Molemole Municipality

Molemole Local Municipality
(Registration number LIM353)
Annual Financial statements
for the year ended 30 June 2024

General Information

Nature of business and principal activities	Performing the functions as set out in the Constitution (Act no 105 of 1996). Providing municipal services (electricity, refuse) and maintaining the best interests of the local community.
Mayor	Cllr ME Paya
Speaker	Cllr D Matlou
Chief Whip	Cllr EM Rathaha
MPAC Chairperson	Cllr PT Rathete
Ethics Chairperson	Cllr SR Nakana
Exco Member	Cllr ML Moabelo
Exco Member	Cllr NF Rampyapedi
Exco Member	Cllr SW Mafona
Exco Member	Cllr MO Motolla
Exco Member	Cllr BM Hlapa
Councillors:	Cllr MC Matjee
	Cllr Mp Makgato
	Cllr PS Masoga
	Cllr ME Ramarutha
	Cllr MS Machaka
	Cllr MY Senamolela
	Cllr NG Sekgota
	Cllr TM Mapholletja
	Cllr MJ Poopedi
	Cllr MM Selabe
	Cllr MV Ramusi
	Cllr MC Nong
	Cllr MS Ngobene
	Cllr SP Chepape
	Cllr TG Malebana
	Cllr RI Mabitsela
	Cllr ME Rahlana
	Cllr TO Kgopane
	Cllr MS Letlalo
	Cllr ME Machethe
	Cllr GM Modiba
	Cllr MJ Kubyana

General Information

Business address	303 Church Street Mogwadi 0715
Grading of local authority	Level 3 Local Municipality
Chief Finance Officer (CFO)	Miss Khanyisile Zulu
Accounting Officer	Mr KE Makgatho
Business address	303 Church Street Mogwadi 0715
Postal address	Private Bag X44 Mogwadi 0715
Bankers	Nedbank
Auditors	Office of the Auditor General (South Africa)
Website Address	www.molemole.gov.za
Email Address	info@molemole.gov.za
Audit Committee chairperson	Mr SA Ngobeni(July 2023-September 2023)
Audit Committee chairperson	Ms FJ Mudau (October 2023-current)
Audit Committee members	Ms TE Monobe (July 2023 - September 2023) Mr TG Nevhutalu (July 2023 - September 2023) Mr TA Lekoloane (July 2023 - September 2023) Mr FL Ndou (October 2023 - current) MR MD Mogano (October 2023 - current) Mr MJ Kgopa (October 2023 - current)

Index

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

Index

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MTREF	Medium term Revenue and Expenditure Framework
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance and Risk officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax
INEP	Integrated National Electrification Programme
MDRG	Municipal Disaster Relief Grant
DORA	Division of Revenue Act
SALGA	South African Local Government Association
COGHSTA	Cooperative Governance Human Settlements and Traditional Affairs
LG SETA	Local Government Services Sector Education and Training Authority
MSCOA	Municipal Chart of Accounts

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 6 to 82, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Accounting Officer
Mr KE Makgatho

Accounting Officer's Report

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

1. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. The 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.

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 443 128 814 and that the municipality's total assets exceed its liabilities by R 490 864 184.

The ability of the municipality to continue as a going concern is dependent on a number of factors.

The Following factors support going concern assumption:

- There is no intention to cease operation and municipal budget for MTREF period support this.
- The municipality has a healthy solvency and liquidity ratio.
- The municipality continue to achieve net surplus for 2024 and 2023 financial year.
- There are no material commitments or litigation at balance sheet that threatens the going concern assumption.

2. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

3. Accounting policies

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

Molemole Local Municipality
(Registration number LIM353)
Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	8	156 002	160 492
Receivables from exchange transactions	9	2 827 901	3 212 269
Receivables from non-exchange transactions	10	10 963 889	12 692 804
VAT receivable	11	6 481 927	9 117 983
Cash and cash equivalents	12	140 341 016	112 262 025
		160 770 735	**137 445 574**
Non-Current Assets			
Investment property	3	1 459 246	1 502 668
Property, plant and equipment	4	419 026 036	374 285 154
Intangible assets	5	564 131	733 231
Heritage assets	6	408 500	406 995
		421 457 913	**376 928 048**
Total Assets		**582 228 648**	**514 373 622**
Liabilities			
Current Liabilities			
Payables from exchange transactions	18	28 530 675	20 594 587
Consumer deposits	19	509 126	509 126
Unspent conditional grants and receipts	14	1 260 124	4 762 520
Other liability	16	71 967	124 089
Current Employee Benefits	17	11 587 548	10 802 876
		41 959 440	**36 793 198**
Non-Current Liabilities			
Employee benefit obligation	7	13 115 000	11 791 000
Provisions	15	36 290 024	31 133 340
		49 405 024	**42 924 340**
Total Liabilities		**91 364 464**	**79 717 538**
Net Assets		**490 864 207**	**434 656 084**
Reserves			
Revaluation reserve	13	47 735 370	47 733 865
Accumulated surplus		443 128 814	386 922 239
Total Net Assets		**490 864 184**	**434 656 104**

* See Note 56 & 57

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	13 271 171	11 443 123
Rental of facilities and equipment	22	263 522	262 179
Interest income - debtors	26	899 627	524 498
Commission Received	28	709 102	709 857
Licences and permits	24	4 855 114	4 362 599
Other income	28	1 400 649	2 858 559
Interest income - investment	29	12 651 194	8 167 646
Total revenue from exchange transactions		**34 050 379**	**28 328 461**
Revenue from non-exchange transactions			
Property rates	30	28 784 932	32 723 525
Interest income - debtors	26	1 142 945	805 983
Government grants & subsidies	31	266 833 782	215 085 949
Public contributions and donations	32	-	1 893 738
Fines, Penalties and Forfeits	23	370 778	804 392
Total revenue from non-exchange transactions		**297 132 437**	**251 313 587**
Total revenue	20	**331 182 816**	**279 642 048**
Expenditure			
Employee related costs	33	(114 475 823)	(103 337 744)
Remuneration of councillors	34	(13 823 244)	(13 650 571)
Depreciation, amortisation and Impairment of assets	35	(19 794 572)	(18 586 972)
Finance costs	36	(2 070 009)	(2 467 970)
Debt Impairment	37	(18 251 076)	(9 915 809)
Bad debts written off	38	(78 304)	(499 020)
Bulk purchases	39	(14 156 808)	(12 338 029)
Contracted services	40	(57 356 989)	(37 893 415)
Loss on disposal of assets and liabilities	53	(509 955)	(314 457)
General Expenses	41	(34 459 461)	(45 947 793)
Total expenditure		**(274 976 241)**	**(244 951 780)**
Surplus for the year		**56 206 575**	**34 690 268**

* See Note 56 & 57

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	47 719 720	391 538 444	439 258 164
Adjustments			
Correction of errors - see note 57	-	(39 306 473)	(39 306 473)
Restated Balance at 01 July 2022	**47 719 720**	**352 231 971**	**399 951 691**
Revaluation of Heritage Assets	14 145	-	14 145
Surplus for the year	-	34 690 268	34 690 268
	-	-	-
Restated Balance at 01 July 2023	**47 733 865**	**386 922 239**	**434 656 113**
Revaluation of Heritage Asset	1 505	-	1 505
Surplus for the year	-	56 206 575	56 206 575
Balance at 30 June 2024	**47 735 370**	**443 128 814**	**490 864 193**
Note(s)	13		

* See Note 56 & 57

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services	47	35 481 743	42 667 508
Grants	48	263 331 386	216 933 423
Interest Income	29	12 651 194	8 167 646
		311 464 323	267 768 577
Payments			
Employee and councillors costs	50	(128 299 067)	(116 988 315)
Suppliers	49	(87 681 477)	(90 951 303)
Finance costs	36	(2 070 009)	(2 467 970)
		(218 050 553)	(210 407 588)
Net cash flows from operating activities	46	**93 413 773**	**57 360 989**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(65 334 786)	(51 345 407)
Proceeds from sale of property, plant and equipment		-	967 901
Net cash flows from investing activities		**(65 334 786)**	**(50 377 506)**
Net increase/(decrease) in cash and cash equivalents		**28 078 987**	**6 983 483**
Cash and cash equivalents at the beginning of the year		112 262 025	105 278 542
Cash and cash equivalents at the end of the year	12	**140 341 012**	**112 262 025**

* See Note 56 & 57

Molemole Local Municipality
(Registration number LIM353)
Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service Charges: Sale of electricity	12 335 647	-	**12 335 647**	10 277 583	**(2 058 064)**	(17)%- 44.1
Construction contracts	(19 168 000)	19 168 000	**-**	-	**-**	
Service Charges: Refuse removal	3 544 709	-	**3 544 709**	2 993 588	**(551 121)**	(16)%44.2
Rental of facilities and equipment	247 951	-	**247 951**	263 522	**15 571**	6 % 44.3-
Interest received	1 128 873	-	**1 128 873**	899 627	**(229 246)**	(20)%-44.4
Commission Received	1 680 948	-	**1 680 948**	709 102	**(971 846)**	(58)%-44.5
Licences and permits	13 120 041	1 168 740	**14 288 781**	4 855 114	**(9 433 667)**	(66)%- 44.6.
Other income	1 594 184	(1 168 740)	**425 444**	1 400 649	**975 205**	229 % - 44.7
Interest received - investment	9 600 000	500 000	**10 100 000**	12 651 194	**2 551 194**	25 %-44.8
Total revenue from exchange transactions	**24 084 353**	**19 668 000**	**43 752 353**	**34 050 379**	**(9 701 974)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	46 063 444	(10 042 302)	**36 021 142**	28 784 932	**(7 236 210)**	(20)%-44.9
Interest recieved debtors	1 139 562	-	**1 139 562**	1 142 945	**3 383**	(8)%-44.10
Transfer revenue: Government grants & subsidies	261 417 000	6 616 000	**268 033 000**	266 833 782	**(1 199 218)**	- %-44.11
Traffic Fines, penalties and forfeits	620 795	-	**620 795**	370 778	**(250 017)**	(40)% -44.12
Total revenue from non-exchange transactions	**309 240 801**	**(3 426 302)**	**305 814 499**	**297 132 437**	**(8 682 062)**	
Total revenue	**333 325 154**	**16 241 698**	**349 566 852**	**331 182 816**	**(18 384 036)**	
Expenditure						
Employee Related Cost	(107 286 637)	(3 759 611)	**(111 046 248)**	(114 475 823)	**(3 429 575)**	3 %-44.13
Remuneration of councillors	(19 640 387)	3 162 387	**(16 478 000)**	(13 823 244)	**2 654 756**	(16)% - 44.14
Depreciation and amortisation	(22 082 155)	-	**(22 082 155)**	(19 794 572)	**2 287 583**	(10)%-44.15
Finance costs	(132 765)	(2 010 000)	**(2 142 765)**	(2 070 009)	**72 756**	(3)%-44.16
Debt Impairment	(3 987 768)	-	**(3 987 768)**	(18 329 380)	**(14 341 612)**	360 % -44.17
Bulk purchases	(13 783 253)	-	**(13 783 253)**	(14 156 808)	**(373 555)**	3 %44.19
Contracted Services	(45 768 528)	(18 270 034)	**(64 038 562)**	(57 356 989)	**6 681 573**	(10)%- 44.20
General Expenditure	(48 263 318)	8 082 786	**(40 180 532)**	(34 459 461)	**5 721 071**	(14)%-44.21
Total expenditure	**(260 944 811)**	**(12 794 472)**	**(273 739 283)**	**(274 466 286)**	**(727 003)**	
Operating surplus	**72 380 343**	**3 447 226**	**75 827 569**	**56 716 530**	**(19 111 039)**	
Loss on disposal of assets and liabilities	-	(510 000)	**(510 000)**	(509 955)	**45**	44.22
Surplus/Deficit	**72 380 343**	**2 937 226**	**75 317 569**	**56 206 575**	**(19 110 994)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Total Current Assets	247 514 704	(7 958 969)	**239 555 735**	160 770 735	**(78 785 000)**	(33)%-44.23
Total Non-Current Assets	404 669 350	3 724 996	**408 394 346**	421 457 912	**13 063 566**	3 %-44.24
Total Assets	**652 184 054**	**(4 233 973)**	**647 950 081**	**582 228 647**	**(65 721 434)**	
Total Current Liability	51 649 801	966 705	**52 616 506**	41 959 440	**(10 657 066)**	(20)%-44.25
Total Non-Current Liability	29 998 391	21 540 245	**51 538 636**	49 405 023	**(2 133 613)**	(4)%-44..26
Net Assets	**570 535 862**	**(26 740 923)**	**543 794 939**	**490 864 184**	**(52 930 764)**	
Reserves						
Revaluation reserve	49 508 496	-	**49 508 496**	47 735 370	**(1 773 126)**	(4)%-44.27
Accumulated surplus	521 027 366	(26 740 923)	**494 286 443**	443 128 813	**(51 157 630)**	(10)%44.28
Community wealth/equity	**570 535 862**	**(26 740 923)**	**543 794 939**	**490 864 184**	**(52 930 756)**	
Cash Flow Statement						
Net cash from (used) operating	**88 816 778**	**5 362 618**	**94 179 396**	**93 413 773**	**(765 623)**	21% -44.29
Net cash from (used) investing	**(72 380 350)**	**(7 424 996)**	**(79 805 346)**	**(65 334 786)**	**14 470 560**	24%-44.30.
Net increase/decrease in cash held	16 436 428	(2 062 378)	**14 374 050**	28 078 987	**13 704 937**	
Cash and cash equivalents at the beginning of the year	118 872 002	(6 609 976)	**112 262 026**	112 262 025	**(1)**	
Cash and cash equivalents at the end of the year	**135 308 430**	**(8 672 354)**	**126 636 076**	**140 341 012**	**13 794 936**	1 %44.32

Refer to Note 44 for explanations of any material variances.

Material Variances are considered to be any variance above 5%. Explanation on the changes in budget is noted on the Executive summary adjustment budget available on the municipal website that as approved in February 2024.

Comparison of Budget and Actual Amounts for the year ended 30 June 2024

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2024											
Financial Performance											
Property rates	46 063 444	(10 042 302)	36 021 142	-		36 021 142	28 784 932		(7 236 210)	80 %	62 %
Service charges	15 880 356	-	15 880 356	-		15 880 356	13 271 171		(2 609 185)	84 %	84 %
Investment revenue	9 600 000	500 000	10 100 000	-		10 100 000	12 651 194		2 551 194	125 %	132 %
Transfers recognised - operational	183 700 650	17 431 343	201 131 993	-		201 131 993	222 032 094		20 900 101	110 %	121 %
Other own revenue	364 354	19 168 000	19 532 354	-		19 532 354	9 641 737		(9 890 617)	49 %	2 646 %
Total revenue (excl capital transfers	**255 608 804**	**27 057 041**	**282 665 845**	**-**		**282 665 845**	**286 381 128**		**3 715 283**	**101 %**	**112 %**
Employee related costs	(107 286 637)	(3 759 611)	(111 046 248)	-	-	(111 046 248)	(110 985 596)	(3 490 227)	60 652	100 %	103 %
Remuneration of councillors	(19 640 387)	3 162 387	(16 478 000)	-	-	(16 478 000)	(13 823 244)	-	2 654 756	84 %	70 %
Debt impairment	(3 987 768)	-	(3 987 768)			(3 987 768)	(3 987 768)	(14 341 612)	-	100 %	100 %
Depreciation and asset impairment	(22 082 155)	(1 000 000)	(23 082 155)			(23 082 155)	(19 794 572)	-	3 287 583	86 %	90 %
Finance charges	(132 765)	(2 010 000)	(2 142 765)	-	-	(2 142 765)	(2 070 009)	-	72 756	97 %	1 559 %
Materials and bulk purchases	(13 783 253)	-	(13 783 253)	-	-	(13 783 253)	(13 783 253)	(373 555)	-	100 %	100 %
Loss on disposal of assets and liabilities	-	-	-	-	-	-	-	-	-	100 %	100 %
Other expenditure	(94 031 846)	(7 697 248)	(101 729 094)	-	-	(101 729 094)	(92 326 405)	-	(9 402 689)	91 %	98 %
Total expenditure	**(260 944 811)**	**(11 304 472)**	**(272 249 283)**	**-**	**-**	**(272 249 283)**	**(256 770 847)**	**(18 205 394)**	**(3 326 942)**	**94 %**	**98 %**
Surplus/(Deficit)	**(5 336 007)**	**15 752 569**	**10 416 562**	**-**		**10 416 562**	**29 610 281**		**388 341**	**284 %**	**(555)%**

Comparison of Budget and Actual Amounts for the year ended 30 June 2023

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	77 716 350	(10 815 343)	66 901 007	-		66 901 007	44 801 688		(22 099 319)	67 %	58 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	-		-	100 %	100 %
Surplus (Deficit) after capital transfers	**72 380 343**	**4 937 226**	**77 317 569**	**-**		**77 317 569**	**74 411 969**		**(2 905 600)**	**96 %**	**103 %**

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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant policy.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Comparative Information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable,and the prior year comparatives are restated accordingly.

