Lepelle-Nkumpi Municipality

(Registration Number LIM 355)
Annual Financial Statements
for the year ended 30 June 2023

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Lepelle-Nkumpi Municipality
(Registration Number LIM 355)
Annual Financial Statements for the year ended 30 June 2023

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Lepelle-Nkumpi Municipality

(Registration Number LIM 355)
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General Information

Nature of Business and Principal Activities	Local Government and the provision of basic services to the local community
Municipal grading	3
Members of the council	
MAYOR	MOLALA MM
SPEAKER	NKOABELA NJ
CHIEF WHIP	SELLO SG
MEMBER OF EXCECUTIVE COMMITTEE	LEDWABA PE
MEMBER OF EXCECUTIVE COMMITTEE	LEKGOATHI S
MEMBER OF EXCECUTIVE COMMITTEE	MATSIMELA MD
MEMBER OF EXCECUTIVE COMMITTEE	MAZWI DP
MEMBER OF EXCECUTIVE COMMITTEE	MOLOMO RO
MEMBER OF EXCECUTIVE COMMITTEE	MPHAHLELE MTR
MEMBER OF EXCECUTIVE COMMITTEE	MPHOFELA SM
MEMBER OF EXCECUTIVE COMMITTEE	NKOANA RTF
MEMBER OF EXCECUTIVE COMMITTEE	RABABALELA SM
MEMBER OF EXCECUTIVE COMMITTEE	TAKALO ME
MPAC	MAKGAHLELE MB
ETHICS	RAMOSHABA M
OTHER COUNCILLORS	

General Information

COUNCILLOR	MAREMA TG
COUNCILLOR	TLABJANE JB
COUNCILLOR	MOLLO MI
COUNCILLOR	MAKGATI MA
COUNCILLOR	PHELE RS
COUNCILLOR	MPHAHLELE TJ
COUNCILLOR	MASEBE BN
COUNCILLOR	MPHOGO RJ
COUNCILLOR	MAHLOBOGWANE MD
COUNCILLOR	MAKHAFOLA SJ
COUNCILLOR	KGAPHOLA LK
COUNCILLOR	RAMOTHOLE TR
COUNCILLOR	THOBEJANE CM
COUNCILLOR	KEKANA MA
COUNCILLOR	NTSOANE NP
COUNCILLOR	MPHAHLELE MJ
COUNCILLOR	MATHABATHA RE
COUNCILLOR	MOGODI MM
COUNCILLOR	MATIBIDI MI
COUNCILLOR	MOKONE SM
COUNCILLOR	LEKGOATHI FP
COUNCILLOR	KEKANA MS
COUNCILLOR	MAPHOTO ME
COUNCILLOR	MAKHAFOLA TH
COUNCILLOR	MMAKO NS
COUNCILLOR	MALEKA PI
COUNCILLOR	MOETI TL
COUNCILLOR	PHOGOLE ML
COUNCILLOR	MAHLATJI MA
COUNCILLOR	MPHAHLELE KP
COUNCILLOR	NTLHANE LJ
COUNCILLOR	MAPHOSO MW
COUNCILLOR	LEDWABA MW
COUNCILLOR	MUTHWA LS
COUNCILLOR	KEKANA MP
COUNCILLOR	MNGOMEZULU LJ
COUNCILLOR	TSELA FD
COUNCILLOR	RAMAREMO MB
COUNCILLOR	PHAAHLA SS
COUNCILLOR	MATHABATHA MD
COUNCILLOR	LEBESE JM
COUNCILLOR	MODULA MA
COUNCILLOR	SHOGOLE MW
COUNCILLOR	MAJA AD
COUNCILLOR	HLONGOANE HM

Lepelle-Nkumpi Municipality

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General Information

Municipal Manager	Monyepao MA (October 2022 to current)
Acting Municipal Manager	Mankga K.G (Until September 2022)
Chief Financial Officer	Mankga K.G (Until January 2023)
Acting Chief Financial Officer	Moema MD (February 2023 to current)
Legal form	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Legislation governing the municipality's operations	Constitution of the Republic of south Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)
Registered Office	Lebowakgomo
Business Address	170 BA Civic Centre Lebowakgomo 0737
Postal Address	Private Bag X07 Chuenespoort 0745

General Information

Bankers	First National Bank (FNB) ABSA Standard bank Nedbank
Auditors	Auditor General of South Africa
Attorneys	SC Mdhuli attorneys INC Popela Maake Attorneys Modise Mabule INC Makhubela Attorneys Mahowa Inc Verveen Attorneys Bafana ka-Ncube
Tel:	015 633 4500
Website	www.lepelle-nkumpi.gov.za

Abbreviations

CDM	Capricon District Municipality
GRAP	Generally Accepted Accounting Practice
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
MIG	Municipal Infrastructure Grant
FMG	Finance Management Grant
IIASA	Institute of Internal Auditors South Africa
ECSA	Engineering Council of South Africa
CIGFARO	Interpretation of the Standards of Generally Recognised Accounting Practice (IGRAP)
IGRAP	Chartered Institute of Government Finance Audit and Risk Officers
UIFW	Unauthorised, Irregular, Fruitless and wasteful expenditure.

Accounting Officer Responsibilities and Approval

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

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

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

The accounting officer acknowledges that she 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.

I am responsible for the preparation of these annual financial statements, which are set out on pages 7 to 124 , in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act."

