,994	36,943	29,095	208,032
Cllr Khange G	141,994	36,943	29,095	208,032
Cllr Mashila D	184,812	47,648	29,095	261,555
Cllr Makhubela S	141,994	36,943	29,095	208,032
Cllr Bamuza E	141,994	36,943	29,095	208,032
Cllr Hlatshwayo TG	141,994	32,403	29,095	203,492
Cllr Mafanela RM	141,994	32,403	29,095	203,492
Cllr Maluleke RM	141,994	32,403	29,095	203,492
Cllr Mathebula ML	141,994	32,403	29,095	203,492
Cllr Rasiuba NR	141,994	32,403	29,095	203,492
Cllr Mahlawule TP	184,812	47,648	29,095	261,555
Cllr Maluleke HM	177,218	43,376	29,095	249,689
Cllr Tshoteli LD	141,994	36,943	29,095	208,032
Cllr Maloleka SB	141,994	32,403	29,095	203,492
Cllr Chabalala KR	141,994	36,943	29,095	208,032
Cllr Chauke MC	141,994	36,943	29,095	208,032

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

Cllr Hlungwai S	141,994	35,705	29,095	206,794
Cllr Mathebula ME	141,994	32,403	29,095	203,492
Cllr Chauke GP	141,994	35,705	29,095	206,794
Cllr Makhomisani SS	177,218	43,995	29,095	250,308
Cllr Maringa RE	141,994	36,943	29,095	208,032
Cllr Manganye MJ	141,994	32,403	29,095	203,492
Cllr Manganyi MN	177,218	43,995	29,095	250,308
Cllr Muthubi KR	141,994	32,403	29,095	203,492
Cllr Mulaudzi MM	141,994	32,403	29,095	203,492
Cllr Chaoke TS	141,994	36,943	29,095	208,032
Cllr Khosa TS	33,022	9,700	6,727	49,449
Cllr Chauke MG	127,134	31,784	25,600	184,518
Cllr Munarini TJ	130,436	32,609	26,572	189,617
Cllr Yingwani T	130,436	32,609	26,572	189,617
Cllr Maluleke LR	258,258	64,564	22,200	345,022
Cllr Chauke FT	114,209	18,130	18,130	150,469
	18,918,533	**4,494,666**	**3,141,862**	**26,555,060**

Refer to the general informcation for a full list of councillors

42. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

2022:

Statement of financial position and disclosures

Property, Plant and Equipment
Property, plant and equiment was misstated by R22 318 549 as at 30 June 2022. The error was corrected in current year by restating the opening balance. The following were the reason for adjustment:

Building - The upgrading of the municipal workshop was completed in the prior year but not capitalised.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

42. Prior-year adjustments (continued)

Electrical - The completed electrification of household in prior year which was not transfered.

Community asset - The completion of Vuwani traffic centre being completed in the prior year but not capitalised.

Roads - The Vyeboom road being completed in the prior year but not capitalised and Malamulele street naming project misclassification

Trade payables
Trade payables was misstated by R6 324 as at 30 June 2022 due to an invoice been captured twice. The error was corrected in current year by restating the opening balance

2022:

Statement of financial performance

Depreciaiton
Depreciation was misstated by R653 625 as at 30 June 2022, due to ommited completed projects not capitalised in prior year. The error was corrected in current year by restating the opening figure

Contracted servces
Contracted Services was misstated by R560 000 as at 30 June 2022, due to misclassification of costs related to Malamulele street naming project incorrectly classified as Contracted services instead of WIP. The error was corrected in current year by restating the opening balance

Trasfer expenditure
Transfer cost was misstated by R22 224 924 as at 30 June 2022, due to completed of electrification of households rproject not transfered in the prior year. The error was corrected in current year by restating the opening balance

General Expenses
General expenses was misstated by R6 324 as at 30 June 2022, due to an invoice being captured twice. The error was corrected in the current year by restating the opening balances

Disclsoures:

Unauthorised expenditure
Unathorised expenditure written-off was misstated by R3 698 748 as at 30 June 2022, due to the council reversing the write-off in the prior year. The error was corrected by restating opening balances

Irregular Expenditure
Irregular expenditure Incurred and written-off was misstated by R925 431 as at 30 June 2022, due to the council reversing R925 430.83 which was erroneously duplicated in the irregular expenditure listing in the prior year. The error was corrected by restating opening balance

Commitments
Capital Commitments was misstated by R45 686 147 as at 30 June 2022, due to omission of Engineering professional fees commitment. The error was corrected by restating opening balance