1.4 Significant judgements and use of Estimates

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

Recievables from exchange and non-exchange / Held to maturity investments .

The municipality assesses its Receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.
The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Accounting Policies

Impairment of statutory receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which receivables have defaulted on payments and an assessment of their ability to make payments based on their credit worthiness.
This is performed per identifiable categories across all classes of receivables.

Impairment of non financial assets

Management considers all property plant and equipment to be non-cash generating, except for investment property, which are cash generating.
Management further considers whether indicators of impairment exist. This requires management to exercise judgement as to the whether an individual or combination of factors exist which should be taken into consideration in determining whether the recoverable service amount of the asset is lower than it's carrying amount.
Accounting policy on impairment of assets and accounting policy subsequent measurement, amortisation and impairment intangible assets describe the conditions under which nonfinancial assets are tested for potential impairment losses by the management of the municipality.
Significant estimates and judgements are made relating to impairment testing of property, plant and equipment and intangible assets.

Provisions

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

Inventories

Unsold properties are measured at fair value on the date when the intention to dispose land has arisen to the inventory from investment property on initial recognition.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.
The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.
Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognized in surplus and deficit when there is an objective evidence such as non-payment of long outstanding debt amount. The impairment is measured based on the analysis of the current financial year provision balance less the previous financial year balance.
The Provision for doubtful debt is being considered for all the debt which has been outstanding for 90 days and more excluding all accounts owned by government institutions.
Payments patterns are being considered for the analysis of the individual rate payer's behaviour at least for a period of six (6) consecutive months in analysing the probability of recovering the outstanding balance.

Useful lives of assets

The municipality's management determines the estimated useful lives and related depreciation charges. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Accounting Policies

Residual value

The estimated value of an asset at the end of its useful life, or the value that remains at the end of the analysis period where the asset useful life exceed.

1.5 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.

Initial Recognition

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that is 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. However, where an investment property was acquired through a non-exchange transaction (i.e. where municipality acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

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.

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Subsequent measurement -Fair Value (Land)
Land is subsequently measured using the fair value method.The muncipality revalues the land every four years.
Land is not depreciated as it has an indifinite useful life.

Subsequent meseaurement-Cost model (Buildings)

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

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

Item	Useful life
Property - Land	Indefinite
Property - Buildings	30 years

Derecognition/Disposal

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

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

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.

1.6 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 reporting 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 or fair value 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 assets, or a combination of assets 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.

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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as 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.

The following accounting procedures will be followed when the land and buildings properties are re-valued at an amount that exceeds the current value carried in the Financial Statements:

- The Accumulated Depreciation at the time of revaluation will be set-off against the gross carrying amount of the fixed property.
- The carrying value on the Balance Sheet will be adjusted to the revalued amount of the fixed property.
- The difference between the original amount and the re-valued amount will be credited against a future depreciation reserve.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. 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 asset.

The revaluation surplus included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit when the asset is derecognised.

Subsequent measurement

Subsequent to initial recognition items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalizes the new benefits associated with the asset.

Property, plant and equipment are depreciated on the 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	**Average useful life**
Infrastructure Assets	
• Electricity	15-100 Years
• Power stations	15-100 Years
• Cooling Towers	15-100 Years
• Transformer Kiosks	15-100 Years
• Meters	15-100 Years
• Load Control Equipment	15-100 Years

Accounting Policies

• Switchgear Equipment	15-100 Years
• Supply Reticulation	15-100 Years
• Mains	15-100 Years
• Street Lights	15-100 Years
• High Mast Lights	10-100 Years
Roads	
• Motorways	09-100 Years
• Other Roads	10 Years
• Traffic Island	10 Years
• Traffic Lights	20 Years
• Road furniture/Signs	05-20 Years
• Street Lighting	10-40 Years
• Overhead Bridges	30 Years
• Stormwater Drains	10-100 Years
• Bridges and Subway	10-100 Years
• Car Parks	30 Years
• Bus Terminals	20 Years
• Pipes	10-25 Years
• Catch Pit	20-25 Years
• Sign Boards	05-20 Years
• Concrete Drift	10-15 Years
• Gaurdrails	15-50 Years
• Kerbing	10-30 Years
• Speed Hump	05-100 Years
• Culverts	05-30 Years
• Stone Pitching	05-20 Years
• Road Studs	05-15 Years
Water	
• Meters	15 Years
• Mains	20 Years
• Rights	20 Years
• Supply/Reticulation	20 Years
• Reservoirs and Tanks	10-30 Years
• Rights (that is the right to draw water from a particular source belonging to another party	20 Years
•	
Sewerage	
• Sewers	20 Years
• Outfall Sewers	20 Years
• Purification Works	20 Years
• Sewerage Pumps	10 Years
• Sludge Machines	10 Years
Community Assets	
• **Buildings**	
• Ambulance Station	30 Years
• Care Centres	30 Years
• Cemetries	30 Years
• Community Centres	10-30 Years
• Fire Stations	30 Years
• Indoor Sport Stadiums	30 Years
• Libraries	30 Years
• Parks	20-30 Years
• Public Convenience	30 Years
• Recreation Centres	20-30 Years
• Staduims (Ground Field and Grand Stand)	20-30 Years
• Old Age Homes	30 Years
• Taxi Ranks	30 Years
• Coverd Taxi Bays	22-30 Years
• Passenger Shelter	22-30 Years
Recreational Assets: Facilities	
• Bowling Greens	20-30 Years
• Tennis Courts	20-30 Years

Accounting Policies

• Swimming Pool	20-30 Years
• Golf Course	20-30 Years
• Stadiums (Ground Field and Grand Stand)	20-30 Years
• Jukskei Pitches	20-30 Years
• Outdoor Sport Facilities	20-30 Years
• Lakes and Dams	20-30 Years
• Fountains	15-30 Years
• Floodlighting	20-30 Years
• Cricket Field	20-30 Years
Security Measures	
• Fencing (Mesh and Palisade Fence)	05-30 Years
• Security Systems	05-10 Years
• Access Control	05-30 Years
Other Assets: Buildings	
• Caravan Parks	30-40 Years
• Compacting Stations	30-40 Years
• Housing Schemes	30-40 Years
• Laboratories	30-40 Years
• Nurseries	30-40 Years
• Office Buildings	20-50 Years
• Quarries	30-40 Years
• Stores	30-40 Years
• Tip Sites	30-40 Years
• Training Centers	30-40 Years
• Transport Facilities	30-40 Years
• Workshops and Depots	30-40 Years
• Guard room Wooden	02-30 Years
• Mobile Offices	30-40 Years
• Pavement	20-40 Years
• Gazebo Shades	03-30 Years
• Market Stalls	30-40 Years
Office Equipment	
• Computer Hardware	03-20 Years
• Computer Software	03-20 Years
• Office Machines	03-20 Years
• Air Conditioners	07-20 Years
• Banners	03-10 Years
• Fire Extinguisher	03-10 Years
• Photocopy Machines over R50 000	03-20 Years
• Other Photocopy Machines	03-20 Years
• Faxes	03-20 Years
• Plotters	03-20 Years
Furniture and Fittings	
• Chairs	03-30 Years
• Tables	03-30 Years
• Desks	03-30 Years
• Cabinets	03-30 Years
• Cupboards	03-30 Years
• Fire Cabinets	03-30 Years
• Miscellaneous	03-30 Years
• Shelve and Racks	03-30 Years
• Stove and Fridge	03-30 Years
• Urn and Kettle	03-30 Years
Bins and Containers	
• Bulk Containers	10-15 Years
• Street Litter Bins	10-15 Years
Emergency Equipment	
• Fire Equipment	15 Years
• Ambulances	10 Years
• Fire Hoses	05-10 Years
• Emergency Lights	10-15 Years
Motor Vehicles	
• Fire Engines	10-12 Years

Accounting Policies

• Motor Vehicles	03-25 Years
• Motor Cycles	05-07 Years
• Trucks/Bakkies	03-25 Years
• Trailers	03-25 Years
Plant and equipment	
• Graders	03-25 Years
• Tractors	03-25 Years
• Mechanical Horses	07 Years
• Farm Equipment & Pesticide Sprayers	05 Years
• Lawnmowers	02-10 Years
• Brush Cutters	04-10 Years
• Compressors	10-12 Years
• Laboratory Equipment	05 Years
• Radio Equipment	05 Years
• Fire Arms	25-30 Years
• Telecommunication Equipment	05 Years
• Irrigation Systems	07 Years
• Conveyors	07 Years
• Feeders	08-12 Years
• Tippers	03-25 Years
• Slashers	05-15 Years
• Ladder	05-15 Years

The residual value, the useful life and depreciation method of each asset are reviewed at least at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

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 or disposal of the asset.

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

1.7 Intangible assets

Initial Recognition

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

Accounting Policies

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	Useful life
Computer software, other	3-15 years

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.8 Heritage assets

Assets are resources controlled by a municipality as a result of past events as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality between knowledgeable willing parties in an arms length transaction.

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

Recognition

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

Initial measurement

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

Subsequent measurement

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. If a heritage assets 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 assets 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.

Derecognition

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

The gain or loss arising from the derecognition of heritage assets is included in surplus or deficit when the item is

derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses. Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

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

Accounting Policies

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

1.9 Financial instruments

The municipality classifies financial assets and financial liabilities into the following categories:

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Initial recognition and measurement

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit dividends or similar distributions and interest. Dividend or similar distributions income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Receivables from exchange and non-exchange are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which is measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends or similar distributions received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, and recievables, and are measured at amortised cost. 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 from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Receivables from exchange and non-exchange transactions

Accounting Policies

Receivables are categorised as financial assets: 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 30 days overdue) are considered indicators that the 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.

Impairment Loss

An impairment of receivables is accounted for by reducing the carrying amount of receivables through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectable, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

The municipality determines impairment of receivables in accordance with the debt write off policy.

Payables from exchange transactions

Financial liabilities consist of payables.They are categorised as financial liabilities held at amortised cost, are inititially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand (including petty cash) 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 and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets:receivables.

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 categorized as financial liabilities: other financial liabilties carried at amortised cost.

1.10 Derecogniton

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

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

Accounting Policies

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

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

1.11 Leases

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

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

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

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 on the remaining balance of the liability.

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the Statement of Financial Performance.

Operating leases - lessee

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

1.12 Inventories

Initial measurement

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.

The cost of inventories comprises of all cost of purchase, cost of conversion and other cost incurred in the 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.

Accounting Policies

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

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.

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.

Initial Recognition

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

Subsequent Measurement

Subsequent inventories are measured at the lower of cost and net realisable value.

Inventories comprise current assets held for sale or for consumption during the ordinary course of business and are measured at the lower of cost and current replacement cost where they are held for:

a) distribution at no charge or for a nominal charge; or

b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The basis for allocating cost to inventory items is the first in, first out (FIFO) method.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Post Retirement Medical Obligation

The Municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the Medical Aid funds.

Council pays 70% of the contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 - Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

Long Service Awards

Accounting Policies

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the relevant employee. Accumulated leave is carried forward and can be used in future periods if the current employee period entitlement is not used in full. An employees accumulated leave cannot exceed 48 days. Any days in excess thereof is forfeited. All unused leave will be paid out to the specific employee at the end of that employees employment term. Accumulated leave is vesting.

Staff Bonusses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on the bonus accrued at year end for each employee.

Provision for Performance Bonusses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, contract workers and other senior managers, is recognised as it accrues. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. This bonus is not guaranteed.

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating 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.

Accounting Policies

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, if 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 54.

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

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

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

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

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

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

1.15 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 arms length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Accounting Policies

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

Rendering of services

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by a variety of methods. Depending on the nature of the transaction, the methods may include:

Surveys of work performed:

Services performed to date as a percentage of total services to be performed:

The proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Interest

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

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners. Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transfer or.

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange. Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality. Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others. The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

Accounting Policies

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

Measurement

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

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are measured at the transaction amount and the related asset as statutory receivable if not received in cash. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is when it is probable that the future economic benefits will flow to the municipality and the amount can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Unconditional Grants

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

Conditional Grants

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

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

1.17 Cost of sales

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

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

Accounting Policies

Contract costs comprise:

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

1.18 Investment income

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

1.19 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 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. The Unauthorised expenditure is disclosed in a note to the Annual Financial Statements.

1.20 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, unless if it is recoverable (i.e. receivable), it will be raised as an asset in the Statement of Financial Position. 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.

Fruitless and wastefull expenditure will be de-recognised as soon as the nature of the fruitless and wastefull expenditure has been submitted to Council and a formal Council decision has been taken to condone the expenditure. The Fruitless and Wastefull expenditure is disclosed in a note to the Annual Financial Statements.

1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year 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.

Accounting Policies

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

1.22 Segmental information

The mandate of the municipality is to provide basic services to the comminity over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered seperately for eah of the towns within the municipal jurisdiction. The components described below have been identified as individual significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The following services are considered significant to the municipality and is accordingly managed seperarely:

- Governance and Administration
- Community and Public Safety
- Economic and Environmental Services
- Trading Services

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively 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 purpose of making decisions about allocating resources to the segment and assesing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenue and expenses are inluded in determining reported segment surplus or deficit only if they are included inthe measure of segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segments assets and segments liabilities that are used by managment 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 segments surplus or deficit the segments assets or the segments 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 segments surplus or deficit the segments assets or segments 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.

1.23 Budget information

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

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

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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

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

Explanations for material differences 5% between the final budget amounts and actual amounts are included in the notes to annual financial statements.

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control,or joint control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Accounting Policies

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

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

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

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

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

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

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

1.25 Retirement Benefits

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

1.26 Impairment of Assets

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

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with their recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Accounting Policies

1.27 Impairment of non-cash-generating assets

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the assets 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.

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

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

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

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

Useful life is either:
- (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.

Identification

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Reversal of an impairment loss

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

Accounting Policies

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

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

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

1.28 Commitments

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

Commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Commitments are disclosed inclusive of Vat.

1.29 Value Added Tax

Vat is accounted for on an accrual basis and registered for on cash basis.

1.30 Commission expense

Commission expense is accounted for on an accrual basis.

1.31 Distribution loss

Distribution losses are losses that result from differences between purchases and consumption both billed and estimated.

1.32 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers);

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- impairment losses; and
- amounts derecognised.

1.33 Accounting by principals and agents

Identification

Accounting Policies

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 a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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.

Recognition

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.