31 August 2023

Monyepao MA **Date**
Municipal Manager

Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2023

Statement of Financial Position

Figures in R	Notes	2023	2022 Restated
Assets			
Current assets			
Inventories	3	106 259 835	107 660 054
Receivables from exchange transactions	4	19 483 238	26 516 217
Receivables from non - exchange transactions (Statutory receivables)	5	12 822 894	25 375 875
Cash and cash equivalents	6	546 945 387	404 185 832
Total current assets		**685 511 355**	**563 737 978**
Non-current assets			
Property, plant and equipment	8	753 258 790	739 714 015
Investment property	7	112 361 815	108 452 669
Intangible assets	9	11 054	154 754
Heritage assets	10	183 684	183 684
Total non-current assets		**865 815 343**	**848 505 123**
Total assets		**1 551 326 698**	**1 412 243 101**
Liabilities			
Current liabilities			
Consumer deposits	12	2 134 561	2 094 161
Payables from exchange transactions	11	97 232 068	86 421 762
Employee benefit obligation	15	433 819	439 123
Unspent conditional grants and receipts	13	32 163 326	18 804 940
Total current liabilities		**131 963 774**	**107 759 986**
Non-current liabilities			
Provisions	14	1 280 502	2 066 478
Employee Benefits Obligation	15	5 164 144	4 969 366
Total non-current liabilities		**6 444 647**	**7 035 845**
Total liabilities		**138 408 421**	**114 795 831**
Net Assets		**1 412 918 277**	**1 297 447 270**
Total net assets and liabilities			
Accumulated surplus		**1 412 915 227**	**1 297 447 270**

Statement of Financial Performance

Figures in R	Notes	2023	2022 Restated
Revenue from exchange transactions			
Service charges	16	6 803 042	5 814 567
Rental of facilities and equipment	17	397 271	675 701
Water and sanitation : Commission Earned	18	35 240 491	35 504 199
Agency fees : Licences and permits	19	5 564 422	5 624 869
Finance income - Exchange	21	30 220 922	16 381 801
Other revenue	20	3 285 636	20 408 062
Total revenue from exchange transactions		**81 511 785**	**84 409 197**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	38 965 081	30 674 639
Finance income - Non exchange	22	16 946 132	14 209 575
Transfer Revenue			
Government grants and subsidies	24	344 354 614	333 416 855
Traffic fines		686 759	2 010 550
Total revenue from non-exchange transactions		**400 952 587**	**380 311 619**
Total revenue		**482 464 372**	**464 720 817**
Expenditure			
Employee costs - salaries	27	(98 887 098)	(95 315 462)
Remuneration of councillors	28	(23 103 442)	(22 902 514)
Depreciation, amortisation and impairment	29	(31 994 040)	(35 422 027)
Finance cost	30	(769 248)	(575 505)
Provision for impairments adjustment	31	(85 273 940)	(148 432 781)
Contracted services	32	(64 900 313)	(58 986 605)
Donations	8	(2 504 528)	-
Loss on disposal of assets	8	(1 618 948)	(16 111)
Other materials	33	(1 892 656)	(1 836 301)
General expenses	34	(60 273 412)	(39 600 557)
Total other expenses		**(371 217 624)**	**(403 087 863)**
Fair value gain or (losses)	26	4 221 210	5 764 556
Surplus for the year		**115 467 958**	**67 397 510**

Lepelle-Nkumpi Municipality
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Statement of Changes in Net Assets

Figures in R	Accumulated surplus	Total
Balance at 1 July 2021 as previously reported	1 228 323 417	1 228 323 417
Prior period adjustments - Note 37.	1 726 343	1 726 343
Balance at 1 July 2021 as restated	1 230 049 760	1 230 049 760
Changes in net assets		
Surplus for the year	67 397 510	67 397 510
Balance at 30 June 2022 as restated	**1 297 447 270**	**1 297 447 270**
Balance at 1 July 2022 as previously reported	1 295 998 725	1 295 998 725
Prior period adjustments - Note 37.	1 448 545	1 448 545
Balance at 1 July 2022 as restated	1 297 447 270	1 297 447 270
Changes in net assets		
Surplus for the year	115 467 958	115 467 958
Balance at 30 June 2023 as restated	**1 412 915 227**	**1 412 915 227**

Lepelle-Nkumpi Municipality

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Statement of Cash Flows

Figures in R	Notes	2023	2022 Restated
Receipts			
Property rates		9 571 767	14 178 508
Service charges		3 267 218	3 333 933
Other Income		30 815 755	27 077 335
Transfers and subsidies - Operational		304 428 814	279 895 000
Transfers and subsidies - capital		53 284 186	51 708 000
Interest income		25 809 993	12 812 682
		427 177 733	**389 005 458**
Payments			
Payments to suppliers for goods and services		(108 237 258)	(94 931 139)
Payments to and on behalf of employees		(122 085 084)	(122 285 089)
Gross cash payments		**(230 322 342)**	**(217 216 228)**
Net cash flows from operating activities		**196 855 391**	**171 789 230**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(54 136 236)	(62 426 084)
Cash flows used in investing activities		**(54 136 236)**	**(62 426 084)**
Cash flows from financing activities			
Movement in consumer deposits		40 400	76 100
Cash flows from financing activities		**40 400**	**76 100**
Net increase in cash and cash equivalents		**142 759 555**	**109 439 246**
Cash and cash equivalents at beginning of the year		404 185 832	294 989 918
Prior period adjustment			(243 332)
Cash and cash equivalents at end of the year	6	**546 945 386**	**404 185 832**