Statement of financial position

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

42. Prior-year adjustments (continued)

2022

	Note	As previously reported	Correction of error	Restated
Property, Plant and Equipment		1,323,061,871	(22,318,549)	1,300,743,322
Trade and other payables		(84,879,075)	6,324	(84,872,746)
Accumulated surplus		(1,575,602,392)	22,312,225	(1,553,290,167)
		-	-	-

Statement of finanical performance

2022

	Note	Correction of error
Depreciaiton		653,625
General expenditure		(6,324)
Contracted services		(560,000)
Transfer expense		22,224,924
Surplus for the year		**22,312,225**

43. Comparative figures

Item in the annual financial statements are presented with their corresponding comparative figures for the previours financial year period.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

44. 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.

Interest rate risk

The municipality has interest-bearing assets which include short-term deposits and main account. The municipality's income and operating cashflows are substantially independent of changes in market interest rate.

Interest rate exposure:	**2023**	**2022**
Short-term Investment (12 Months fixed deposit	R72 331 089	R0

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.

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. In assessing and managing credit risks management have assessed receivables for impairment.

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

Maximum credit exposure	**2023**	**2022**
Other receivables from exchange transactions	2,563,745	2,620,111
Receivables from non-exchange transactions	9,561,668	7,373,307
Consumer debtors from exchange transactions	5,682,067	2,977,723
Cash and cash equivalents	194,254,732	296,869,186
Other financial assets	2	2
	212,062,214	**309,840,329**

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.

Future commitment will be covered with through cash reservces and approved MTEF budget.

At June 30, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	90,055,224	-	-	-
Finance Lease obligation	5,403,537	-	-	-

At June 30, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	84,872,751	-	-	-
Finance lease obligation	953,555	-	-	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

44. Risk management (continued)

Credit risk

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

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

Financial instrument	2023	2022
Finance lease obligation	5,403,537	953,555
Payables from exchange transactions	90,055,224	84,872,751

45. Going concern

We draw attention to the fact that at June 30, 2023, the municipality had accumulated surplus of R 1,745,568,846 and that the municipality's total assets exceed its liabilities by R 1,745,568,846.

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 Municipality will continue to receive its quitable shares for the financial year 2023/24

46. Events after the reporting date

Adjusting event
Sebsequent to year-end in 30 August 2023 the Council approved for the write-off of assets which are in damaged, obsolete, not found and in poor conditions.These assets were impared as at year end.

During the year Fruitless expenditure amounting R0 was investigated by MPAC and approved by Council on 30 August 2023

47. Unauthorised expenditure

Opening balance	144,801,997	273,061,863
Add: Incurred current year	85,664,874	21,098,249
Less: Written-off	(21,098,249)	(149,358,115)
	209,368,622	**144,801,997**

Unathorised expenditure for the financial year ended 30 June 2023: R85 664 874 and 30 June 2022: R21 098 249. This was caused by non-cash items which include depreciation and impairment of property, plant and equipment, debt impairments and fair value adjustments for investment properties, and loss on disposal of assets.

There unuthorised expenditure of R21 098 249 was investigated by MPAC was written off by Council during June 2023. The unauthorised expenditure incurred previous year was investigated by MPAC and the Council approves the write-off amounting to R149 358 115

48. Fruitless and wasteful expenditure

Opening balance	674,812	919,019
Add: Current year	357,735	507,510
Less: Write-off	(278,569)	(751,717)
	753,978	**674,812**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

48. Fruitless and wasteful expenditure (continued)

During the currenty year fruitless and wasteful expediture incurred were investigated by MPAC and Council approved the write-off of R271 521 during June 2023 and a further R7 048 was written-off on subsequately on 30 August 2023 .

In the prior year Fruitless and wasteful expediture incurred were investigated by MPAC and Council approved the write-off of R751 717. The fruitless expenditure was due to the overpayment of supplier, Telkom, Eskom and SARS interest and penalties charged to the municipality.

49. Irregular expenditure

	2023	2022
Opening balance	6,897,409	15,192,430
Add: Irregular Expenditure - current year	5,706,484	13,985,376
Less: Amounts written-off	(8,513,543)	(22,280,397)
	4,090,350	**6,897,409**

During the year Irregular expenditure was investigated by MPAC and Council approved the write-off of R8 513 543 During June 2023. In prior year Irregular expenditure incurred were investigated by MPAC and Council approved the write-off of R22 280 397.

The above amount was incurred as a result of not following the proper tender and quotation processes and procedures.