2. New standards and interpretations

2.1 Standards and interpretations not yet effective or relevant

The municipality has not applied the follwoing standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods but are relevant to its operations:

	Effective Date	Expected impact
• GRAP 1:on Presentation of Financial Statements (Going Concern)	To be determined	Unlikely there will be a material impact
• GRAP 104(as revised): Financial instruments	1 April 2025	Unlikely there will be a material impact
• GRAP 103 Heritage Assets	To be determined	Unlikely there will be a material impact
• GRAP 105: Transfers of functions between entities under common control	To be determined	Unlikely there will be a material impact
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	To be determined	Unlikely there will be a material impact
• GRAP 107: Mergers	To be determined	Unlikely there will be a material impact

3. Investment property

	2024			2023		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Investment property	2 066 000	(606 754)	1 459 246	2 066 000	(563 332)	1 502 668

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Investment property	1 502 668	(43 422)	1 459 246

Reconciliation of investment property - 2023

	Opening balance	Depreciation	Total
Investment property	1 546 001	(43 333)	1 502 668

Included in investment property are the following

	Cost	Accumulated Depreciation	Transfers	Carrying Value
2024				
Land	R 766 000	R -	R -	R 766 000
Buildings	1 300 000	(606 754)	-	693 246
	2 066 000	(606 754)	-	1 459 246
2023				
Land	766 000	-	-	766 000
Buildings	1 300 000	(563 332)	-	736 668
	2 066 000	**(563 332)**	**-**	**1 502 668**

Pledged as security

The municipality does not have any Investment Property Pledged as security:

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

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.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	183 076	183 076

There is no contractual obligations for repairs to the investment property that is leased out.

There are no restrictions on the realisability of investment property or the remittance of revenue.

Land was revalued in the last four years and the next valuation is due 30 June 2025.

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	42 043 698	-	42 043 698	42 043 698	-	42 043 698
Buildings	33 528 134	(8 973 242)	24 554 892	33 324 401	(7 845 728)	25 478 673
Infrastructure	329 827 146	(63 435 601)	266 391 545	267 953 787	(52 111 387)	215 842 400
Community	66 946 794	(14 846 381)	52 100 413	66 946 794	(12 217 922)	54 728 872
Other property, plant and equipment	54 572 343	(27 564 004)	27 008 339	53 995 192	(25 381 430)	28 613 762
Work in Progress	6 927 149	-	6 927 149	7 577 749	-	7 577 749
Total	**533 845 264**	**(114 819 228)**	**419 026 036**	**471 841 621**	**(97 556 467)**	**374 285 154**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Impairment loss	Other changes, movements	Depreciation	Total
Land	42 043 698	-	-	-	-	-	42 043 698
Buildings	25 478 673	705 646	-	-	(501 913)	(1 127 512)	24 554 892
Infrastructure	215 842 400	62 269 746	-	-	-	(11 720 605)	266 391 545
Community	54 728 872	-	-	-	-	(2 628 460)	52 100 413
Other property, plant and equipment	28 613 762	2 359 394	(509 954)	(574 199)	-	(2 880 665)	27 008 339
Work in progress	7 577 749	-	-	(650 601)	-	-	6 927 149
	374 285 154	**65 334 786**	**(509 954)**	**(1 224 800)**	**(501 913)**	**(18 357 242)**	**419 026 036**

An impairment loss was recognised on transport assets that the condition assesment has deteriorated significantly.An independent valuer was used and the fair value was determined based on internal ,external and other sources.

Notes to the Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Donations received	Transfers	Other changes, movements	Depreciation	Total
Land	42 043 698	-	-	-	-	-	-	-	42 043 698
Buildings	27 947 250	-	-	-	-	-	(1 317 344)	(1 151 234)	25 478 673
Infrastructure	178 368 521	39 520 811	-	-	-	7 998 534	-	(10 045 466)	215 842 400
Community	57 447 531	-	-	-	-	-	-	(2 718 659)	54 728 872
Other property, plant and equipment	27 627 173	4 586 151	-	(1 282 357)	1 893 738	-	-	(4 210 943)	28 613 762
Work in progress	16 972 187	-	7 238 445	-	-	(16 632 882)	-	-	7 577 749
	350 406 360	**44 106 962**	**7 238 445**	**(1 282 357)**	**1 893 738**	**(8 634 348)**	**(1 317 344)**	**(18 126 302)**	**374 285 154**

Reconciliation of Work-in-Progress 2024

	Included in Infrastructure	Total
Opening balance	7 577 749	7 577 749
Impairment	(650 601)	(650 601)
Transferred to completed items	-	-
	6 927 148	**6 927 148**

Included in WIP there is Electrification project of Fatima in Mohodi which the construction has been completed, however it is not yet available for use as Eskom has not yet energized the area.During the 2023/2024 physical asset verification it was noted that 366 households at Fatima Village Phase 1 electrification project, cables had been stolen. The nature of the asset is an Infrastructure asset.An independent valuer was used and the net replacement cost was determined based on an active market.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

Reconciliation of Work-in-Progress 2023

	Included in Infrastructure	Total
Opening balance	16 972 186	16 972 186
Additions/capital expenditure	7 238 445	7 238 445
Transfer to completed items	(16 632 882)	(16 632 882)
	7 577 749	**7 577 749**

Expenditure incurred to repair and maintain property, plant and equipment

	2024	2023
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	14 636 290	13 076 915

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.

5. Intangible assets

	2024			2023		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	3 646 149	(3 082 018)	564 127	3 646 149	(2 912 914)	733 231

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	733 240	(169 106)	564 134

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	1 150 571	(417 337)	733 235

6. Heritage assets

	2024			2023		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Mayoral Chain	408 500	-	408 500	406 995	-	406 995

Reconciliation of heritage assets 2024

	Opening balance	Revaluation	Total
Mayoral Chain	406 995	1 505	408 500

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

Reconciliation of heritage assets 2023

	Opening balance	Revaluation	Total
Mayoral Chain	392 850	14 145	406 995

Restrictions on heritage assets

There is no restrictions on the heritage assets

Pledged as security

The Mayoral Chain were not heritage assets pledged as security

Revaluations

Mayoral Chain
The effective date of the revaluation was 2024/06/30. Revaluation was performed by an independent valuer.
The method used to determine fair value of the Mayoral Chain is determined at fair value of 3 financial years(2022-2024 using CPI as the Value.
The market condition on 30 June 2024 were fair and undistorted. The CPI accurately reflected the changes in the Mayoral Chain's value. No Legal issues affecting the chain's value. The valuation excluded vat, transfer fees and extraordinary wear in valuation.
No direct comparable market exist for mayoral chain. CPI was used to estimate changes relying on historical cost from 2022 and economic adjustment instead of active market prices.

7. Non-Current Employee benefits

Post-employment Health Care Benefits

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the Medial Aid funds. The municipality operates an unfunded define benefit plan for qualifying employees. The projected unit credit method has been used i.e the defined benefit obligation in respect of eligible employees is accrued over their expected working lifetimes. The average expected remaining working-lifetime of the employees is 16.8 years.

The number of individuals entitled to a post-employment medical aid subsidy at this valuation was as follows according to the information provided:

Number Individuals

	2024	2023
In-service members (eligible employees on medical aid)	159	161
In-service non-members (eligible employees w/o medical aid)	12	12
Continuation members (retiree and widow)	2	2
Total	173	173

The defined benefit obligation was estimated to be as follows :

In-service members (eligible employees on medial aid)	12 612 000	11 196 000
In-service non-members (eligible employees w/o medical aid)	155 000	185 000
Continuation members(retiree and widow)	491 000	469 000
	13 258 000	**11 850 000**
Non-current liabilities	(13 115 000)	(11 791 000)
Current liabilities	(143 000)	(59 000)
	(13 258 000)	**(11 850 000)**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;

LA Health;

Sizwe-Hosmed;

Samwumed; and

Keyhealth.

The future service cost for the ensuing year is estimated to be R975 000 whereas the Interest Cost is estimated to be

R1 629 000. The Municipality's Accrued Unfunded Liability at 30 June 2024 is estimated at R 13 258 000. The Current-service Cost for the year ending 30 June 2024 is estimated at R 911 000. It is estimated to be R 975 000 for the ensuing year.

	2024	2023
The Amounts recognised in the statement of financial position are as follows		
Present Value of unfunded obligations	13 258 000	11 850 000
Non-current liabilities	13 115 000	11 791 000
Current liabilities	143 000	59 000
Total Liability	**13 258 000**	**11 850 000**

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

	2024	2023
Opening balance	11 850 000	11 894 000
Benefits paid	(48 377)	(44 565)
Net expense recognised in the statement of financial performance	1 456 377	565
Total Liability	**13 258 000**	**11 850 000**

Net expense recognised in the statement of financial performance

	2024	2023
Service Cost		
Current service cost	911 000	1 012 000
Net Interest expense / revenue		
Interest cost	1 488 000	1 405 000
Remeasurements		
Actuarial (gains) losses	(942 623)	(2 416 435)
Total Liability	**1 456 377**	**565**

Key assumptions used

Assumptions used at the reporting date:

	2024	2023
Discount rates used	12,35 %	12,59 %
Health Care Cost(CPI+1.5%)	7,81 %	8,19 %
Net effective Discount rate	4,21 %	4,07 %

Discount Rate

Grap 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment DBO. However, where there is no deep market in government bonds with sufficiently long maturity to match the estimated term of the benefit payments, current market rates of appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently , a discount rate of 12.35% per annum has been used. The corresponding index-linked yield at this term is 5.21%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 28 June 2024.

The effect of a 1% movement in the assumed rate of health care cost of inflation is as follows:

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
	-1% decrease	**+1% increase**
Effect on the defined benefit obligation	11 646 000	14 692 000
Effect on the aggregate of the interest rate	1 305 000	1 651 000
Effect on the aggregate of the current service cost	780 000	1 022 000
Total Liability	**13 731 000**	**17 365 000**

The effect of a 1 year movement in the assumed post-employment mortality is as follows:

	-1 year	**+1 year**
Effect on the defined benefit obligation	13 556 000	12 953 000
Effect on the aggregate of the interest rate	1 523 000	1 453 000
Effect on the aggregate of the current service cost	929 000	889 000
Total Liability	**16 008 000**	**15 295 000**

The effect of a 1% movement in the assumed rate if Discount rate is as follows:

	-1 % Decrease	**+1 % Increase**
Effect on the defined benefit obligation	15 569 000	11 407 000
Effect on the aggregate of the interest rate	1 614 000	1 378 000
Effect on the aggregate of the current service cost	1 092 000	767 000
Total Liability	**18 275 000**	**13 552 000**

The effect of a 1-year movement in the assumed rate of Average retirement age of is as follows:

	-1 Year decrease
Effect on the defined benefit obligation	14 543 000
Effect on the aggregate of the interest rate	1 634 000
Effect on the aggregate of the current service cost	957 000
Total Liability	**17 134 000**

The effect of a 10% movement in the assumed rate of membership contribution is as follows:

	-10 % Decrease
Effect on the defined benefit obligation	11 636 000
Effect on the aggregate of the interest rate	1 307 000
Effect on the aggregate of the current service cost	800 000
Total Liability	**13 743 000**

Key Risks
Actuarial Risk : The municipality faces these risk that actuarial assumptions, such as healthcare cost inflation, mortality rates, and retirement ages, may differ from actual outcomes,leading to higher-than-expected obligations.
Health Cost Inflation Risk : The risk that the cost of medical care increases faster than anticipated, which would increase the municipality's liability.
Longevity Risk: The risk that retirees live longer than expected,increasing the duration and total cost of medical benefits.
Regulatory Risk: Changes in healthcare regulations or government-provided benefits could impact the cost or structure of the municipality's obligation.
Cashflow Flow Timing: The timing of cash outflows for post-employment medical benefits is uncertain, as it depends on the longevity of retirees and the timing of medical claims.
Cash Flow Amounts: The amounts payable under these plans can fluctuate significantly due to factors such as changes in healthcare cost, changes in retiree demographics, and modifications in plan benefits.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

8. Inventories

	2024	2023
Stationary		
Opening balance	160 493	180 346
Purchased	1 491 982	1 241 998
Issued	(1 552 288)	(1 261 851)
Closing Balance	100 187	160 493
Smart Meters	-	-
Opening Balance	-	366 561
Purchased	165 217	171 154
Issued	(109 403)	(537 715)
Closing Balance	55 814	-
Closing balance	**156 002**	**160 493**

No inventories were pledged as collateral and no inventories were written off during the year.

9. Receivables from exchange transactions

	2024	2023
Consumer debtors - Electricity	278 199	369 398
Consumer debtors - Refuse	1 757 633	2 031 796
Consumer debtors - Other Service Charges	80 946	101 244
Sub Total - Receivables from Exchange Transactions	**2 116 778**	**2 502 438**
Accrued Interest - Investments	330 603	412 047
CDM water debtor	380 520	297 784
Grand Total - Receivables from Exchange Transactions	**2 827 901**	**3 212 269**

9.1 Consumer Debtors - Service Charges Reconciliation

	2024			2023		
	Gross Debtors	**Impairment**	**Nett Debtors**	**Gross Debtors**	**Impairment**	**Nett Debtors**
Electricity	3 495 571	(3 217 372)	278 199	3 411 454	(3 042 056)	369 398
Refuse	22 084 643	(20 327 010)	1 757 633	18 763 964	(16 732 168)	2 031 796
Other service Charges	1 017 382	(936 436)	80 946	934 999	(833 755)	101 244
Total	**26 597 596**	**(24 480 818)**	**2 116 778**	**23 110 417**	**(20 607 979)**	**2 502 438**

Consumer Debtors Ageing for 2024

	Current (0 - 30 days)	**31-60 days**	**61-90 days**	**+90 days**	**Total Gross Debtors**
Electricity	28 947	14 436	14 408	3 437 780	3 495 571
Refuse	635 221	312 075	309 944	20 827 403	22 084 643
Other Service Charges	17 561	7 021	6 985	985 815	1 017 382
Total	**681 729**	**333 532**	**331 337**	**25 250 998**	**26 597 596**

Consumer Debtors Ageing for 2023

	Current (0 - 30 days)	**31-60 days**	**61-90 days**	**+90 days**	**Total Gross Debtors**
Electricity	32 603	14 768	10 528	3 353 555	3 411 454
Refuse	519 528	252 464	243 772	17 748 200	18 763 964
Other Service Charges	13 295	6 598	3 500	911 606	934 999
Total	**565 426**	**273 830**	**257 800**	**22 013 361**	**23 110 417**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

Consumer Debtors - Service Charges Impairment Reconcilliation

	2024			2023		
	Opening Balance Impairment	**(Provisions)/ Reversal**	**Closing Balance Impairment**	**Opening Balance Impairment**	**(Provisions)/ Reversal**	**Closing Balance Impairment**
Electricity	(2 619 283)	(598 089)	(3 217 372)	(2 773 354)	154 071	(2 619 283)
Refuse	(14 406 799)	(5 920 211)	(20 327 010)	(13 973 939)	(432 860)	(14 406 799)
Other Service Charges	(717 883)	(218 553)	(936 436)	(700 569)	(17 314)	(717 883)
Total	**(17 743 965)**	**(6 736 853)**	**(24 480 818)**	**(17 447 862)**	**(296 103)**	**(17 743 965)**

CDM Water Debtor Reconcilliation

	2024	2023
CDM Water debtor	13 747 602	11 888 038
Less: 70 % Commission	(9 623 321)	(8 342 312)
Less: Impairment	(3 743 761)	(3 247 942)
	380 520	**297 784**

10. Receivables from non-exchange transactions

	2024	2023
Traffic Fines	903 911	1 200 807
Eskom Deposit	1 284 351	1 284 000
Other debtors-Third Party Refunds	600 343	364 299
Other debtors-Under Banking	42 175	42 172
Consumer debtors -Property Rates	8 133 109	9 801 526
	10 963 889	**12 692 804**

Statutory Receivables included in receivables from Non - Exchange transactions are as follows:	**2024**	**2023**
Property Rates	8 133 109	9 801 526

Local Government: Municipal Property Rates Act no 6 of 2004 provides the municipality with power to levy rates. Section 2 subsection 1 of the Act states that a metropolitan or local municipality must exercise its power to levy a rate on property subject to :(a) section 229 and any other applicable provision of the Constitution,(b) the provision of this Act and (c) the rates policy it must adopt in terms of section 3. The amounts are being determined through the calculations of the rates amounts by using the council approved tarrif rate multiply by the municipal approved general /supplementary valuation roll figures. Interest is being charged at 10% of the outstanding previous billed amount. Statutory receivables impaired is being conducted based on the number of payments made by customer and the long outstanding amounts which are 90 days plus.
Methodology used:
1. Debtors Payments behaviour/patterns. No(0) payment made in the previous six months-100% Provision for outstanding balance which are more than 90 days.
2. Debtors Payments behaviour/patterns. One(1) payment made in the previous six months-98% Provision for outstanding balance which are more than 90 days.
3. Debtors Payments behaviour/patterns. Two(2) payments made in the previous six months-97% Provision for outstanding balance which are more than 90 days.
4. Debtors Payments behaviour/patterns. Three(3) payments made in the previous six months-96% Provision for outstanding balance which are more than 90 days.
5. Debtors Payments behaviour/patterns. Four(4) payments made in the previous six months-95% Provision for outstanding balance which are more than 90 days.
6. Debtors Payments behaviour/patterns. Five(5) payments made in the previous six months-94% Provision for outstanding balance which are more than 90 days.
7. Debtors Payments behaviour/patterns. Six(6) payments made in the previous six months-93% Provision for outstanding balance which are more than 90 days.
8. Debtors Payments behaviour/patterns. Seven(7) payments made in the previous six months-92% Provision for outstanding balance which are more than 90 days.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

9. Debtors Payments behaviour/patterns. Eight(8) payments made in the previous six months-91% Provision for outstanding balance which are more than 90 days.
10. Debtors Payments behaviour/patterns. Nine(9) payments made in the previous six months-90% Provision for outstanding balance which are more than 90 days.
11. Debtors Payments behaviour/patterns. Ten (10) and more payments made in the previous six months-89% Provision for outstanding balance which are more than 90 days.