Lepelle-Nkumpi Municipality

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Statement of Comparision of Budget and Actual Amounts

Figures in R

Statement of financial performance

	Notes	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Revenue							
Property rates	23	34 373 881	3 100 000	37 473 881	38 965 081	(1 491 200)	
Service charges	16	7 120 609	2 000	7 122 609	6 803 042	319 567	
Rental of facilities and equipment	17	334 006	-	334 006	397 271	(63 265)	
Interest earned- External investments	21	13 169 720	13 000 000	26 169 720	25 809 993	359 727	Note 50
Interest earned - Outstanding debtors	21	15 421 529	3 000 000	18 421 529	21 357 061	(2 935 532)	Note 50
Fines, penalties and forfeits		12 061 306	2 500	12 063 806	686 759	11 377 047	
Licences and permits		6 367	-	6 367	592	5 775	
Agency services	18 & 19	40 615 498	4 111 522	44 727 020	40 804 914	3 922 106	
Transfers and subsidies	24	310 408 898	-	310 408 898	304 329 701	6 079 197	Note 50
Other revenue	20	131 730 082	364 454	132 094 536	3 285 044	128 809 492	Note 50
Gain on disposal of assets and liabilities		70 000	-	70 000	-	70 000	
Total revenue		**565 311 896**	**23 580 476**	**588 892 372**	**442 439 458**	**146 452 914**	

Statement of Comparision of Budget and Actual Amounts

Figures in R	Notes	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Expenditure							
Employee related cost	27	(134 714 216)	15 920 844	(118 793 372)	(98 887 098)	(19 906 274)	
Remuneration of councillors	28	(22 394 173)	-	(22 394 173)	(23 103 442)	709 269	
Provision for impairments adjustment	31	(54 242 089)	(38 061 492)	(92 303 581)	(85 273 940)	(7 029 641)	
Depreciation, amortisation and impairment	29	(37 699 942)	-	(37 699 942)	(31 994 040)	(5 705 902)	
Finance cost	30	(153 613)	103 613	(50 000)	(769 248)	719 248	
Inventory consumed		(4 983 423)	(807 927)	(5 791 350)	(1 892 656)	(3 898 694)	
Contracted services		(127 041 777)	421 200	(126 620 577)	(64 900 313)	(61 720 264)	
Other expenditure		(54 380 527)	(1 543 713)	(55 924 240)	(60 273 412)	4 349 172	
Loss on disposal		-	-	-	(1 618 948)	1 618 948	
Donations		-	-		(2 504 528)	2 504 528	
Total expenditure		**(435 609 760)**	**(23 967 475)**	**(459 577 235)**	**(371 217 624)**	**(88 359 611)**	
Operating surplus/(Deficit)		**129 702 136**	**(386 999)**	**129 315 137**	**71 221 834**	**58 093 303**	
Transfers and subsidies - capital		61 628 000	(5 192 913)	56 435 087	40 024 914	16 410 173	Note 50
Gains on fair value adjustments		-	-	-	4 221 210	(4 221 210)	
Surplus / (deficit) for the year		**191 330 136**	**(5 579 912)**	**185 750 224**	**115 467 958**	**70 282 266**	

Statement of Comparision of Budget and Actual Amounts

Figures in R

Statement of Financial Position

	Notes	Approved budget	Adjustments	Final budget	Actual amount on comparative basis	Difference between final budget and actual	Reference
Assets							
Cash	6	30 475 257	(25 136 711)	5 338 546	35 629 874	(30 291 328)	Note 50
Call investment deposits	6	326 101 582	224 267 585	550 369 167	511 315 513	39 053 654	Note 50
Consumer debtors	5	170 793 073	(94 237 144)	76 555 929	29 392 118	47 163 811	Note 50
Other debtors	4	47 462 690	(21 962 690)	25 500 000	2 914 014	22 585 986	Note 50
Inventories	3	104 472 449	7 904 513	112 376 962	106 259 835	6 117 127	
Total current assets		**679 305 051**	**90 835 553**	**770 140 604**	**685 511 355**	**84 629 249**	
Investment property	7	103 625 000	5 827 000	109 452 000	112 361 815	(2 909 815)	
Property, plant and equipment	8	871 699 115	(19 176 828)	852 522 287	753 258 790	99 263 497	
Intangible assets	9	3 654 754	-	3 654 754	11 054	3 643 700	
Other non-current assets	10	183 684	-	183 684	183 684	(0)	
Total non-current assets		**979 162 553**	**(13 349 828)**	**965 812 725**	**865 815 343**	**99 997 382**	
Total assets		**1 658 467 604**	**77 485 725**	**1 735 953 329**	**1 551 326 698**	**184 626 631**	

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Statement of Comparision of Budget and Actual Amounts