50. Additional disclosure in terms of Municipal Finance Management Act

VAT

	2023	2022
VAT receivable	48,055,407	42,354,324

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2023:

June 30, 2023		Outstanding more than 90 days R	Total R
Cllr Chauke FT	-	7,631	7,631
Cllr Mabasa J	-	347	347
Cllr Mashila D	-	3,806	3,806
Cllr Matamela MS	-	5,663	5,663
Cllr Mudau TJ	-	21,986	21,986
Cllr Shivambu S	-	3,677	3,677
Cllr Sithole MW	-	648	648
	-	**43,758**	**43,758**

June 30, 2022		Outstanding more than 90 days R	Total R
Cllr Mashila D	-	32,043	32,043
Cllr Matamela MS	-	5,707	5,707
	-	**37,750**	**37,750**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

51. 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 accounting officer and includes a note to the annual financial statements. Total deviation for current year was R7 355 868 2022: R6 059 662

52. Entities part of principal/ agent arrangement

Municipality acting as agent - Department of Transport (DoT)

Based on agency service Collins Chabane Local Municipality is required to perform motor vehicle and licensing functions and shall be responsible for in terms of applicable national and provincial road traffic legislation, and the agreement between the Municipality and the Department of Transport.

The agreement commenced on the 1st day of April 2021 and shall be in force and valid for a period of three years.

	2023	2022
Revenue recognised as compensation fo transaction carried our on behalf of DoT (Agency fees earned)	3,949,163	3,148,086
Revenue earned on behalf of the principal	18,166,152	14,481,197
Reconciliation of Payables - DoT		
Opening balances	1,466,329	1,171,694
Revenue Collected on behalf of principal	18,166,152	14,481,197
Amount received and paid to principal	(16,733,365)	(14,186,562)
Trade and other payables - DoT	2,899,116	1,466,329

Municipality acting as a Principal - Tirhani Auctioneers

Collins Chabane Local Municipality (CCLM) entered into an agreement with Tirhani Auctioneers Gauteng CC to auction Business Stands on behalf of the municipality. During the current year an action was held during June 2023 and the Auction sale value was R 47 053 000.00 and as at year end the land was still under conveyancing process.

The agreement between municipality and Tirhani Auctioneers is for a period of Three years effective 11 November 2021 as and when required.

	2023	2022
Amount paid to agent	3,842,150	-

53. Segment information

General information

53. Segment information (continued)

Identification of segments

The municipality is organised and reports to Council on the basis of Four (4) major functional areas or segments. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Revenue and expenditure relating to these segments are allocated at a transactional level. Cost relating to governance and administration of municiplaity are not allocated to these business units.

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.

The three key segment units comprise of:

- Spacial planning and developemt which include Town planning, economic developent and Spacial services
- Community services which include traffic services, waste management services and property taxes
- Technical Services which include, roads construction and maintanance, electrical and buildings services

The grouping of these segment is consistant with the functional classification of municipality activities which consider the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

Notes to the Annual Financial Statements

Figures in Rand

53. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Spatial Planning and Developement	Community Services	Technical Services	Unallocated	Total
Revenue					
Sale of stand	7,514,159	-	-	-	7,514,159
Service charges	-	5,559,694	-	-	5,559,694
Rendering of services	2,894,937	-	-	-	2,894,937
Angency fees	-	3,949,163	-	-	3,949,163
Lience and permits	-	-	-	4,619,359	4,619,359
Rental income	-	319,942	-	-	319,942
Interest income	-	-	-	18,002,852	18,002,852
Property rates	33,887,616	-	-	-	33,887,616
Government grant and subsidies	-	-	146,738,980	458,352,000	605,090,980
Gain on assets/ Fair value	-	-	-	11,154,499	11,154,499
Traffic fines	-	382,250	-	-	382,250
Public contribution and donation	36,883,987	-	-	-	36,883,987
Interest on areas receivables	-	-	-	9,481,534	9,481,534
Total segment revenue	**81,180,699**	**10,211,049**	**146,738,980**	**501,610,244**	**739,740,972**
Total revenue					**739,740,972**