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Property Rates reconcilliation

	2024			2023		
	Gross Debtors	**Impairment**	**Nett Debtors**	**Gross Debtors**	**Impairment**	**Nett Debtors**
Agricultural properties	14 909 258	(13 722 687)	1 186 571	13 617 275	(12 142 771)	1 474 504
Business and commercial	10 191 034	(9 379 969)	811 065	8 279 775	(7 383 226)	896 549
Farm properties	1 943	(1 788)	155	1 943	(1 732)	211
Government	58 143 271	(53 515 869)	4 627 402	54 180 145	(48 313 419)	5 866 726
Public service infrastructure	152 015	(139 917)	12 098	101 180	(90 224)	10 956
Residential development	17 965 547	(16 535 737)	1 429 810	13 950 504	(12 439 917)	1 510 587
Residential Vacant land	829 392	(763 384)	66 008	387 807	(345 814)	41 993
Total	**102 192 460**	**(94 059 351)**	**8 133 109**	**90 518 629**	**(80 717 103)**	**9 801 526**

Property Rates Ageing for 2024

	Current (0 - 30 days)	**31-60 days**	**61-90 days**	**+90 days**	**Total Gross Debtors**
Agricultural properties	313 715	156 482	156 219	14 282 842	14 909 258
Business and commercial	455 605	206 919	206 335	9 322 175	10 191 034
Farm properties	-	-	-	1 943	1 943
Government	1 940 332	927 214	907 602	54 368 123	58 143 271
Public service infrastructure	8 473	4 236	4 236	135 070	152 015
Residential development	879 372	422 671	417 522	16 245 982	17 965 547
Residential Vacant land	85 602	48 538	40 352	654 900	829 392
Total	**3 683 099**	**1 766 060**	**1 732 266**	**95 011 035**	**102 192 460**

Property Rates Ageing for 2023

	Current (0 - 30 days)	**31-60 days**	**61-90 days**	**+90 days**	**Total Gross Debtors**
Agricultural properties	248 626	123 792	123 492	13 121 365	13 617 275
Business and commercial	337 041	146 447	120 502	7 675 785	8 279 775
Farm properties	83	41	41	1 778	1 943
Government	3 464 631	1 719 441	1 010 138	47 985 935	54 180 145
Public service infrastructure	1 226	613	571	98 770	101 180
Residential development	528 080	248 421	219 891	12 954 112	13 950 504
Residential Vacant land	13 428	6 402	4 895	363 082	387 807
Total	**4 593 115**	**2 245 157**	**1 479 530**	**82 200 827**	**90 518 629**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

Property Rates impairment reconcilliation

	2024			2023		
	Opening Balance Impairment	**(Provisions)/ Reversal**	**Closing Balance Impairment**	**Opening Balance Impairment**	**(Provisions)/ Reversal**	**Closing Balance Impairment**
Agricultural properties	(10 455 217)	(3 267 470)	(13 722 687)	(10 431 413)	(23 804)	(10 455 217)
Business and commercial	(6 357 135)	(3 022 834)	(9 379 969)	(5 978 953)	(378 182)	(6 357 135)
Farm properties	(1 492)	(296)	(1 788)	(1 218)	(274)	(1 492)
National government	-	(53 515 869)	(53 515 869)	48 313 419	(48 313 419)	-
Public service infrastructure	-	(139 917)	(139 917)	-	-	-
Residential development	(10 711 068)	(5 824 669)	(16 535 737)	(10 373 298)	(337 770)	(10 711 068)
Residential Vacant land	(297 755)	(465 629)	(763 384)	(275 052)	(22 703)	(297 755)
Total	**(27 822 667)**	**(66 236 684)**	**(94 059 351)**	**21 253 485**	**(49 076 152)**	**(27 822 667)**

Statutory Receivables included in receivables from Non Exchange transactions are as follows	**2024**	**2023**
Traffic Fines	903 911	1 200 807

Section 3 of National Road traffic Act 93 of 1996 provide the municipality with an authority to appoint a traffic officer for inspection of licences, examining of vehicles, examiner for driving licences. Criminal Procedure Act 51 1977 section 334 states that the Minister may declare by notice in the person's peace officers for specific purposes (1) (a) The Minister may by notice in the Gazette declare that any person who by virtue of his office, falls within any category defined in the notice shall within an area specified in the notice ,be a peace officer for the purpose of exercising with reference to any provision of this Act or any offence or any class of offences likewise specified the powers defined in the notice. The municipality appoints traffic officers as per Section 3 of the National Road Traffic Act 93 of 1996 which in turn an inspection of licences and road laws and regulations will be conducted and any offender will be charged if not incompliant with the legislated laws and regulations and a fine will be determined and realised as revenue /debtor. The impairment is conducted based on historical collections of the outstanding amounts.

Methodology used:
Year one (1) collection percentage
Year two (2) collection percentage
Year tree (3) collection percentage
Collection percentages for the three financial years will be consolidated and divided by three (3) which is the total number of years to obtain a reasonable collection percentage.
The reasonable remaining balance will be multiplied by the total remaining percentage after the consideration/deduction of the aggregated collected rate. (100% less the reasonable collectable calculated percentage) to obtain the total impairment/provision for doubtful debt amount

Traffic fines reconcilliation		
Gross balances - Fines	6 026 076	5 718 131
Less: Allowance for impairment		
Traffic Fines Opening Balance	(4 517 324)	(3 771 776)
Traffic fines (Provision) / Reversal	(604 841)	(745 548)
	903 911	**1 200 807**

11. VAT receivable

Vat Receivable	6 481 927	9 117 983

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

Statutory receivables/Payables arise from legislation supporting regulations or similar means and require settlement by another entity or financial asset. The transactions that gave rise to the above statutory receivables were in reference to Value Added Tax ACT (VAT). The vat receivable amount has been determined as prescribed on the VAT Act, which the current prescribed 15% VAT rate was charged on valuable goods or services and the amount disclosed is the Net of Vat receivable and Vat payable.

2024

Reconciliation of Vat Receivable	Opening balance	Amounts Claimed	Amounts Recieved	Amounts Accrued	Closing Balance
South African Revenue Service	9 117 983	16 849 141	(15 179 187)	(4 306 010)	6 481 927

2023

Reconciliation of Vat Receivable	Opening Balance	Amounts Claimed	Amounts Received	Amounts Accrued	Closing Balance
South African revenue Service	10 115 442	14 190 558	(8 336 804)	(6 851 213)	9 117 983

Vat is claimable on the payment basis

12. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Bank balances - Cash Book balance	6 859 053	1 145 541
Short-term deposits	132 725 641	108 207 304
Grants bank account	756 322	2 909 180
	140 341 016	**112 262 025**

The municipality had the following bank accounts

Account number / description	Bank statement balances 30 June 2024	Bank statement balances 30 June 2023	Bank statement balances 30 June 2022	Cash book balances 30 June 2024	Cash book balances 30 June 2023	Cash book balances 30 June 2022
Nedbank Primary Account 146 700 0442	6 859 123	905 255	13 338 163	6 859 053	1 145 541	13 338 162
Nedbank Grants Account 1013994825	756 401	2 909 260	1 225 732	756 322	2 909 180	1 225 652
Nedbank Call Investment Deposit	132 725 640	108 207 304	90 634 845	132 725 641	108 207 304	90 634 845
Nedbank Purchasing account	-	-	66 383	-	-	66 383
Total	**140 341 164**	**112 021 819**	**105 265 123**	**140 341 016**	**112 262 025**	**105 265 042**

No cash and cash equivalents are held as collateral .

13. Revaluation reserve

	2024	2023
Opening balance	47 733 865	47 719 720
Transfer in during the year	1 505	14 145
	47 735 370	**47 733 865**

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	2024	2023
Municipal Infrastructure Grant	35 120	5 852
Finance management grant	8 410	7 764
EPWP	2 392	11 344
Municipal Disaster Relief Grant	835 729	4 500 000

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
INEP	378 473	67 500
CDM - Integrated Transport Plan	-	108 614
LG Seta Grant	-	61 446
	1 260 124	**4 762 520**

The Unspent grants are cash-backed by short term deposits. The municipality complied with the conditions attach to all grants

received to the extent of revenue recognised. Please refer to note 32 for more detail on Unspent grants.

15. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Long service awards	4 322 925	5 087 000	(1 543 357)	(649 835)	714 267	7 931 000
Rehabilitation of Landfill Site	26 810 415	2 050 523	-	(501 913)	-	28 359 024
	31 133 340	**7 137 523**	**(1 543 357)**	**(1 151 748)**	**714 267**	**36 290 025**

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Long service awards	4 242 924	1 010 000	(714 106)	16 000	(231 894)	4 322 925
Rehabilitation of Landfill Site	25 686 184	2 441 576	-	(1 317 346)	-	26 810 415
	29 929 108	**3 451 576**	**(714 106)**	**(1 301 346)**	**(231 894)**	**31 133 340**

Non-current liabilities	36 290 024	31 133 340

Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of

R 28 359 024 :2024 (2023: R 26 810 414) to restore the site at the end of its useful life, estimated to be in the 2044 (Soekmekaar landfill site) and 2045 (Dendron Landfill site) financial year. Provision has been made for the best estimate of costs at the reporting date with reference to the inflation rate.

Long Service Awards

The Long Service Awards is a liability in respect of Long service awards to employees. As at year end, 171 employees were eligible for Long Service Awards.

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. These awards are considired defined benefit plans because the municipality's obligation to pay these benefits depends on the length of the service.

The Long service awards are not a funded arrangement i.e there is no plan asset in place to meet this defined benefit obligation(DBO). The Projected Unit Credit Methods has been used to value the DBO.

Key actuarial assumptions used:

Rate of interest		
Discount Rate	11,13%	11,26%

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
General Inflation(Long Term)	5,28%	6,54%
Net Effective discount Rate	6,28%	4,43%

The amounts recognised in the Statement of Financial Position are as follows:

Present Value of Liability		
Present value of unfunded obligations	9 515 000	5 257 000
Net liability / (asset)	**9 515 000**	**5 257 000**

Reconciliation of present value of Liability:

Reconciliation of present Value of liability		
Present Value of Liability at beginning of the year	5 257 000	5 193 000
Total Expenses	3 543 733	295 894
Current Service Cost	481 000	490 000
Past Service Cost	4 065 000	-
Interest Cost	541 000	520 000
Benefits Paid	(1 543 357)	(714 106)
Actuarial Losses/Gain	714 267	(231 894)
Present Value of Liability	9 515 000	5 257 000
Less transfer of current portion	(1 584 000)	(927 000)
Balance at end of year	**7 931 000**	**4 330 000**

As there is no plan asset, the net benefit liability is equal to the defined benefit obligation.

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

Opening balance	5 257 000	5 193 000
Benefits paid	(1 543 267)	(714 106)
Net expense recognised in the statement of financial performance	5 801 267	778 106
	9 515 000	**5 257 000**

Net expense recognised in the statement of financial performance

Service Cost		
Current service cost	481 000	490 000
Past service cost	4 065 000	-
Net interest expense/Revenue		
Interest cost	541 000	520 000
Remeasurements		
Actuarial (gains) losses	714 267	(231 894)
	5 801 267	**778 106**

The effect of a 1% movement in the assumed general earnings inflation rate cost of inflation is as follows :

	-1% decrease	**+1% increase**
Effect on the defined benefit obligation	9 016 000	10 061 000
Effect on the aggregate of the interest rate	511 000	574 000
Effect on the aggregate of the current service cost	448 000	517 000
Total Liability	**9 975 000**	**11 152 000**

A 1% decrease in the general earnings inflation to 4.28% would result in a calculated defined benefit obligation of R9 016 000, representing a R500 000 decrease or a 5% change from the current obligation. Conversely, a 1% increase in the general earnings inflation ratte to 6.28% would yield a defined benefit obligation of R10 061 000, reflecting a R546 000 increase or a 5.7% change from the current obligation.

The effect of a 1% movement in the assumed discount rate is as follows:

	-1%	**+1%**
Effect on the defined benefit obligation	10 082 000	9 005 000

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Effect on the aggregate of the interest rate	524 000	556 000
Effect on the aggregate of the current service cost	513 000	452 000
Total Liability	**11 119 000**	**10 013 000**

The effect of a 2 Years movement in the assumed rate of average retirement is as follows:

	-2 years decrease	**+2 years increase**
Effect on the defined benefit obligation	9 004 000	9 825 000
Effect on the aggregate of the interest rate	474 000	583 000
Effect on the aggregate of the current service cost	431 000	513 000
Total Liability	**9 909 000**	**10 921 000**

The effect of a 1-year movement in the assumed rate of Average retirement age is as follows:

	x 0.5	**x 2**
Effect on the defined beneft obligation	10 067 000	8 671 000
Effect on the aggregate of the interest rate	613 000	435 000
Effect on the aggregate of the current service cost	567 000	359 000
Total Liability	**11 247 000**	**9 465 000**

Key Risks

Actuarial Risk : The municipality faces these risk that actuarial assumptions, such as healthcare cost inflation, mortality rates, and retirement ages, may differ from actual outcomes,leading to higher-than-expected obligations.
Inflation Risk: If the awards are linked to salary levels, there is a risk that inflation could increase the obligation if salaries rise faster than anticipated.
Longevity Risk: Althoughlong service awards are typically paid during employment , the risk of employees staying longer than expected(leading to higher obligation) remains.
Regulatory Riskand Contractual Risk: : Changes in labour laws or employment contracts could impose additional obligation on the Municipality.
Cashflow Flow Timing: Long service award obligations can lead to cash outflows that are difficult to predict. The timing of these outflows depends on when employees reach required service milestones and when the awards are actually paid out.
Cash Flow Amounts: The amounts payable under long service award plans may fluctuate due to changes in employee demographics ,turnover rates and salary increases. Additionally the obligation may increase if more employees stay longer with company than initially expected.

16. Other Liability

Unallocated receipts	56 623	124 089
Salary suspense account	15 343	-
	71 966	**124 089**

17. Current Employee Benefits

The movement in current employee benefits are reconciled as follows:

Current Portion of Medical Aid Provision	143 000	59 000
Current Portion of Long Service Provisions	1 576 836	927 000
Leave Provision for the year	9 867 712	9 816 876
Balance at end of year	**11 587 548**	**10 802 876**

The movement in Leave Provision are reconciled as follows:

Balance at beginning of the year	9 816 876	9 547 798
Contribution of current portion	674 437	694 568
Expenditure of the year	(623 601)	(425 490)
Balance at end of year	**9 867 712**	**9 816 876**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

18. Payables from exchange transactions

Payables	3 360 075	4 452 227
Payments received in advanced	9 674 736	5 478 609

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Retention	11 569 221	7 580 732
Electricity not used	513 194	376 384
CDM Creditor	783 392	-
Department of Transport and Community Safety	324 430	522 780
Bonus	2 305 627	2 183 855
	28 530 675	**20 594 587**

The Municipality acts as an Agent for Capricorn District Municipality and Department of Transport and Community Safety please refer to Note 43 Principals and Agents.