Figures in R

	Notes	Approved budget	Adjustments	Final budget	Actual amount on comparative basis	Difference between final budget and actual	
Liabilities							
Current liabilities							
Borrowings		(238 138)	238 138	-	-	-	
Consumer deposits	12	2 210 477	(110 477)	2 100 000	2 134 561	(34 561)	
Trade and other payables	11	(255 031 321)	358 770 540	103 739 219	129 395 394	(25 656 175)	Note 50
Provisions		21 698 860	(21 248 860)	450 000	433 819	16 181	
Total current liabilities		**(231 360 122)**	**337 649 341**	**106 289 219**	**131 963 774**	**(25 674 555)**	
Non-current liabilities							
Borrowings		238 138	(238 138)	-		-	
Provisions	14 & 15	-	8 500 000	8 500 000	6 444 646	2 055 354	Note 50
Total non-current liabilities		**238 138**	**8 261 862**	**8 500 000**	**6 444 646**	**2 055 354**	
Total liabilities		**(231 121 984)**	**345 911 203**	**114 789 219**	**138 408 420**	**(23 619 201)**	
Net assets		**1 889 589 588**	**(268 425 478)**	**1 621 164 110**	**1 412 918 278**	**208 245 832**	
Accumulated surplus		1 698 259 452	(150 368 583)	1 547 890 869	1 412 915 226	134 975 642	
Total net assets		**1 698 259 452**	**(150 368 583)**	**1 547 890 869**	**1 412 915 226**	**134 975 642**	

Statement of Comparision of Budget and Actual Amounts

Figures in R
Cashflow statement

Cashflow statement	Notes	Approved budget	Adjustments	Final budget	Actual amount on comparative basis	Difference between final budget and actual
Receipts						
Property rates		13 095 531	-	13 095 531	9 571 767	3 523 764
Service charges		49 376 975	(46 448 828)	2 928 147	3 267 218	(339 071)
Other revenue		550 665 189	(361 439 454)	189 225 735	30 815 755	158 409 980
Government Grants - Operating		5 683 443	304 725 455	310 408 898	304 428 814	5 980 084
Government Grants - Capital		61 628 000	(5 193 000)	56 435 000	53 284 186	3 150 814
Interest Income		4 188 218	27 507 961	31 696 179	25 809 993	5 886 186
		684 637 356	**(80 847 866)**	**603 789 490**	**427 177 733**	**176 611 757**
Payments						
Suppliers and employees		(520 033 377)	190 509 665	(329 523 712)	(230 322 342)	(99 201 370)
Finance cost		-	(50 000)	(50 000)	-	(50 000)
		(520 033 377)	**190 459 665**	**(329 573 712)**	**(230 322 342)**	**(99 251 370)**
Net cashflow from operations		**164 603 979**	**109 611 799**	**274 215 778**	**196 855 391**	**77 360 387**

Lepelle-Nkumpi Municipality

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Statement of Comparision of Budget and Actual Amounts

Figures in R	Notes					
Cash flows used in investing activities						
Decrease (increase) in non-current investments		(150 000 000)	150 000 000	-	-	-
Proceeds on disposal of PPE		-	70 000	70 000	-	70 000
Capital assets		(191 330 136)	5 579 914	(185 750 222)	(54 136 236)	(131 613 986)
Purchase of intangible assets						
Cash flows used in investing activities		**(341 330 136)**	**155 649 914**	**(185 680 222)**	**(54 136 236)**	**(131 543 986)**
Cash flows from financing activities						
Repayment of borrowings		-	-	-	-	
Increase (decrease) in consumer deposit		-	-	-	40 400	(40 400)
Cash flows from financing activities		**-**	**-**	**-**	**40 400**	**(40 400)**
Net increase in cash and cash equivalents		**(176 726 157)**	**265 261 713**	**88 535 556**	**142 759 555**	**(54 223 999)**
Cash and cash equivalents at beginning of the year		240 077 682	164 351 482	404 429 164	404 185 832	243 332
Cash and cash equivalents at end of the year		63 351 525	429 613 195	492 964 720	546 945 387	(53 980 667)

General information

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005. These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

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

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality 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 loans and 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. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

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 impairment of assets 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 statement of financial position date. 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

Presentation of Annual Financial Statements continued...

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest rates.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 14 - Provisions.

Useful lives

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and intangible assets. This estimate is based on industry norms. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. In the event that assets are fair valued, the useful lives of these assets is the estimated remaining useful life on takeon date.

Effective interest rate

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

Allowance for doubtful debts

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

Other long term employee benefits

The present value of the other long term employee benefits 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 other long term employee benefits.

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.

Presentation of Annual Financial Statements continued...

Classification Difficulties

The municipality was faced with difficulties in classifying land properties in various locations within the municipal jurisdiction wherein there was no council resolutions granting the disposal, no service level agreements with the land developers nor the properties are owner-occupied. These properties were tested to determine whether these properties are held for undetermined use and meeting investment properties classification. Management judgement was applied and these properties were deemed as inventories. These properties were treated as such due to their proxmity and similarities to the majority of the stands and land properties already treated as inventory and/or as supported by previous sales in same localities. These land properties are located in Lebowakgomo Unit F and Unit S residential areas.

1.2 Presentation currency

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

1.3 Going concern assumption

In terms of the accounting standard GRAP 1 paragraphs 27 to 30 the annual financial statements are prepared on a going concern basis. The assumption is based on the fact that the municipality may invoke its power to levy additional rates or taxes to enable the municipality to be considered as a going concern even though the municipality will be operational for extended periods with negative net assets.