Notes to the Annual Financial Statements

Figures in Rand

53. Segment information (continued)

	Spatial Planning and Developement	Community Services	Technical Services	Unallocated	Total
Expenditure					
Employee related costs	8,794,995	19,931,350	12,839,022	91,330,707	132,896,074
Remuneration of Councillors	-	-	-	28,265,224	28,265,224
Depreciation and amortisation	-	-	28,542,639	31,232,420	59,775,059
Impairment loss/ reversal	-	-	-	7,408,518	7,408,518
Finance cost	-	-	-	76,732	76,732
Debt impairment	-	-	-	31,194,066	31,194,066
Repairs and maintenance	-	-	-	16,929,124	16,929,124
Contracted services	66,181,251	22,286,257	21,636,889	39,155,503	149,259,900
General expenses	5,942,268	16,562,547	48,181,722	51,643,053	122,329,590
Loss on disposal of assets	-	-	-	1,308,094	1,308,094
Fair value adjustments	-	-	-	(1,980,086)	(1,980,086)
Total segment expenditure	**80,918,514**	**58,780,154**	**111,200,272**	**296,563,355**	**547,462,295**
Total segmental surplus/(deficit)					**192,278,677**
Assets					
Inventory	-	-	-	5,151,258	5,151,258
Other receivables from exchange transactions	-	-	-	2,563,745	2,563,745
Receivables from non-exchange transactions	-	-	-	9,561,668	9,561,668
Consumer receivables from exchange transactions	-	-	-	5,682,067	5,682,067
Vat receivables	-	-	-	48,055,407	48,055,407
Cash and cash equivalents	-	-	-	194,254,732	194,254,732
Investment property	-	-	-	4,040,106	4,040,106
Property, Plant and Equipment	-	4,179,632	382,901,594	1,213,731,571	1,600,812,797
Heritage assets	-	-	-	1,126,500	1,126,500
Other financial assets	-	-	-	2	2
Intangible assets	-	-	-	3,494,819	3,494,819
Total segment assets	**-**	**4,179,632**	**382,901,594**	**1,487,661,875**	**1,874,743,101**

Notes to the Annual Financial Statements

Figures in Rand

53. Segment information (continued)

	Spatial Planning and Developement	Community Services	Technical Services	Unallocated	Total
Total assets as per Statement of financial Position					**1,874,743,101**
Liabilities					
Finance Lease obligation - Current	-	-	-	1,809,759	1,809,759
Payable from exchange transactions	-	-	-	90,055,223	90,055,223
Employee benefits obligations - Current	-	-	-	7,402,441	7,402,441
Unspent grants and receipts	-	-	-	9,234,000	9,234,000
Finance lease obligation - Non Current	-	-	-	3,593,778	3,593,778
Employee benefits obligations - Non current	-	-	-	16,525,308	16,525,308
Provision	-	-	-	553,749	553,749
Total segment liabilities	**-**	**-**	**-**	**129,174,258**	**129,174,258**
Total liabilities as per Statement of financial Position					**129,174,258**

Notes to the Annual Financial Statements

Figures in Rand

53. Segment information (continued)

2022

	Spacial Plannign and Develoment	Community Services	Technical Services	Unallocated	Total
Revenue					
Service Charges	-	4,875,772	-	-	4,875,772
Sales of stands	2,343,000	-	-	-	2,343,000
Rendering of services	3,235,205	271,016	-	-	3,506,221
Agency fees	-	3,148,086	-	-	3,148,086
Licence and permits	-	5,097,338	-	-	5,097,338
Rental income	-	165,813	-	-	165,813
Interest income	-	-	-	12,783,061	12,783,061
Property rate	35,500,164	-	-	-	35,500,164
Government grant and subsidies	-	26,000,000	128,692,020	414,734,004	569,426,024
Gain on assets / Fair value	2,631,735	-	-	-	2,631,735
Traffic fines	-	372,150	-	-	372,150
Public contribution and donation	-	5,400,931	-	-	5,400,931
Interest on arrear receivables	6,459,326	1,124,255	-	-	7,583,581
Total segment revenue	**50,169,430**	**46,455,361**	**128,692,020**	**427,517,065**	**652,833,876**
Entity's revenue					**652,833,876**