19. Consumer deposits

Electricity	509 126	509 126
	509 126	**509 126**

20. Revenue

Service charges	13 271 171	11 443 123
Rental of facilities and equipment	263 522	262 179
Interest income - debtors	899 627	524 498
Agency services	709 102	709 857
Licences and permits	4 855 114	4 362 599
Other income	1 400 649	2 858 559
Interest income - investment	12 651 194	8 167 646
Property rates	28 784 932	32 723 525
Interest, Dividends and Rent on Land	1 142 945	805 983
Government grants & subsidies	266 833 782	215 085 949
Public contributions and donations	-	1 893 738
Fines, Penalties and Forfeits	370 778	804 392
	331 182 816	**279 642 048**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	13 271 171	11 443 123
Rental of facilities and equipment	263 522	262 179
Interest income - debtors	899 627	524 498
Agency services	709 102	709 857
Licences and permits	4 855 114	4 362 599
Other income	1 400 649	2 858 559
Interest income - investment	12 651 194	8 167 646
	34 050 379	**28 328 461**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue - Property rates	28 784 932	32 723 525
Interest, Dividends and Rent on Land	1 142 945	805 983
Transfer revenue - Government grants & subsidies	266 833 782	215 085 949
Public contributions and donations	-	1 893 738
Traffic Fines, penalties and forfeits	370 778	804 392
	297 132 437	**251 313 587**

21. Service charges

Sale of electricity	10 277 583	8 920 193
Refuse removal	2 993 588	2 522 930
	13 271 171	**11 443 123**

22. Rental of facilities and equipment

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Premises		
Cattle Grazing	40 312	40 312
Community Assets	223 210	221 867
	263 522	**262 179**

23. Fines, Penalties and Forfeits

Traffic Fines	370 500	790 700
Illegal Connections Fines	-	13 094
Other Fines, Penalties and Forfeits	278	598
	370 778	**804 392**

24. Licences and permits (exchange)

Department of transport and community safety	4 855 114	4 362 599

25. Interest received - debtors

Service Charges	42 440	34 387
Waste Management	424 211	331 103
Electricity	173 924	159 008
Interest Received SARS	259 052	-
	899 627	**524 498**

26. Interest from non-exchange receivables

Interest Received-Service Debtors	1 142 945	805 983

27. Commission Received

Commission Received	709 102	709 857

The municipality only recognise 30% of its revenue billed for the year as commission received. The other 70% is being paid against the CDM debtors as per the service level agreement between CDM and the municipality

28. Other income

Building Plan Approvals	2 904	1 742
Clearance certificates	13 241	8 460
Actuarial Gains	942 623	2 648 329
Skills development refund	288 964	177 353
Grave Fees	12 710	16 596
Library Membership fees	150	100
Town Planning Fees	31 443	5 979
Incidental Cash Surplus	108 614	-
	1 400 649	**2 858 559**

29. Interest income - external investment

Interest revenue		
Interest received - External investments	12 651 194	8 167 646

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

30. Property rates

Rates Billed

Residential	5 008 575	3 014 197
Commercial	1 346 245	2 011 041
State	19 175 676	26 008 116
Small holdings and farms	3 204 552	1 683 264
Public service infrastructure	49 884	6 907
	28 784 932	**32 723 525**

Valuations

Residential	706 331 000	477 096 000
Commercial	207 744 000	123 203 000
State	427 100 000	682 492 000
Municipal	24 905 000	23 427 000
Small holdings and farms	2 155 420 800	1 785 766 412
Public service infrastructure	8 723 000	4 381 000
	3 530 223 800	**3 096 365 412**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2023.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

31. Government grants and subsidies

Operating grants		
Equitable share	178 108 460	168 760 991
Municipal Infrastructure Grant	344 192	1 988 416
FMG - Finance Management Grant	2 291 590	2 292 235
INEP	18 789 527	2 548 942
Expanded Public Works Program	1 216 608	1 395 656
LG Seta Grant	61 446	301 977
	200 811 823	**177 288 217**
Capital grants		
MIG - Municipal infrastructure grant	44 801 688	37 797 732
Municipal Disaster Relief Grant	21 220 271	-
	66 021 959	**37 797 732**
	266 833 782	**215 085 949**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	88 725 322	46 324 958
Unconditional grants received	178 108 460	168 760 991
	266 833 782	**215 085 949**

Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

Municipal Infrastructure Grant

Balance unspent at beginning of year	5 852	8 980
Current-year receipts	45 181 000	39 792 000
Conditions met - transferred to revenue	(344 192)	(1 988 416)
Conditions mt-transferred to revenue	(44 801 688)	(37 797 732)
Adjustments/Returned to National revenue fund	(11 704)	(8 980)
	35 120	**5 852**

Conditions still to be met - remain liabilities (see note 14).

Finance Management Grant

Balance unspent at beginning of year	7 764	172 279
Current-year receipts	2 300 000	2 300 000
Conditions met - transferred to revenue	(2 291 590)	(2 292 235)
Adjustments/Returned to National revenue fund	(7 764)	(172 280)
	8 410	**7 764**

Conditions still to be met - remain liabilities (see note 14).

INEP

Balance unspent at beginning of year	67 500	2 616 442
Current-year receipts	19 168 000	-
Conditions met - transferred to revenue	(18 789 527)	(2 548 942)
Adjustments/Returned to National revenue fund	(67 500)	-
	378 473	**67 500**

Conditions still to be met - remain liabilities (see note 14).

Integrated Transport Plan

Balance unspent at beginning of year	108 614	108 614
Conditions met - transferred to revenue	(108 614)	-
	-	**108 614**

Conditions still to be met - remain liabilities (see note 14).

Integrated transport plan grant received with conditions to be met.

Expanded Public Works Program

Balance unspent at beginning of year	11 344	8 730
Current-year receipts	1 219 000	1 407 000
Conditions met - transferred to revenue	(1 216 608)	(1 395 656)
Adjustments/Returned to National revenue fund	(22 688)	(8 730)
	2 392	**11 344**

Conditions still to be met - remain liabilities (see note 14).

Expanded public works program grant received with conditions met.

Municipal Disaster Relief Grant

Balance unspent at beginning of year	4 500 000	-
Current-year receipts	17 556 000	4 500 000
Conditions met - transferred to revenue	(21 220 271)	-
	835 729	**4 500 000**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

Conditions still to be met - remain liabilities (see note 14).

LG Seta

Balance unspent at beginning of year	61 446	-
Current-year receipts	-	453 423
Conditions met - transferred to revenue	(61 446)	(301 977)
Other	-	(90 000)
	-	**61 446**
Unspent conditional grants and receipts	**1 260 124**	**4 762 520**

32. Public contributions and donations

Department of Forestry, Fisheries and Environment Donation	-	1 893 738

A skip loader truck was received by way of donation from The Department of Forestry, Fisheries and Environment. It has been recognised at Fair Value which is market based by a professional valuer at the date of acquisition.

33. Employee related costs

Basic Salary	68 052 018	64 066 493
Bonus	5 708 829	5 676 674
Medical aid - company contributions	5 854 108	5 330 999
UIF	378 134	368 357
Interns Salaries: FMG	542 014	331 662
Leave pay provision charge	674 437	694 568
Defined benefit plans	3 113 265	2 417 000
Travel, motor car, accommodation, subsistence and other allowances	8 436 164	8 145 551
Overtime payments	726 252	553 612
Long Service awards	5 086 910	1 010 000
Acting allowances	416 715	232 737
Housing benefits and allowances	256 608	224 540
Standby allowance	409 010	353 031
Laptop Allowance	541 222	659 870
Pension Funds - Company contribution	12 980 481	11 983 244
Telephone/Cellphone Allowance	1 276 110	1 267 352
Industrial/Bargaining Council	23 546	22 054
	114 475 823	**103 337 744**

Included in Long Service Awards are		
Current Service Cost	481 000	490 000
Interest Cost	541 000	520 000
Past service Cost	4 065 000	-
	5 087 000	**1 010 000**

Included in the Defined Benefit Contribution plan are		
Actuarial Gain/Loss-Long Service	714 267	-
Interest Cost	1 488 000	1 405 000
Service Cost	911 000	1 012 000
	3 113 267	**2 417 000**

Remuneration of Municipal Manager

Annual Remuneration	996 025	458 534
Motor car, housing and other allowances	500 653	220 572
Performance Bonuses	78 944	-
	1 575 622	**679 106**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

The Municipal Manager is appointed on a 5 years fixed contract starting 1 January 2023 to 31 December 2027.

Remuneration of Chief Finance Officer

Annual Remuneration	652 286	738 796
Motor car, housing and other allowances	314 349	349 433
Performance Bonuses	59 246	57 353
Acting : Nkalanga	15 000	51 339
Leave Pay	131 094	-
	1 171 975	**1 196 921**

The CFO is appointed on a permanent basis from 1 November 2023..

Remuneration of Manager - Technical Services

Annual Remuneration	-	605 489
Motor car, housing and other allowances	-	263 109
Acting : MJ Mabetwa	67 500	-
Leave pay	-	137 882
	67 500	**1 006 480**

Remuneration of Manager Corporate Services

Annual Remuneration	-	414 235
Motor car, housing and other allowances	-	136 430
Performance Bonuses	-	52 689
Leave Pay	-	140 851
Acting : NJ Modisha	45 000	21 264
Acting : MF Manyelo	15 000	-
	60 000	**765 469**

Remuneration of Manager - Community Services

Annual Remuneration	111 416	796 973
Motor car, housing and other allowances	79 475	349 433
Leave Pay	139 059	-
Acting : PT Molopa	52 500	-
	382 450	**1 146 406**

The Manager Community Services was appointed on a 5 year contract starting 01 September 2018 to 31 August 2023.

Remuneration of Manager - Local Economic Development

Annual Remuneration	729 598	778 796
Motor car, housing and other allowances	354 810	349 433
Bonus	59 246	-
Leave Pay	-	58 176
	1 143 654	**1 186 405**

The Manager Local Economic Development was appointed on a 5 year contract starting on 1 March 2021 to April 2026.

34. Remuneration of councillors

Executive Mayor	966 642	967 384
Chief Whip	431 901	432 102
Mayoral Committee Members	4 229 304	4 025 923
Speaker	783 108	783 308
Councillors	7 412 289	7 441 854
	13 823 244	**13 650 571**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

35. Depreciation and amortisation and impairment

Property, plant and equipment	18 357 243	18 126 302
Investment property	43 422	43 333
Intangible assets	169 107	417 337
Impairment of Assets	1 224 800	-
	19 794 572	**18 586 972**

36. Finance costs

Other - Interest Cost	2 068 882	2 466 164
Fruitless and wasteful expenditure - Interest Paid	1 127	1 806
	2 070 009	**2 467 970**

37. Debt impairment

Debt impairment - Traffic Fines	604 841	745 548
Debt impairment - Provision	17 215 088	8 589 805
Debt impairment - Provision - CDM	431 147	580 456
	18 251 076	**9 915 809**

38. Bad Debts written off

Bad debts written off	78 304	499 020

39. Bulk purchases

Electricity - Eskom	14 156 808	12 338 029

40. Contracted services

Outsourced Services		
Administrative and Support Staff	13 553 971	11 439 254
Catering Services	187 195	330 107
Consultants and Professional Services		
Business and Advisory	10 896 490	10 056 653
Contractors		
Maintenance - property plant and equipment	14 636 290	13 076 915
Electrical	16 339 687	2 213 863
Employee Wellness	1 743 356	776 623
	57 356 989	**37 893 415**

41. General expenses

Accommodation and meals	4 565 375	4 206 063
Advertising	562 828	966 164
Advertising: Recruitment	273 101	163 760
Auditors remuneration	4 782 074	4 226 262
Bank charges	189 818	161 726
Commission paid	910 260	4 246 819
Cleaning Materials	863 411	833 129
Bursaries Employees	241 061	470 803
Servitude and land surveys	-	172 174
Transport - events	391 450	445 430
Entertainment	-	8 232
Plant Hire	29 900	-

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Insurance - General	808 063	1 049 014
Ward Committee Expenses	2 266 800	2 275 200
Environmental & Waste Management	1 417 670	1 495 623
Free Basic Electricity	3 090 219	4 376 145
Fuel and Oil: Municipal Fleet	3 167 258	4 643 853
Fuel and Oil: Other	-	26 416
Postage and Telephone	5 420	4 643
Printing, Publication & Marketing	-	822 143
Protective clothing	885 652	1 296 150
Licences - Vehicles	259 883	170 063
Internship programme	86 173	301 977
Membership Fees	17 833	8 148
Telephone Management	1 107 765	1 060 223
Training SMME	197 250	195 875
Affiliation & Membership Fees: SALGA	1 106 691	1 261 764
Subscriptions and Systems Licencing	2 207 666	2 000 799
Training and Conferences	1 519 056	2 786 852
Public Participation	398 660	564 658
Operating lease expense	512 395	3 468 112
Tracking device system	68 570	62 159
Stationery	1 552 288	1 261 851
Skills development Levy	974 871	915 563
	34 459 461	**45 947 793**

Included in the Operating lease expense is the following:

Operating Leases (as a lesee)	**2023/2024**	**2022/2023**
Minimum lease payments	-	-
Within one year	-	538 200
In second to fifth year	-	-
after five years	-	-
Total	-	538 200

Total future minimum sublease payments expected to be received at the reporting date.

Total contingent rents recognised as expense in the period

42. Principals and Agents

- The Municipality is involved in an agency relationship with Capricorn District Municipality for the provision of water services.

43.1 Capricorn District Municipality

	2 024	**2 023**
No Resources (assets/liabilities recognise by the municipality that are held /incurred on behalf of the principal)		
Revenue Recognised as compensation for the transactions carried on behalf of the principal	709 102	709 857
Revenue received or to be received on behalf of the principal	2 613 406	2 542 610
No expenditure paid or incurred on behalf of the principal		
Opening Balance	11 917 588	10 341 695
Revenue receivable	2 613 406	2 542 610
Amounts written of settlements or waivers of amounts due		
Amounts received	783 392	966 717
Closing Balance	13 747 602	11 917 588
Payables held on behalf of the principal	-	-
Opening balance	-	806 794
Payables current year	783 392	676 702
Cash paid	-	(1 483 496)
Closing Balance	783 392	-

The amount due to Capricorn District Municipality is included in Note 18 Payables from exchange transactions.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

The municipality retaining 30% on the revenue Collected from water Services and Sanitation for the duration of the Contract. 70% of the revenue collected and to be collected from water services and sanitation shall be paid over to the district. (CDM) for the duration of the contract. The rights ,duties and obligation of the parties in terms of the agreement are limited to the provision of water and annually services. The scope of the agreement is limited to the water service areas , all the assets regarding the Provision of water are owned and maintained by the district CDM

43.2 Department of Transport and Community Safety

- The Municipality is involved in an agency relationship with Department of Transport and community safety for the issuing of licenses.
- The Municipality retain 20% Commission on licencing motor vehicles,100% on :MTN and Temporary/Special Permits,Licence Number for Motor Vechile,Roadworthiness Certificate,Drivers Licence Card,Driving License, Professional Driving Permit, Learner's License, Registration/Licencing of a Vehicle and Duplicate TRN and BRNC and 80% is being transffered to the Department of Road and Transport and community safety on monthly basis.Traffic Fine revenue is control and 100% earned by the municipality.