1.4 Investment property

Investment property is property (land or a building, or part of a building, or both) held to earn rentals or capital appreciation or both, rather that for:

- use in the production or supply of goods or services, or
- administrative purposes, or
- sale in the ordinary course of operations.

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

Initial Measurement:

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it 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 the cost at date of completion.

Subsequent Measurement:

Investment property is measured at fair value. After initial recognition all investment property is measured at fair value at each Statement of financial position date. No depreciation is calculated on these properties.

Presentation of Annual Financial Statements continued...

Item	Useful life
Property - land	Indefinite

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

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

1.5 Property, plant and equipment

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

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

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

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.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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.

Presentation of Annual Financial Statements continued...

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at re-valued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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 capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset

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

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

Item	Useful life
Land	Indefinite
Buildings	10 - 30 years
Community assets	10 - 30 years
Infrastructure:	
• Roads	10 - 100 years
• Electricity	5 - 80 years
Other assets:	
• Machniery and equipment	2 - 15 years
• Furniture and equipment	5 - 15 years
• Computer equipment	5 - 10 years
• Vehicles	7 - 15 years

In the event that assets are fair valued, the useful lives of those assets is the estimated remaining useful life on takeon date.

The asset management policy contains the details of the components and their specific useful life estimates.

The residual value, the useful life and the depreciation method are reviewed at least at every reporting date

Presentation of Annual Financial Statements continued...

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 of the asset. The gain or loss arising from the de-recognition of an item of Intangible assets is included in surplus or deficit when the items derecognised. The gain or loss arising from the de-recognition 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 and is recognised in the Statement of Financial Performance.

1.6 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance and recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

An asset is identified as an intangible asset when it:

- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Presentation of Annual Financial Statements continued...

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 definite 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.

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	Indefinite

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

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value

The cost at reporting date comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

Unsold properties are at the lower of cost and net realisable value. Direct cost are accumulated for each separately identifiable development. Cost also includes a portion of the overhead costs.

1.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

Presentation of Annual Financial Statements continued...

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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

There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:

> receive cash or another financial asset from another entity; or
> exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity

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

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

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

Accounting Policies

Presentation of Annual Financial Statements continued...

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

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

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

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

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

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

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

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

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class	Category

Presentation of Annual Financial Statements continued...

• Cash and cash equivalents	Financial assets measured at amortised cost
• Trade and other receivables from non-exchange transactions	Financial assets measured at amortised cost
• Trade and other receivables from exchange transactions	Financial assets measured at amortised cost

The municipality has the following types of financial liabilities as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
• Long term liabilities	Financial liability measured at amortised cost
• Trade and other payables	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value]. The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately.

The entity accounts for that part of a concessionary loan that is:

• a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
• non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

Presentation of Annual Financial Statements continued...

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

Reclassification

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

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

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value.

This requires a reclassification of the instrument from amortised cost or cost to fair value.

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

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

Gains and losses

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

Impairment and un-collectability of financial assets

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

Financial assets measured at amortised cost:

Presentation of Annual Financial Statements continued...

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

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

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

De-recognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, 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 asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

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

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

Presentation of Annual Financial Statements continued...

On de-recognition 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 de-recognition 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 de-recognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise 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, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

1.9 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

Presentation of Annual Financial Statements continued...

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.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends 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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

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

Presentation of Annual Financial Statements continued...

1.10 Revenue from Non-Exchange Transactions

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

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

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

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

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 are 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.

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

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

Recognition

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

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

Measurement

Presentation of Annual Financial Statements continued...

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

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

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

1.11 Expenditure

This policy applies to all types of expenditures incurred by the municipality, including but not limited to operating expenses, capital expenditures, and other related costs.

Classification of Expenditures:

Expenditures shall be classified as either operating or capital in accordance with GRAP standards. Operating expenditures are those related to the day-to-day activities of the municipality, while capital expenditures are associated with the acquisition or improvement of long-term assets.

Recognition and Measurement:

Presentation of Annual Financial Statements continued...

Expenditures shall be recognized in the financial statements when:

a. The goods or services are received,
b. The municipality has an obligation to pay for the goods or services,
c. It is probable that the municipality will settle the obligation, and
d. The amount of the expenditure can be reliably measured.

Capitalization of Expenditures:

Capital expenditures, including those related to the acquisition or improvement of tangible assets, shall be capitalized in accordance with GRAP standards. Depreciation or amortization shall be applied as appropriate.

Grant Expenditures:

Expenditures related to grants received shall be accounted for in accordance with the conditions stipulated in the grant agreements and relevant accounting standards. Any unspent grant funds shall be appropriately disclosed.

1.12 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.13 Provisions and contingencies

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

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

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

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

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

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

Presentation of Annual Financial Statements continued...

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

A provision is used only for expenditure 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.

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38 to the financial statements.

1.14 Unauthorised expenditure

Unauthorised expenditure means:
• overspending of a vote or a main division within a vote;
• 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.

1.15 Irregular expenditure

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), The Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality'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.

Presentation of Annual Financial Statements continued...

1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Comparative figures

Current year comparatives

Budgeted amounts have been included in the statement of comparison of budget and actual amounts for the current financial year only.

Prior year comparatives

When 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 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.

1.18 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

Operating leases – lessor

Operating lease income is recognised as an income 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 income.

Income for leases is disclosed under revenue in the statement of financial performance.