Notes to the Annual Financial Statements

Figures in Rand

53. Segment information (continued)

	Spacial Plannign and Develoment	Community Services	Technical Services	Unallocated	Total
Expenditure					
Employee related costs	-	-	-	122,762,015	122,762,015
Remuneration of Councillors	-	-	-	26,555,060	26,555,060
Depreciation and amortisan	-	-	-	45,940,836	45,940,836
Impairment loss / reversal	-	-	-	2,277,187	2,277,187
Finance cost	-	-	-	71,769	71,769
Debt impairment	-	-	-	25,440,478	25,440,478
Repairs and maintenance	-	-	28,654,301	-	28,654,301
Contracted Services	-	-	-	96,524,624	96,524,624
General Expenses	-	-	-	77,342,292	77,342,292
Total segment expenditure	**-**	**-**	**28,654,301**	**396,914,261**	**425,568,562**
Total segmental surplus/(deficit)					**227,265,314**
Assets					
Inventory	-	-	-	3,845,729	3,845,729
Other receivables from exchange transactions	-	-	-	2,620,111	2,620,111
Receivables from non-exchange transactions	7,373,307	-	-	-	7,373,307
Consumer receivables from exchange transaction	-	2,977,723	-	-	2,977,723
VAT receivables	-	-	-	42,354,324	42,354,324
Cash and cash equivalent	-	-	-	296,869,186	296,869,186
Investment property	-	-	2,060,022	-	2,060,022
Property, Plant and Equipment	8,473,442	138,176,653	1,086,940,735	89,464,649	1,323,055,479
Heritage assets	-	-	-	1,126,500	1,126,500
Other financial assets	-	-	-	2	2
Intangible assets	-	-	-	5,076,243	5,076,243
Total segment assets	**15,846,749**	**141,154,376**	**1,089,000,757**	**441,356,744**	**1,687,358,626**
Total assets as per Statement of financial Position					**1,687,358,626**

	Spacial Plannign and Develoment	Community Services	Technical Services	Unallocated	Total

53. Segment information (continued)

	Spacial Plannign and Develoment	Community Services	Technical Services	Unallocated	Total
Liabilities					
Finance lease obligation	-	-	-	953,555	953,555
Payable from exchange transactions	-	1,466,329	50,558,003	32,854,743	84,879,075
Employee benefits obligation	-	-	-	5,911,783	5,911,783
Unspent grants and receipts	-	-	-	2,849,977	2,849,977
Employee benefits obligation	-	-	-	16,368,816	16,368,816
Provision	-	-	-	799,426	799,426
Total segment liabilities	**-**	**1,466,329**	**50,558,003**	**59,738,300**	**111,762,632**
Total liabilities as per Statement of financial Position					**111,762,632**

54. Budget differences

Material differences between budget and actual amounts

The municipality explains all excess of actual expenditure over the final budget of 10% over approved budget.

A. Explanation of variances for statement of financial performance

Revenue:

Interest income - variance was caused the increase in the bank balance during the financial year and investments made during the financial year **.**

Rental income - The positive variance is due to the addittional revenue sources that generat income from advertising on the billboard, market stalls and the rental of the community hall and staduim.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

54. Budget differences (continued)

Licence and permits - The variance is due to limited capacity in the testing station and the shortage of face value documents in certain periods.

Sale of stands –The variance is due to the increase in the sale of stands in Malamulele.

Agency services - Variance was as a result of the municipality taking over full functioning of licencing in Vuwani from provincial department.

r.

Expenditure

Depreciation and amortisation - The variance was due to the assets additions and the completion of assets during the year.

Repairs and maintanance - Savings was achieved as a number of municipality plant were new and in good condition.

Debt impairment - Inability to services debt by consumers hence impairment to reflect recoverable amount**.**

Finance cost – The variance relates to finance lease liability and it was not budgeted for.

General expenditure - The variance was linked to the growth of the municipality in line with new appointments and implementation of projects. No electrification projects were transferred in the current year.

B. Explanation of variances for statement of financial position

Assets

Inventory – The variance is cause by an increase in the inventory usage in relation to the increase in employees

Other receivables from exchange transaction – The variance is decrease due to impairment of debtors.

Receivables from non- exchange transaction- The variance was due to impairment assessment of receivables.

Property Plant and equipment - The budget was due to increase in estimation for capital projects. There was a acceleration in completion of other projects.

Intangible assets - Less than budgeted intangible assets were acquired during the year under review.

Investment Property - Variance was caused by fair valuation of investment properties at year end.

Consumer debtors - The variance was as a result of low collection rate and incease in debt impairment.

VAT Receivables - The variance was due to line item not budgeted for in the current year

Current Liabilities

Payable from exchange transactions - The variance was due to high amount of accrued invoices at year end and the growth of the municipality.

FInance lease liabilities -The line item was not budgeted for in the financial year ended.

54. Budget differences (continued)

C. Explanation of variances for Cash Flow Statements

Service charges - The variance was due to improved controls on Refuse removal billing for the during the year.

Other receipts- The variance is due to SARS recoveries received during the year.

Interest - Bank – The variance is caused by interest earned on primary bank and Investments made

Employee costs - savings due to delay in appointments of vacant positions.

Suppliers and other payments - Variance was due to growth of the municipality size and spending.

Purchase of Property plant and equipment - Acceleration in the implementation of capital projects.

Proceeds from sale of investment property - There was no sale of investment properties during the year