Department of Transport and Community Safety

	2024	2023
No Resources (assets/liabilities recognise by the municipality that are held /incurred on behalf of the principal		
Revenue recognised as compensation for the transactions carried out on behalf of the principal	4 855 114	4 362 599
Revenue received or to be received on behalf of the principal	6 574 716	6 491 263
Receivables held on behalf of the principal		
No Receivables held on behalf of the principal	-	-
Opening Balance	522 780	551 887
Expenses incurred	324 430	522 780
Cash Paid	(522 780)	(551 887)
Closing balance	324 430	522 780

The amount due to the Department of Transport and Community Safety is included in Note 18 Payables from exchange transactions.

43.3 Five Star Trading T/A Auction SA

	2024	2023
No resources (assets /liabilities recognise by the municipality that are held /incurred on behalf of the principal)	-	-
Revenue recognised as compensation for the transactions carried out on behalf of the principal	-	967 901
Revenue received or to be received on behalf of the principal		(967 901)
Opening Balance	-	-
Expenses incurred	-	96 838
Cash paid	-	(96 838)
Closing Balance	-	-

Five Star Trading T/ Auction SA

- During the 2022/23 financial year the muncipality appointed Five Star Trading T/A Auction SA for the provision of auctioneering services for a commission of 8.7%. The auction took place at Mogwadi Technical Yard on the 15th of November 2022.

43.4 ONTEC

There are no resources under the custodianship of the agent, nor have they been recognised as such.Consequently ,there will be no cost implications in the event of termination of the agreement.

	2024	2023
Fees paid as commission to agent.	616 668	616 668

This note has been restated to include the figures of the prior year.

ONTEC

- The municipality is involved in an agency relationship with ONTEC (Pty)Ltd where the municipality acts as the principal.
- Molemole municipality appointed ONTEC (Pty)Ltd for vending of prepaid electricity to its Customers (third party) on its behalf.
- ONTEC (Pty)Ltd is entitled to R59 097.35 (incl Vat) for the collection of revenue through their vending system.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

43. Related Parties

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers/residents

Compensation to accounting officer and other key management

	2024	2023
Remuneration	18 212 441	19 631 365
	18 212 441	**19 631 365**

Key management information

Remuneration of Municipal Manager		
Annual Remuneration	984 021	458 534
Motor car, Housing and other Allowances	500 653	220 572
Bonus	78 944	-
	-	
	1 563 618	**679 106**

Remuneration of Chief Financial Officer	-	-
Annual Remuneration	652 286	738 796
Motor car, Housing and other Allowances	314 349	349 433
Acting: Municipal Manager	-	51 339
Acting :AS Nkalanga	15 000	-
Leave Payout	131 094	-
Performance Bonuses	59 246	57 353
	1 171 975	**1 196 921**

2024

Remuneration of Individual Executive Directors	**Local Economic Development**	**Technical Services**	**Corporate Services**	**Community Services**
Annual Remuneration	729 598	-	-	111 416
Acting Allowance:Techical Manager	-	67 500	-	-
Performance and other bonuses	59 246	-	-	-
Motor car, Housing and other Allowances	354 810	-	-	79 475
Leave Payout	-	-	-	139 059
Acting Allowance:Corporate Service	-	-	60 000	-
Acting Allowance:Community Manager	-	-	-	52 500
	1 143 654	**67 500**	**60 000**	**382 450**

2023

Remuneration of Individual Executive Directors	**Local Economic Development**	**Technical Services**	**Corporate Services**	**Community Services**
Annual Remuneration	778 796	605 489	414 235	796 973
Motor car, Housing and other Allowances	349 433	263 109	136 430	349 433
Performance and other bonuses	58 176	-	52 689	-
Acting Allowance: Corporate Services	-	-	21 264	-
Leave Payout	-	137 882	140 851	-
	1 186 405	**1 006 480**	**765 469**	**1 146 406**

2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Remuneration of Councillors		
Mayor (ME Paya) Remuneration,pension,cellphone allowance and housing allowance	966 642	
Chief Whip (EM Rathaha) Remuneration,pension,cellphone allowance and housing allowance	431 901	
Speaker (D Matlou) Remuneration,pension,cellphone allowance and housing allowance	783 108	
Councillors Allowance and remuneration	11 641 593	
	13 823 244	

Related party per Councillor	Basic Salary	Allowances	Total 2024
ME Paya (Mayor)	690 284	276 358	966 642
D Matlou (Speaker)	552 228	230 880	783 108
EM Rathaha (Chief Whip)	288 823	143 078	431 901
PT Rathete (MPAC)	507 313	215 908	723 221
SR Nakana (MPAC)	280 343	140 251	420 594
ML Moabelo (Exco)	517 715	219 375	737 090
NF Rampyapedi (Exco)	517 715	219 375	737 090
SW Mafona (Exco)	288 823	143 078	431 901
MO Motolla (Exco)	288 823	143 078	431 901
BM Hlapa (Exco)	517 715	219 375	737 090
MC Matjee	218 450	119 620	338 070
MP Makgato	208 868	114 364	323 232
PS Masoga	218 450	119 620	338 070
ME Ramarutha	218 450	119 620	338 070
MS Machaka	218 450	119 620	338 070
MY Senamolela	218 450	119 620	338 070
NG Sekgota	218 450	119 620	338 070
TM Mapholletja	218 450	119 620	338 070
MJ Poopedi	218 450	119 620	338 070
MM Selabe	218 450	119 620	338 070
MV Ramusi	218 450	119 620	338 070
MC Nong	218 450	119 620	338 070
MS Ngobene	218 450	119 620	338 070
SP Chepape	230 586	107 483	338 069
TG Malebana	218 450	119 620	338 070
ME Rahlana	218 450	119 620	338 070
RI Mabitsela	218 450	119 620	338 070
TO Kgopane	218 450	119 620	338 070
MS Letlalo	218 450	119 620	338 070
ME Machethe	218 450	119 620	338 070
GM Modiba	218 450	119 620	338 070
MJ Kubyana	218 450	119 620	338 070
	9 258 236	**4 565 003**	**13 823 244**

2023

Remuneration of Councillors		
Mayor (ME Paya) Remuneration,pension,cellphone allowance and housing allowance	-	967 384
Chief Whip (EM Rathaha) Remuneration,pension,cellphone allowance and housing allowance	-	432 102
Speaker (D Matlou) Remuneration,pension,cellphone allowance and housing allowance	-	783 308
Councillors Allowance and remuneration	-	11 467 784
	-	**13 650 578**

Related party per Councillor	Basic Salary	Allowances	Total 2023
ME Paya (Mayor)	690 284	277 100	967 384
D Matlou (Speaker)	552 228	231 080	783 308
EM Rathaha (Chief Whip)	288 823	143 279	432 102
PT Rathete (MPAC)	361 539	167 518	529 057
SR Nakana (MPAC)	280 343	140 452	420 795
ML Moabelo (Exco)	517 694	219 575	737 269

Notes to the Annual Financial Statements

Figures in Rand		2024	2023
NF Rampyapedi (Exco)	517 694	219 575	737 269
SW Mafona (Exco)	288 802	143 278	432 080
MO Motolla (Exco)	288 802	143 278	432 080
BM Hlapa (Exco)	517 694	219 575	737 269
MC Matjee	218 450	119 821	338 271
MP Makgato	218 450	119 821	338 271
PS Masoga	218 450	119 821	338 271
ME Ramarutha	218 450	119 821	338 271
MS Machaka	218 450	119 821	338 271
MY Senamolela	218 450	119 821	338 271
NG Sekgota	218 450	119 821	338 271
TM Mapholletja	218 450	119 821	338 271
MJ Poopedi	218 450	119 821	338 271
MM Selabe	218 450	119 821	338 271
MV Ramusi	218 450	119 821	338 271
MC Nong	218 450	119 821	338 271
MS Ngobene	218 450	119 821	338 271
SP Chepape	291 266	47 004	338 270
TG Malebana	218 450	119 821	338 271
ME Rahlana	218 450	119 821	338 271
RI Mabitsela	218 450	119 821	338 271
TO Kgopane	218 450	119 821	338 271
MS Letlalo	218 450	119 821	338 271
ME Machethe	259 371	78 899	338 270
GM Modiba	218 450	119 821	338 271
MJ Kubyana	218 450	119 821	338 271
	9 223 540	**4 427 033**	**13 650 578**

44. Budget vs Actual comparison variances explanations above 5% and budget adjustment reasons

44.1 Service Charges - Sale of Electricity

Budget Variances above 5%

The Municipality has initially budgeted considering the new licence obtaiined for the Fatima settlement ,however there has been a delay to energise the area which has affected the actual sales.

44.2 Service Charges - Refuse Removal

Budget Variances above 5%.

The municipality initially budgeted considering the upcoming Township establishment, however an expected increase on household was not realised due to the delayed proclamation of township.

44.3 Rental of facillties and equipment

Budget Variances above 5%.

The total amount of rental of properties was received in the current financial year inclusive of the escalation amount which was not included on the initial budget amount.

44.4 Interest Income debtors - Exchange

Budget Variances above 5%.

Interest levied to customers has reduced due to service being converted to prepaid customers.

44.5 Commision Received

Budget Variances above 5%

The billing of water was is xcontinued to the implementation of water pre-payment meters which were installed by the District replacing the conventional meter, which then resulted in a decrease in the agency services as we were billing on their behalf.

44.6 Licences and permits

Budget Variances above 5%

Continuous breakdown on the licencing and permits equipment led to non-performance and delayed response from the Department of transport to fix the machines. No Business registration applications were received in the year under review. Only Roadshows , awareness , ward based consultations were conducted to the community.

44.7 Other Income

Budget Variances above 5%

The operating revenue includes the amount of actuarial gain as per the actuarial report

44.8 Interest received - external investment

Budget Variances above 5%

There is good performance on interest earned on investment as a result of excess cash invested.

44.9 Property Rates

Budget Variances above 5%

The Municipality anticipated the increase in the number of properties due to the availabilty of stand to be sold by the Municipality and the plan was not realised due to the finalisation of the stands readiness procedures. ..

44.10 Interest Received Debtors -Non Exchange

Budget Variances above 5%

Interest levied to customers has reduced due to service being converted to prepaid customers..

44.11 Transfer revenue :Government grants and subsidies

Budget Variances below 5%

The unspent portion is in respect of the INEP grant that was reclassified to Construction revenue for an amount of R18 789 527

44.12 Traffic Fines ,penalties and forfeits

Budget Variances above 5%

Due to budget constraints on the fleet management, roadblocks could not be held in the fourth quarter, hence fines not fully achieved

44.13 Employee Related Cost

Budget Variances below 5%

The unauthorized expenditure is in respect to Grap 25 for Employee Benefit that requires that past service cost be disclosed separately which were not initially budgeted for. The amount is as per the actuarial report as at 30 June 2024.

44.14 Remuneration of Councillors

Budget Variances below 5%

The municipality did not receive the Upperlimits of councillors for the annual increases.

44.15 Depreciation and ammoritisation

Budget Variances above 5%

No material variance.

44.16 Finance Cost

Budget Variances above 5%

No material Variance

44.17 Debt Impairment

Budget Variances above 5%

The variance is as a result of an increase debtors,even though the government debt is paid.However the municipality is still struggling with private owned properties like farmers who does not pay their account hence an increase in the provision . During the current financial year audit the municipality had difference analysis regarding the implementation of GRAP 108.21 which lead the municipality to include the goverment debt impairment.

44.18 Bad Debts Written off

Budget Variances above 5%

Budget included under Debt Impairment

44.19 Bulk Purchases

Budget Variances above 5%

- The municipality initially budgeted for bulk purchases with guidance from National Treasury Circular 123, where we made an increase of 5.4% based on the CPI from the previous year's budget, however actual expenditure for the 2023/24 financial year as compared to the 2022/23 financial year has increased by 13%, which led to the unauthorized expenditure. Also take note that in the year under review the load shedding has reduced in the fourth quarter, hence an increase in the demand for electricity as compared to the previous year.

44.20 Contracted Services
Budgeted Variances above 5%
No material variances.

44.21 General Expenditure
Budget Variances above 5%
The municipality savings on operational costs.

44.22 Loss on disposal of assets and liabilities
Budget Variances above 5%
No material variance.

44.23 Total Current Assets
Budget Variances above 5%
No material variance.

44.24 Total Non Current Assets
Budget Variances below 5%
No material Variance.

44.25 Total Current Liability
Budget Variances above 5%
The major impact of underspending is the result that the municipality is budgeting inclusive of vat.

44.26 Total Non Current Liability
Budget Variances above 5%
No material variance. .

44.27 Revaluation Reserve
Budget Variances above 5%
No Material Variance.

44.28 Accumulated Surplus
Budget Variances below 5%
No Material Variance.

Cash Flow Statement

44.29 Net Cash used from operating
Budget Variances above 5%
There is good performance on interest earned on investment as a result of excess cash invested

44.30 Net Cash used from Investing
Budget Variances above 5%
During the budget the municipality budgeted based on the previous year performance.

45. Segment information

General information

Identification of Segments

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

The grouping of these segment is consistent with the functional classification of governments activities which considers the nature of the services , the beneficiaries of such services and the fees charged for the services rendered.

The municipality operates in the Limpopo Province.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

Types of goods and /or services by segment.

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

Reportable Segment	Goods and or/services
Governance and administration	Executive and Council,Finance and administration and Internal audit
Community and Public Safety	Community and social services,Sport and recreation and Public Safety
Economic and environmental services	Planning and development,Road transport and Environmental protection
Trading Services	Energy sources,Water Management,Waste water management and Waste Management

Segment surplus or deficit assets and liabilities

2024	Community and Public Safety	Economic and environmental services	Governance and administration	Trading Services	Total
Revenue	-	-	-	-	-
Service Charges	2 993 588	-	-	10 277 583	13 271 171
Rental of facillites and equipment	223 210	40 312	-	-	263 522
Interest Income	424 211	-	301 492	173 924	899 627
Commision Received	-	-	-	709 102	709 102
Licences and permits	4 855 114	-	-	-	4 855 114
Other Income	19 349	47 588	1 302 087	31 625	1 400 649
Interest Income	-	-	12 651 194	-	12 651 194
Property Rates	-	-	28 784 932	-	28 784 932
Interest debtors -non exchange	-	-	1 142 945	-	1 142 945
Government grants and Subsidies	1 216 608	-	180 461 496	85 155 678	266 833 782
Fines , Penalties and Forfeits	370 778	-	-	-	370 778
Total Revenue	**10 102 858**	**87 900**	**224 644 146**	**96 347 912**	**331 182 816**

	Community and public Safety	Economic and environmental services	Governance and administration	Trading services	Total
Expenditure	-	-	-	-	-
Employee Related Cost	(31 831 010)	(6 398 402)	(56 752 364)	(19 494 047)	(114 475 823)
Remuneration of Councillors	-	-	(13 823 244)	-	(13 823 244)
Depreciation and Impairment of assets	(1 946 718)	(790 213)	(1 464 748)	(15 592 893)	(19 794 572)
Finance Cost	-	-	(2 070 009)	-	(2 070 009)
Debt Impairment	-	-	(18 251 076)	-	(18 251 076)
Bad Debt written off	-	-	-	(78 304)	(78 304)
Bulk Purchases	-	-	-	(14 156 808)	(14 156 808)
Contracted Services	(1 302 471)	(2 880 804)	(26 967 349)	(26 206 365)	(57 356 989)
Loss on disposal of assets and liabilities	-	-	(77 740)	(432 215)	(509 955)
General Expenditure	(3 434 786)	(560 480)	(24 871 703)	(5 592 492)	(34 459 461)
Total Expenditure	**(38 514 985)**	**(10 629 899)**	**(144 278 233)**	**(81 553 124)**	**(274 976 241)**

Total segmental surplus/(deficit)					**56 206 575**

	Community and public safety	Economic and Environmental services	Governance and administration	Trading Services	Total