1.19 Impairment of cash-generating assets

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

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

Presentation of Annual Financial Statements continued...

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

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

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

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

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

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

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

Identification

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

Value in use

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

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

Basis for estimates of future cash flows

Presentation of Annual Financial Statements continued...

In measuring value in use the municipality:

• base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;

• base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and

• estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

• projections of cash inflows from the continuing use of the asset;

• projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and

• net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

• cash inflows or outflows from financing activities; and

• income tax receipts or payments.

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

Cash-generating units

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

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

• the future cash inflows used to determine the asset's or cash-generating unit's value in use; and

• the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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

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

Presentation of Annual Financial Statements continued...

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit.

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

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
• its fair value less costs to sell (if determinable);
• its value in use (if determinable); and
• zero.

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

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

Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss.

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a re-valued cash-generating asset is treated as a revaluation increase.

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
• its recoverable amount (if determinable); and
• the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

Presentation of Annual Financial Statements continued...

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

Re-designation

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

1.20 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
• the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
• the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
• an entity's decision to terminate an employee's employment before the normal retirement date; or
• an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Presentation of Annual Financial Statements continued...

Short-term employee benefits include items such as:
• wages, salaries and social security contributions;
• short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
• bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
• non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
• as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
• as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Other long-term employee benefits

Other long-term employee benefits include:
(a) long service award

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

For other long-service awards, the Municipality recognises the net total of the following amounts as expense

(a) current service cost;
(b) interest cost;
(c) the expected return on any plan assets and on any reimbursement right recognised as an asset;
(d) actuarial gains and losses, which shall all be recognised immediately;
(e) past service cost, which shall all be recognised immediately; and
(f) the effect of any curtailments or settlements.

Presentation of Annual Financial Statements continued...

1.21 Investment income

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

1.22 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.23 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.24 Grants in aid

The Lepelle-Nkumpi Municipality transfers money to individuals, institutions and organisations. When making these transfers, The Municipality does not:
-Receive any goods or services directly in return, as would be expected in a purchase or sale transaction
-Expect to be repaid in future; or
-Expect a financial return, as would be expected from an investment

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.25 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

Presentation of Annual Financial Statements continued...

Identification

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

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset 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.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of a cash-generating asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

Presentation of Annual Financial Statements continued...

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 re-valued non-cash-generating asset is treated as a revaluation decrease.

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

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

Reversal of an impairment loss

The municipality 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.

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

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

Re-designation

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

1.26 Presentation of Budget information in the finanacial statements

The Municipality shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:
• the approved and final budget amounts;
• the actual amounts on a comparable basis; and
• by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Presentation of Annual Financial Statements continued...

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

The Municipality considers a significant varianceto be anything exceeding 10%

A comparable basis means that the budget and annual financial statements:
• are prepared using the same basis of accounting i.e. either cash or accrual;
• include the same activities and entities;
• use the same classification system; and
• are prepared for the same period.

1.27 Heritage assets

Recognition of Assets

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.

Heritage assets is recognised when it has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset is further recognised as an asset only if:
• it is probable that future economic benefits or service potential associated with the asset will to the municipality; and
• the cost of fair value of the asset can be measured reliably.

Subsequent Measurement

Heritage asset is measured at its cost value and should it be acquired through a non-exchange transaction will it be measured at its fair value as at the date of acquisition and is carried at its cost less any accumulated impairment losses.

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

Although a heritage asset is not depreciated it is the heritage asset assess at each reporting date to disclose whether there is an indication that it may be impaired.

Presentation of Annual Financial Statements continued...

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

The municipality will treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. Should any item of property, plant and equipment or an intangible asset carried at a re-valued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a re-valued amount, the entity applies the applicable Standard to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard relating to that asset. Transfer of investment property carried at fair value, or inventories to heritage assets at a re-valued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

Item use	**Full life**
Property and building	Indefinite
Other Assets	5 to 50 years

De-recognition of Asset

The carrying amount of a heritage is de-recognised:
- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition, of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.28 Value Added Tax (VAT)

The municipality accounts for Value Added Tax on the cash basis.

1.29 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.

Statutory receivables arise from the following legislation:

Municipal Property Rates Act (Act no 6 of 2004)
Criminal Procedure Act (Act no 51 of 1977)
Value Added Tax Act 89 (Act 89 of 1991)
National Road Traffic Act 93 of 1996
Local Government: Municipal Property Rates Act 6 of 2004

Accounting Policies

Presentation of Annual Financial Statements continued...

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:
• if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
• if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
• if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

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:
• interest or other charges that may have accrued on the receivable (where applicable);
• impairment losses; and
• amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

Presentation of Annual Financial Statements continued...

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:
• Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
• It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
• A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
• Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.
Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:
• the rights to the cash flows from the receivable are settled, expire or are waived;
• the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
• the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable 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 receivable; and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

Presentation of Annual Financial Statements continued...

1.30 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.31 Segment information

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

Based on the definition above, the municipalities functions are structured per department based on service delivery objectives. Each department performs its responsibilities per determined objective and individual indicators are set to measure performance of service delivery objectives. The reporting of performance is not done per geographic location of the communities serviced, consolidated budget vs actual is reported in the financial statement to evaluate performance of the municipality. Performance reporting is done per designed service delivery objectives.
The Departments are centralised to provide service delivery function to all the geographical areas namely Ward 1 to Ward 30 on implementation of infrastructure requirements of the municipality. Based on how the budget of the Municipality is determined, annually the communities from all the Wards are consulted on their needs through the integrated development plan processes. This information is then used to allocate resources available to implement these needs. Resources are not allocated based on how the unit has performed or the activity within the unit has performed, but based on the needs priorities and the available funds at the time that the Municipality holds.

Municipal revenue, expenditure and assets are not reviewed as per geographical area, these are presented as a consolidated figure. The service provided to communities are the same for all Wards, therefore the level of information of each ward within the municipal jurisdiction may not be relevant for decision making purposes, as such reporting of segments is deemed not applicable.

The cost to develop the information in line with the requirements of GRAP18 will be excessive and not provide any additional information as other reports i.e., predetermine objectives and comparison of budget and actual. are already presented.

Presentation of Annual Financial Statements continued...

1.32 Related parties

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

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

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

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

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

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

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

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

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

2. New standards and interpretations

Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

Accounting Policies

New standards and interpretations continued...

Standard/ Interpretation:	Nature	Effective date: Years beginning on or after	Expected impact:
Guideline: Guideline on Accounting for Landfill Sites	The guideline deals with the following accounting aspects will: • Accounting for land and the landfill site asset, • Costs to be capitalised as part of the landfill site asset and how these should be depreciated and tested for impairment. • Costs to be included in the rehabilitation provision, including the treatment of monitoring and inspection expenses to be undertaken after the closure of the landfill site. • Accounting for changes in costs, discount rates, other estimates in relation to the rehabilitation provision, and changes in future events such as legislation, and how these changes impact the initial measurement of the landfill site asset	No effective date yet	The municipality does not expect that this guideline will have any material impact as the principles in the guidance are already applied by the municipality
GRAP25 (as revised) :Employee Benefits	The main impact relates to amendments regarding the presentation of defined benefit plans and the fact that minimum funding requirements in the postemployment benefit plan may give rise to a liability	No effective date yet	Presentation of the components to be presented in the statement of financial performance will result in the cost being grouped between service cost, net interest and remeasurements. These are already currently disclosed in the notes and will not result in any material impact on the financial statements.

New standards and interpretations continued...

iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	The main impact relates to amendments regarding the presentation of defined benefit plans and the fact that minimum funding requirements in the ostemployment benefit plan may give rise to a liability.	No effective date yet	Presentation of the components to be presented in the statement of financial performance will result in the cost being grouped between service cost, net interest and remeasurements. These are already currently disclosed in the notes and will not result in any material impact on the financial statements
iGRAP21 :The effects of past decisions on materiality	The standard is aimed at ensuring that the most relevant information is provided to the users of the Financial statements.	2023/04/01	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	The main changes made were to amend the scope of financial instruments, classification and reclassification rules, recognition of interest and the impairment model and disclosures	2025/04/01	The municipality does not expect any material changes to the classification of bank accounts included in cash and cash equivalents and to its impairment model due to these changes. As the municipality is not issuing financial guarantee contracts or loan commitments, it is not expected that the changes in the scope will impact the entity.

New standards and interpretations continued...

GRAP 2020: Improvements to the standards of GRAP 2020	The Board undertakes periodic revisions of the Standards of GRAP. The changes made to the Standards of GRAP comprise certain changes resulting from amendments to the International Public Sector Accounting Standards (IPSAS) and the International Financial Reporting Standards (IFRS® Standards), as well as general improvements identified through consultation with stakeholders. There has been minor amendments to GRAP 5, 13, 16, 17, 20, 24, 31, 32, 37, 106 and directive 7 to provide clarity, references and examples	2023/04/01	The municipality does not expect that the changes will have any material impact.
GRAP 1 (amended): Presentation of Financial Statements	The minor amendments were made to GRAP 1 to provide clarity ,references and examples to the stakeholders.	2023/04/01	Unlikely there will be a material impact

Notes to the Financial Statements

Figures in R	2023	2022 Restated

3. Inventories

Inventories comprise:

Consumable stores	1 949 715	1 824 422
Land inventory	104 310 120	105 835 633
	106 259 835	**107 660 054**

Carrying value of inventories carried at lower of cost or net realisable value:

Land Inventory		
Opening balance	105 835 633	109 608 851
Impairment loss for the year(writedown)	(850 380)	(410 699)
Disposal	(675 133)	(3 362 519)
	104 310 120	**105 835 633**
Consumables		
Opening balance	1 824 422	1 908 548
Additions	1 624 463	1 027 143
Issues	(1 499 169)	(1 111 269)
	1 949 715	**1 824 422**

Included in Land Inventory is land that is in the process of being sold or transferred to buyers but the land has not been registered in the name(s) of the buyer(s) at year-end. The carrying amount of such land is R429,493

The amount of inventories recognised as an expense during the period were as follows:

Consumable stores	1 499 169	1 111 269
Land inventory	675 133	3 362 519
	2 174 302	**4 473 788**

The Municipality sold residential and business landsites at net realisable value during the year.
No inventory has been pledged as collateral

Notes to the Financial Statements

Figures in R	2023	2022 Restated

4. Receivables from exchange transactions

	2023	2022 Restated
CDM advance commission	212 354 813	182 865 601
Less provision for impairment	(196 151 248)	(161 691 778)
Grants Debtors	40 000	40 000
Consumer debtors - Refuse	79 813 500	71 590 027
Less provision for impairment	(77 092 537)	(68 371 795)
Sundry debtors	518 711	2 084 162
	19 483 238	**26 516 217**