Notes to the Annual Financial Statements

Figures in Rand				2024	2023
Assets	-	-	-	-	-
Inventories	-	-	823 162	(667 160)	156 002
Receivable from exchange transactions	1 757 633	-	645 252	425 016	2 827 901
Receivable from Non Exchange	-	-	10 963 889	-	10 963 889
Vat Receivable	(1 305 364)	-	8 533 775	(746 483)	6 481 928
Cash and cash equivalent	-	-	-	140 341 016	140 341 016
Property Plant and equipment	64 382 725	(386 455)	53 191 343	301 838 423	419 026 036
Intangible Assets	5 008	50 517	488 695	19 912	564 132
Heritage Assets	-	-	408 500	-	408 500
Investment Property	290 000	(43 422)	1 237 668	(25 000)	1 459 246
Total Assets	**65 130 002**	**(379 360)**	**76 292 284**	**441 185 724**	**582 228 650**

	Community and Public safety	Economic and Environmental services	Governance and administration	Trading Services	Total
Liabilities	-	-	-	-	-
Payables from exchange transactions	-	-	-	(28 530 675)	(28 530 675)
Consumer Deposits	-	-	(501 449)	(7 677)	(509 126)
Unspent conditional grants and receipts	-	-	-	(1 260 124)	(1 260 124)
Other Liability	-	-	(71 967)	-	(71 967)
Current Employee Benefits	(2 835 469)	(653 190)	(6 125 225)	(1 973 664)	(11 587 548)
Provisions	(28 359 025)	-	(7 930 999)	-	(36 290 024)
Non Current Employee Benefits	-	-	(13 115 000)	-	(13 115 000)
Total Liabilities	**(31 194 494)**	**(653 190)**	**(27 744 640)**	**(31 772 140)**	**(91 364 464)**

2023	Community and Public Safety	Economic and enviromental services	Governance and administration	Trading Services	Total
Revenue	-	-	-	-	-
Service Charges	2 522 930	-	-	8 920 193	11 443 123
Rental of facilites and equipment	221 867	40 312	-	-	262 179
Interest Income	331 103	-	34 387	159 008	524 498
Commission Recieved	-	-	-	709 857	709 857
Licences and permits	4 362 599	-	-	-	4 362 599
Other Income	22 121	16 182	2 677 999	142 257	2 858 559
Interest Income Investment	-	-	-	8 167 646	8 167 646
Property Rates	-	-	32 723 525	-	32 723 525
Interest Income Debtors-Non Exchange	-	-	805 983	-	805 983
Government Grants and Subsidies	1 395 656	-	171 355 203	42 335 090	215 085 949
Fines, Penalties and forfeits	791 298	-	-	13 094	804 392
Public Contributions and Donations	1 893 738	-	-	-	1 893 738
Total Revenue	**11 541 312**	**56 494**	**207 597 097**	**60 447 145**	**279 642 048**

	Community and public Safety	Economic and environmental services	Governance and administration	Trading services	Total
Expenditure	-	-	-	-	-
Employee Related Cost	(31 095 339)	(6 586 360)	(47 472 499)	(18 183 546)	(103 337 744)
Remuneration of Councillors	-	-	-	(13 650 571)	(13 650 571)
Depreciation and Impairment of Assets	(2 702 505)	(67 497)	(3 412 679)	(12 404 291)	(18 586 972)
Finance Cost	-	(2 467 970)	-	-	(2 467 970)
Debt Impairment	-	-	(9 915 809)	-	(9 915 809)
Bad Debt written off	-	-	-	(499 020)	(499 020)
Bulk Purchases	-	-	-	(12 338 029)	(12 338 029)
Contracted Services	(751 326)	(1 138 940)	(20 032 665)	(15 970 484)	(37 893 415)
Loss on disposal of assets and liabilities	(207 963)	-	(79 986)	(26 508)	(314 457)
General Expenditure'	(2 806 943)	(716 857)	(33 648 490)	(8 775 503)	(45 947 793)
Total Expenditure	**(37 564 076)**	**(10 977 624)**	**(114 562 128)**	**(81 847 952)**	**(244 951 780)**
Total segmental surplus/(deficit)					**34 690 268**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

	Community and Public Safety	Economic and Environmental Services	Governance and administration	Trading Services	Total
Assets	-	-	-	-	-
Inventories	-	-	883 468	(722 975)	160 493
Receivables from exchange transactions	2 887 210	-	93 444	231 615	3 212 269
Receivable from Non Exchange Transactions	-	-	12 692 804	-	12 692 804
Vat Receivable	(921 861)	-	10 612 671	(572 827)	9 117 983
Cash and Cash equivalents	-	-	-	112 262 025	112 262 025
Property Plant and equipment	62 340 654	342 799	50 932 393	260 669 309	374 285 155
Intangible Assets	8 294	58 344	640 613	25 980	733 231
Heritage Assets	-	-	406 995	-	406 995
Investment Property	290 000	-	1 237 668	(25 000)	1 502 668
Total Assets	**64 604 297**	**401 143**	**77 500 056**	**371 868 127**	**514 373 623**

	Community and public safety	Economic and Environmental services	Governance and administration	Trading Services	Total
Liabilities	-	-	-	-	-
Payables from exchange transactions	-	-	-	(20 594 587)	(20 594 587)
Consumer deposits	-	-	(501 449)	(7 677)	(509 126)
Unspent conditional grants and receipts	-	-	(195 020)	(4 567 500)	(4 762 520)
Other Liability	-	-	(124 089)	-	(124 089)
Current Employee Benefits	(10 802 876)	-	-	-	(10 802 876)
Non Current Employee Benefits	-	-	(11 791 000)	-	(11 791 000)
Provisions	(26 810 415)	-	(4 322 925)	-	(31 133 340)
Total Liabilities	**(37 613 291)**	-	**(16 934 483)**	**(25 169 764)**	**(79 717 538)**

This note has been restated.

46. Cash generated from operations

	2024	2023
Surplus for the year	56 206 575	34 690 268
Adjustments for:		
Depreciation, amortisation and impairment	19 794 572	18 586 972
(Gain) / loss on sale of assets and liabilities	509 955	314 457
Public Contributions and donations	-	(1 893 738)
Movements in non current provisions and retirement benefit liabilities	6 982 598	2 473 578
Movements in current provisions and retirement benefits	784 672	257 078
Changes in working capital:		
Inventories	4 492	386 413
Receivables from exchange transactions	384 368	(140 291)
Other receivables from non-exchange transactions	1 728 915	(1 272 088)
Payables from exchange transactions	7 936 088	2 437 341
VAT	2 636 056	972 833
Unspent conditional grants and receipts	(3 502 396)	1 914 974
Other liability	(52 122)	(1 299 310)
	93 413 773	**57 428 489**

47. Cashflow Statement Receipts - Sale of goods and services

	2024	2023
Service Charges - Electricity	10 277 583	8 920 193
Service Charges - Refuse removal	2 993 588	2 522 930
Interest Income - Outstanding debtors non exchange	1 142 945	805 983
Interest Income - Outstanding debtors	899 627	524 498
Commission Received	709 102	709 857
Property Rates	28 784 932	32 723 525
Traffic Fines, penalties and forfeits	370 778	804 392
Rental of facilities and equipment	263 522	262 179
Licenses and permits	4 855 114	4 362 599

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Other Income	1 400 649	2 858 559
Movement in receivables from exchange transactions	384 368	(140 291)
Movement in receivables from non exchange transactions	1 728 915	(1 272 087)
Provision for Bad Debts	(18 329 380)	(10 414 829)
	35 481 743	**42 667 508**

48. Cashflow Statement Receipts - Grants

	2024	2023
Government grants and subsidies	266 833 782	215 085 949
Movement in Government grants and subsidies	(3 502 396)	1 847 474
	263 331 386	**216 933 423**

49. Cashflow Statement Payment -Suppliers

	2024	2023
Bulk Purchases	(14 156 808)	(12 338 029)
Contracted services	(57 356 989)	(37 893 415)
General Expenses	(34 459 461)	(45 947 793)
Movements in Payables from exchange transactions	7 936 088	2 437 341
Movements in VAT receivable	2 636 056	972 833
Movements in Other current liability	(52 122)	(1 299 310)
Movement in Employee Benefit - Current	784 672	257 078
Movement in Employee Benefit - Non Current	1 324 000	(48 000)
Movement in Provisions - Non current	5 658 597	2 521 578
Movement in Inventories	4 490	386 414
	(87 681 477)	**(90 951 303)**

50. Employee Related Cost

	2024	2023
Employee related costs	(114 475 823)	(103 337 744)
Remuneration of councillors	(13 823 244)	(13 650 571)
	(128 299 067)	**(116 988 315)**

51. Financial instruments disclosure

Categories of financial instruments

Financial Assets	Classification	2024	2023
Consumer Debtors			
Receivables from exchange transactions	Financial instruments at amortised cost	2 827 901	3 212 269
Receivables from non-exchange transactions	Financial instruments at amortised cost	10 963 889	12 692 804
Cash and cash equivalents	Financial instruments at amortised cost	140 341 016	112 262 025
Bank Balances and Cash			
Summary of Financial Assets	-	**154 132 806**	**128 167 098**

Financial Liability	Classification	2024	2023
Long-term Liabilities			
Payables from exchange transactions			
Payables	Financial instruments at amortised cost	28 530 675	20 594 587
Current Portion of Long-term Liabilities			

52. Profit/(Loss) on disposal of Assets

	2024	2023
(Profit) / Loss on write-off of council assets as per council resolution	509 955	314 457

53. Commitments

Capital Commitments

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Already contracted for but not provided for		
• Roads	1 679 301	20 730 224
• Electricity	20 000	20 000
• Solid Waste Infrastructure	1 682 876	-
• Information and communication Infrastructure	1 982 577	-
	5 364 754	**20 750 224**
This expenditure will be financed from:		
• Government grants	5 364 754	20 750 224
	5 364 754	**20 750 224**

Operating Commitments

Already contracted for but not provided for		
• Operating Expenditure	4 540 360	1 383 361
	4 540 360	**1 383 361**
Not yet contracted for and authorised by accounting officer		
• Operating Expenditure	4 540 360	1 383 361
	4 540 360	**1 383 361**

Total commitments

Capital Commitments	5 364 754	20 750 224
Operating Commitments	4 540 360	1 381 361
	9 905 114	**22 131 585**

Included in Operating Commitments is the following:		
Operating Lease printers	-	538 200

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	-	538 200
	-	**538 200**

Operating lease payments include rentals payable by the municipality for printing machines . Lease period is for a term of three years there is no escalation annually over the lease term. No Contingent rent is payable. The lease period expired on 30 June 2024 and is on a month to month contract from 1 July 2024 for a three month period.

54. Contingencies

Contingent Liability	7 664 748	2 678 304
Contingent Asset	1 270 100	1 096 868

For more information see supplementary schedule 2 attached

55. Change in estimate

Property, plant and equipment

The useful lives of all asset classes were adjusted during 2023/2024 to more accurately reflect the period of economic benefits or service potential derived from these assets.Refer to note 4.The effect of changing the remaining useful life of assets for the Municipality during 2023/2024 has decreased the depreciation charge for the current by R1 872 798.30 and future periods.It is impracticable to estimate the effect of these changes on future periods.

56. Changes in accounting policy

There are no changes in Accounting policy

57. Prior period errors

The correction of the error(s) results in adjustments as follows:
Accumulated Surplus 2022
- An amount of R1 198 402.56 paid for Performance Bonus paid in June 2023 iro of June 2022 now corrected
- Regcognition of Highmast lights that was not previously on Asset Register of Molemole.
- An amount that was not previously accounted for in Salary suspense now corrected.
- Regcognition of Land that was not previously on the Asset Register of Molemole.
- Recognition of Goverment Debt Impairment that was not previsously impaired now corrected.

Statement of Financial Position 2023
Payables from exchange transactions
- Invoices for legal fees for services renderd in 2023 was received and captured in the respective year this has resulted in a restatement .
- Invoices for travel and accommodation was received in 2024 in respect of services rendered in June 2023 financial year this has resulted in a restatement.
- Invoice for an amount of R 384 496.07 was not previously raised as an Accrual now corrected.
- An amount paid for performance bonus paid in respect of June 2023 not accrued for now corrected.
- An Amount previously classified as Loss on transfer of Asset now to Contracted Services.
- Reclassification from Unspent conditional grant and receipts to Payments received in Advance
- An amount for laptop allowance not previously accounted for now corrected
- Correction of IEC and Department of Health rental amount balance raised in previous financial years now corrected.
- Invoice for Telkom not previously accounted for now corrected .

VAT
- Invoices for legal fees for services rendererd in 2023 was received and captured in the respective year this has resulted in a restatement .
- Invoices for travel and accommodation was received in 2024 in respect of services rendered in June 2023 financial year this has resulted in a restatement

Property Plant and Equipment
- Invoice for an amount of R 384 496.07 was not previously raised as an Accrual now corrected.
- Recognition of Land that was not previously in the asset register of the municipality
- Reclasificaton done in respect of prior year .

Receivables from Non-exchange transactions
- An amount overcharged on XLP not previously raised as a debtor now corrected.
- An overpayment made for license disk now corrected
- Goverment debt not previously impaired now corrected

Receivables from exchange transactions
- Impairment of Exchange debtors incorrectly impaired now corrected
- An amount that was not previously accounted for in Salary suspense now corrected.

Statement of Financial Performance
Contracted Services.
- Invoices for legal fees for services rendered in 2023 was received and captured in the respective year this has resulted in a restatement
- Reclassification of Loss on Transfer of Asset to Contracted Services

General Expenses
- Invoices for travel and accommodation was received in 2024 in respect of services rendered in June 2023 financial year this has resulted in a restatement
- An amount from XLP that was overcharged now corrected.
- An overpayment made for license disk now corrected

Employee Related Cost
- An amount paid for performance bonus paid in respect of June 2023 not accrued for now corrected.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

- An amount not previously accounted for not corrected Depreciation

Debt Impairment

- Recognition of Goverment Debtors not previously impaired now corrected.

Statement of Financial Position 2022

Accumulated Surplus 2022	
Balance previously reported	391 538 444
Performance Bonus of employees paid in June 2023 in respect of June 2022	(1 198 403)
Capitalizing of Highmast lights that was not previously included in the Fixed Asset Register	1 279 194
Salary expenditure that was not previously accounted now corrected	29 734
An overpayment made for license disk now corrected	3 075
Correction of error- Correction of 70% water transactions which was not taken into account in previous financial years	(29 549)
Correction of IEC and Department of Health rental amount incorrectly raised as a debtor now corrected	(274 808)
Reclassification of Inep Expenditure related to 2022	(6 420 485)
Recognition of Land that was not previously in the Asset Register that belongs to the Municipality	15 532 250
Recogniton of impairment of Goverment Debt for 2021/2022 that was not previously recognised now corrected	(48 227 481)
Restated Balance	352 231 971

Statement of Financial Position 2023

Description	Note Nr	Balance as previously presented	Prior period error	Reclassified	Restated balance
Current Assets					
Receivables from exchange transactions	9	6 380 640	(3 168 371)	-	3 212 269
Receivables from non-exchange transactions	10	65 574 138	(52 881 334)	-	12 692 804
VAT receivable	11	9 075 625	42 358	-	9 117 983
Non-Current Assets					
Property, plant and equipment	4	357 089 215	17 195 939	-	374 285 154
Current Liabilities					
Payables from exchange transactions	18	(19 421 871)	(1 172 717)	-	(20 594 587)
Other current liability	16	(153 823)	29 734	-	(124 089)
Accumulated surplus	-	426 876 633	(39 954 394)	-	386 922 239

Statement of Financial Position 2023

Accumulated Surplus	
Balance previously reported	426 876 633
Performance Bonus of employees paid in June 2023 in respect of June 2022	1 198 403
Performance Bonus of employees paid in June 2023 in respect of June 2022	(1 198 403)
Legal Cost paid in June 2024 in respect of June 2023 now corrected	(352 882)
Legal Cost paid in June 2023 in respect of June 2022 now corrected	295 933
Travel and accommodation paid in June 2024 in respect of June 2023 now corrected	(236 633)
Capitallizing of Highmast lights that was not previously included in the Fixed Asset Register	1 279 194
Adjustment made in respect of Change in Estimate	1 351 526
An amount not previously accounted for in Salary suspense now corrected	29 734
Overcharge on XLP now corrected	9 551
An overpayment made for license disk now corrected i.r.o 2022&21	3 075
An overpayment made for license disk now corrected i.r.o 2023	476
Performance Bonus of employees paid in June 2024 in respect of June 2023	(433 928)
Amount for laptop allowance not previously accounted for now corrected	(13 077)
Telkom expenditure not previously accounted for now corrected	(2 640)
Correction of CDM Water transaction	-
Correction of IEC and Department of Health rental amount incorrectly raised as a debtor now corrected	(274 808)
Recogniton of Land that was not previously in the Asset Register that belongs to the Municipality	15 532 250
An amount not previously accounted for now corrected	(2 639)
Correction of CDM water debtor.	(29 549)
Restated Balance	444 032 216

Receivable from exchange transactions-Note 9

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Balance previously reported		6 380 640
Provision of doubtfull movement		(274 808)
Correction of CDM water debtor		(29 549)
Amount previously incorrectly impaired now corrected		(2 864 014)
Restated Balance		3 212 269
		-
Vat Receivable-Note 11		
Balance previously reported		9 075 625
Legal Cost not previously accounted for now corrected		27 979
Travel and accommodation paid in June 2024 in respect of June 2023 now corrected		13 983
Invoice for Telkom not previously accounted for now corrected		396
Restated Balance		9 117 983
Receivables from non-exchange transactions-Note 10		
Balance previously reported		65 574 138
An amount overcharged on XLP not previously raised as a debtor now corrected.		9 551
An overpayment made on licence disk		3 551
An amount for Goverment debt not previously impaired now corrected		(52 894 436)
Restated Balance		12 692 804
Property Plant and Equipment-Note 4		
Balance previously reported		357 089 215
Capitilizing of Culverts that was not previously accounted for		384 496
Capitilizing of Highmast lights that was not previously included in the Fixed Asset Register		1 279 194
Incorrect reclasification of property plant and equipment now corrected		
Land		1 260 350
Building		1 201 180
Infrastructure		(1 260 350)
Building		927 262
Other Property plant and equipment		(2 128 442)
Recognition of land that was not previously in the Asset Register that belongs to the Municipality		15 532 250
Restated Balance		374 285 154
Payables from exchange transactions - Note 18		
Balance previously reported		19 421 871
An of R384 496 not previously listed as an Accrual now accounted for		384 496
Invoice for Legal fees paid in June 2024 in respect of June 2023 now corrected		403 111
Invoice for travel and accomodation not accounted for in June 2023 financial year now corrected		250 615
An amount paid for performance bonus paid in respect of June 2023 not accrued for now corrected.		433 928
Invoice for Legal fees paid in June 2023 inrespect of June 2022 now corrected		(318 183)
Invoice for Telkom that was not previously accounted for now corrected		3 036
Amount paid for laptop allowance not previously raised as a creditor now corrected		13 077
An amount not previously accrued now corrected		2 637
Restated Balance		20 662 088
Other current Liabilities - .Note 16		
Balance previously reported		(153 823)
An amount that was not previously accounted for in Salary suspense now corrected.		29 734
Restated Balance		(124 089)

Statement of Financial Performance 2023

Description	Note nr	Balance as previously presented	Prior period error	Reclassified	Restated balance
Expenditure					
Contracted Services	40	(35 622 603)	278 130	(2 213 863)	(37 893 415)
Debt Impairment	38	(2 384 839)	(7 530 970)	-	(9 915 809)
General Expenses	42	(45 718 548)	(229 245)	-	(45 947 793)
Employee Related Cost	33	(104 086 502)	748 758	-	(103 337 744)
Loss on Transfer to Eskom	-	(2 213 863)	-	2 213 863	-
		-	-	-	-

Contracted Services -Note 40

Balance previously reported		(35 622 603)

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Invoice for Legal fees paid in June 2024 in respect of June 2023 now corrected		(352 882)
Legal Cost paid in June 2023 in respect of June 2022 now corrected		295 933
Reclasification of Loss on transfer of Asset to Contracted Services		(2 213 863)
Restated Balance		(37 893 415)

General Expenses- Note 42

Balance previously reported	(45 718 548)
Invoice for travel and accomodation not accounted for in June 2023 financial year now corrected	(236 632)
Invoice for Telkom not previously accounted for now corrected	(2 640)
Overcharge on XLP now corrected	9 551
An overpayment made for license disk now corrected i.r.o 2023	476
Restated Balance	(45 947 793)

Employee Related Cost -Note 33

Balance previously reported	(104 086 502)
Performance Bonus of employees paid in June 2023 in respect of June 2022	1 198 403
An amount paid for performance bonus paid in respect of June 2023 not accrued for now corrected.	(433 928)
An amount for laptop allowance not previously accounted for now corrected	(13 077)
An amount not accrued for now corrected	(2 637)
Restated Balance	(103 337 744)
	-

Loss on Transfer of Asset

Balance previously reported	(2 213 863)
Reclasification of Loss on transfer of Asset to Contracted Services	2 213 863
Restated Balance -	-

Debt Impairment-Note -38

Balance previously reported	(2 384 839)
Amount not previously included now corrected	(7 530 969)
Restated Balance -	(9 915 809)

Depreciation- Note 36

Balance previously reported	(18 586 972)
Depreciation on assets restated in respect of Change in Estimate	208 863
Restated Balance	(18 378 109)

Cash Flow Statement 2023

Description		**Balance as previously presented**	**Prior period error**	**Reclassified**	**Restated balance**
Receipts					
Sale of Goods and services	47	42 677 548	(10 044)	-	42 667 508
			-	-	
Payments					
Employee and Councillor Cost	50	(117 737 073)	748 758	-	(116 988 315)
Suppliers	49	(90 597 065)	354 238	-	(90 951 303)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(50 960 911)	(384 496)	-	(51 345 407)

Sale of Goods and services-Note 47

Balance previously reported	42 677 548
Invoice for overcharge on XLP now corrected	(9 555)
An overpayment for license disk now corrected iro 2023	(476)
An amount adjusted for impairment in respect to Consumber debtors -Services	2 507 694
An amount adjusted for impairment in respect to Consumber debtors -Services	6 378 208
An amount adjusted in for impairment in respect of Debtors now corrected	(8 589 805)
Restated Balance -	42 963 617
	-

Employee Related Cost and Councilor Cost -Note 50

Balance previously reported	(117 737 073)
Performance Bonus of employees paid in June 2023 in respect of June 2022	1 198 403
An amount paid for performance bonus paid in respect of June 2023 not accrued for now corrected.	(433 928)
An amount for laptop allowance not previously accounted for now corrected	(13 077)

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
An amount not accrued for now corrected		(2 637)
Restated Balance		(116 988 312)
Property plant and equipment-Note 4		
Balance previously reported		(50 960 911)
Capitalizing of Culverts that was not previously accounted for		(384 496)
Restated Balance		(51 345 407)
Suppliers -Note -50		
Balance previously reported		(90 597 065)
Movement in suppliers		354 238
Restated Balance		(90 951 303)
Operational Commitments-Note 53		
Balance previously reported		13 244 703
A compliant contractual commitment disclosure .		(11 861 342)
Restated Balance		1 383 361

58. Risk management

Liquidity risk

The risk that the Municipality may encounter difficulties in raising sufficient funds in meetings its obligations and commitments that are due and payable within 12 months. Availability of adequate resources to meet the Municipalitys obligations in the needs of its capital and operating expenditure,creditors at large including employees is critical for the Municipality to continue as a going concern of which cannot be compromised. The Municipality manages liquidity risk through proper management of working capital ,capital expenditure and monitoring of actual versus forecast cash flows. .

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.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2024	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Payables from exchange transactions	28 530 675	-	-	-
Other financial liabilities	71 967	-	-	-

At 30 June 2023	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Payables from exchange transactions	20 594 587	-	-	-
Other financial liabilities	124 089	-	-	-

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, recievables from exchange and non-exchange transactions and unpaid conditional grants and subsidies. Receivables are disclosed net after provisions are made for impairment and bad debts.Debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors.

Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Figures in Rand	2024	2023

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

Non-Exchange Receivables	2024 Percentage	2024 Amount	2023 Percentage	2023 Amount
Rates	100%	102 192 460	100%	90 518 629
	100%	**102 192 460**	**100%**	**90 518 629**

Exchange Receivables	2024 Percentage	2024 Amount	2023 Percentage	2023 Amount
Electricity	13	3 495 571	15	3 411 454
Refuse	83	22 084 643	81	18 763 964
Other	4	1 017 382	4	934 999
	100%	**26 597 596**	**100%**	**23 110 417**

No receivables are pledged as security for financial liabilities.

Due to the short term nature of t other receivables the carrying value disclosed in note 9 & 10 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 10% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

Non-Exchange Receivables	2024 Percentage	2024 Amount	2023 Percentage	2023 Amount
Rates	100%	94 059 351	100%	80 717 103
	100%	**94 059 351**	**100%**	**80 717 103**

Exchange Receivables	2024 Percentage	2024 Amount	2023 Percentage	2023 Amount
Electricity	13	3 217 372	15	2 619 283
Refuse	83	20 327 010	81	14 406 799
Other	4	936 436	4	717 883
	100%	**24 480 818**	**100%**	**17 743 965**

The municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (NEDBANK). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Interest rate risk

The Municipality is not exposed to Interest rate risk as it does not have interest bearing liabilities.

Foreign exchange risk

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

The municipality does not engage in foreign currency transactions.

Price risk

The municipality is not exposed to price risk

59. Going concern

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.

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated deficits of 443 128 814 and that the municipality's total assets exceed its liabilities by 490 864 184

The ability of the municipality to continue as a going concern is dependent on a number of factors.
The following factors support going concern assumption:

- There is no intention to cease operation and municipal budget for MTERF period is support this
- The municipality has a healthy solvency and liquidity ration
- The municipality continue to achieve net surplus for 2024 and 2023 financial year
- There are no material commitments or litigation at balance sheet that threatens the going concern assumption

60. Events after reporting date

There are no material event after the reporting date which requires disclosures.

61. Unauthorised expenditure

	2024	2023
Add: Expenditure identified - current	18 205 394	11 075 924
Write off	(10 714 900)	(11 075 924)
Closing balance	**7 490 494**	**-**

Employee Related Cost - is as result of new changes to the Long Service award Policy as per the new amended GRAP 25(Employee Benefits with effect from 1 April 2023.The Municipality received the new Actuarial Reports with new ammemendments after the valuation was done on 30 June 2024.As a result the value of the provision increased in the 2023-2024 financial year as compared to 2022-2023 financial year.This related to an increase of R3 490 227

Debt Impairment-The unauthorized amount for Debt Impairment is as a result of an increase in debtors even though Government debt is paying however the Municipality is still struggling with the privately owned properties like Farmers who does not pay their accounts hence an increase in the Provision this has resulted in an increase of R6 851 118 in impairment for the current year.

Bulk Purchases-The municipality during the budget made an increase of 5.4% based on the CPI from the previous year`s budget however actual expenditure for the 2023/24 financial year as compared to the 2022/23 financial year it shows an increase of 13%, which led to the unauthorized expenditure of R373 555.

Analysis of unauthorised expenditure written off by council per category

	2024	2023
Loss on Transfer of Asset	-	8 634 348
Interest on Landfill Site	-	2 441 576
Debt Impairment	14 341 612	-
Employee Related Cost	3 490 227	-
Bulk Purchases	373 555	-
	18 205 394	**11 075 924**

62. Fruitless and wasteful expenditure

	2024	2023
Add: Expenditure identified - current	5 707	1 806
Less: Amounts recoverable - current	(4 580)	-
Less: Amount written off - current	(1 127)	(1 806)
Closing balance	**-**	**-**

Figures in Rand	2024	2023

Analysis of fruitless and wasteful expenditure incurred

Interest on late payments	1 478	(1 806)
Renewal of license disk	4 229	-
	5 707	**(1 806)**

Analysis of fruitless and wasteful expenditure written off by council per category

Interest on late payments	1 127	(1 806)
	1 127	**(1 806)**

63. Irregular expenditure

Opening balance as previously reported	2 988 978	2 477 091
Add: Irregular Expenditure - current	-	4 035 034
Less: Amount written off - current	(2 988 978)	(3 523 147)
Closing balance	**-**	**2 988 978**

Analysis of balance of irregular expenditure incurred

Bidder did not submit a certified copy of supervisors 3 phase wiremans license as per the requirements	-	1 046 056
The price quoted by service provider are not reasonable	-	172 196
Invitation to bid did not stipulate minimum threshold for Local Content	-	2 816 782
	-	**4 035 034**

Amounts written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of 2 988 978 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Invitation to bid did not stipulate minimum threshold for Local Content	2 816 782
The price quoted by service provider are not reasonable	172 196
	-
	-
	-
	2 988 978

64. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 106 691	1 261 764
Amount paid - current year	(1 106 691)	(1 261 764)
	-	-

Audit fees

Current year subscription / fee	5 499 385	4 855 477
Amount paid - current year	(5 494 169)	(4 855 477)
	5 216	-

PAYE and UIF

Current year subscription / fee	21 613 918	20 170 024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Amount paid - current year	(21 613 918)	(20 170 024)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	18 834 586	17 311 212
Amount paid - current year	(18 834 586)	(17 311 212)
	-	-

VAT

VAT receivable	6 481 927	9 117 983

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

During the year from July 2023 to June 2024 the municipality had no councillor account in arrear for more than 90 days :

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

Incident		
Sole Provider	302 002	137 002
	302 002	**137 002**

65. Awards to close family members - SCM Regulation 45

Awards to close family members of persons in the service of Molemole Municipality:

Supplier Name	Employee Name	Relationship	Position	Department		
Sweetsiba Projects	Moyahabo Daniel Lehong	Spouse	General Assistant	Technical Services	6 970	0

66. Distribution Losses

Electricity Distribution Losses (Units)		
Units Purchased	5 562 775	5 615 660
Units Sold	4 953 737	4 480 828
Units Lost	609 039	1 134 832
Percentage distribution loss	11%	20%
Electricity Distribution Losses (Rand)		
Purchased	14 156 808	12 338 029
Sold	12 534 806	9 630 182
Lost	1 622 003	2 707 847
Percentage distribution loss	11%	22%

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

1. Contingent Liability

Name of Legal Representative	Litigation	Status	Nature of Dispute	Progress	Projet Estimates 2024	Project Estimates 2023
Moabelo Attorneys (015) 913 590	Akani Retirement Administration Fund	Active	Alleged failure on the part of Municipality to pay an employee pension benefits.	The Municipality has instructed the Legal representative to defend the action. Notice of intentioned to defend the matter was filed at the High Court.	125 211	0
Mohale Incorporated	Lephalale Investments (Pty) Ltd	Active	Counter claim against for the recovery of land by the Municipality.	The Defendant has changed his defence team subsequently the court is to decide a trial date.	2 500 000	2 500 000
Kuaho Attorneys	Lydia Maseforo Mathatho	Closed	Alleged breach of contract committed by the Municipality	The Plaintiff claim was dismissed on the 29th of January 2024 as the Judge ruled that the decision of the former Municipal Manager to adjust the salary scale of the employee was unlawful, irrational and invalid as he does not have the powers to set aside the decision of the Council of Molemole Municipality.	0	178 304
GSM Mohlabi Inc Attorneys	Masala Ramabulana Holdings	Active	Alleged Breach of contract committed against the Plaintiff.	Parties have exchanged all documents in preparation for a trial date. Parties are waiting for the court to determine a trial date.	5 039 537	0
					7 664 748	**2 678 304**

2. Contingent Asset

Name of legal Representative	Litigation	Status	Nature of Dispute	Progress	Projected Estimates 2024	Projected Estimates 2023
Mohale Inc. Attorneys 015 590 0760	Lephalale Investment (Pty)Ltd	Active	Recovery of land that was sold to the defendant for his company to construct a Mall at a site that belong to the Municipality	Defendant has changed his legal team subsequently the court make a determination of a trial date.	1 270 100	1 096 868
					1 270 100	**1 096 868**