Ageing

CDM advance commission - Ageing

	2023	2022 Restated
Current (0-30 days)	7 034 140	6 537 037
31 - 60 days	3 413 419	3 011 236
61 - 90 days	3 131 636	3 134 338
91 - 120 days	3 253 543	3 064 699
> 120 days	195 522 075	170 688 425
	212 354 813	**186 435 735**

Summary of debtors by customer classification - CDM debtor

Business

	2023	2022 Restated
Current (0-30days)	370 442	727 072
31 days - 60 days	150 680	270 682
61 days - 90 days	132 322	234 920
91 days - 120 days	140 288	209 099
> 120 days	6 118 295	5 479 140
	6 912 027	**6 920 913**

Domestic

	2023	2022 Restated
Current(0-30days)	6 345 013	5 547 174
31 days - 60 days	3 186 287	2 814 658
61 days - 90 days	2 944 633	2 909 545
91 days - 120 days	3 066 008	2 774 010
> 120 days	187 428 940	158 006 407
	202 970 881	**172 051 794**

Government

	2023	2022 Restated
Current(0-30days)	273 518	368 094
31 days - 60 days	59 767	60 483
61 days - 90 days	31 031	81 341
91 days - 120 days	27 038	106 706
> 120 days	705 689	2 568 786
	1 097 042	**3 185 410**

Notes to the Financial Statements

Figures in R	2023	2022 Restated
Receivables from exchange transactions continued...		
Church		
Current(0-30days)	45 167	34 941
31 days - 60 days	16 685	18 263
61 days - 90 days	23 650	18 564
91 days - 120days	20 209	22 082
> 120 days	1 269 151	1 063 955
	1 374 862	**1 157 805**
Total		
Current(0-30days)	7 034 140	6 537 037
31 days - 60 days	3 413 419	3 011 236
61 days - 90 days	3 131 636	3 134 338
91 days - 120 days	3 253 543	3 064 699
> 120 days	195 522 075	170 688 425
	212 354 813	**186 435 735**
Less: Allowance for impairment	(196 151 248)	(161 691 778)
	16 203 565	**24 743 957**
Reconciliation of allowance for impairment		
Balance at the beginning of the year	(161 691 778)	(134 575 302)
Contribution to allowance for impairment	(34 459 470)	(27 116 476)
	(196 151 248)	**(161 691 778)**
Refuse		
Current (0 -30 days)	2 022 087	2 136 741
31 - 60 days	905 272	891 054
61 - 90 days	910 001	867 236
91 - 120 days	903 777	838 282
121 days - 390 days	7 764 150	6 591 125
> 390 days	67 308 213	60 267 287
	79 813 500	**71 591 725**

Figures in R	2023	2022 Restated

Receivables from exchange transactions continued...

Summary of debtors by customer classification - Refuse

Business		
Current (0-30days)	492 964	452 812
31 days - 60 days	199 648	207 195
61 days - 90 days	207 062	177 816
91 days - 120 days	187 882	169 721
121 days - 390 days	1 624 767	1 274 505
> 390 days	13 443 889	12 318 093
	16 156 211	**14 600 142**
Domestic		
Current(0-30days)	1 417 670	1 433 337
31 days - 60 days	680 718	634 660
61 days - 90 days	678 499	640 885
91 days - 120 days	696 964	626 225
121 days - 390 days	5 982 376	4 946 880
> 390 days	52 863 229	46 487 312
	62 319 456	**54 769 299**
Government		
Current(0-30days)	88 176	122 089
31 days - 60 days	13 604	16 134
61 days - 91 days	13 172	15 847
91 days - 120 days	7 706	15 742
121 days - 390 days	59 096	119 108
> 390 days	102 838	979 291
	284 591	**1 268 211**
Church		
Current(0-30days)	23 277	21 936
31 days - 60 days	11 303	10 606
61 days - 90 days	11 270	10 493
91 days - 120days	11 225	10 454
121 days - 390 days	97 910	82 104
> 390 days	898 256	788 300
	1 053 241	**923 893**
Indigents		
Current(0-30days)	-	4 564
31 days - 60 days	-	2 126
61 days - 90 days	-	2 054
91 days - 120days	-	1 999
121 days - 390 days	-	19 419
> 390 days	-	19
	-	**30 181**

Notes to the Financial Statements

Figures in R	2023	2022 Restated
Receivables from exchange transactions continued...		
Total		
Current(0-30days)	2 022 087	2 034 738
31 days - 60 days	905 272	870 721
61 days - 90 days	910 001	847 095
91 days - 120 days	903 777	824 141
121 days - 390 days	7 764 150	6 442 016
> 390 days	67 308 213	60 573 015
	79 813 500	**71 591 726**
Less: Allowance for impairment	(77 092 537)	(68 371 795)
	2 720 963	**3 219 931**

Reconciliation of allowance for impairment

Balance at the beginning of the year	(68 371 795)	(48 807 757)
Contribution to allowance for impairment	(8 720 742)	(19 564 038)
	(77 092 537)	**(68 371 795)**

Consumer debtors pledged as security

No consumer debtors were pledged as security for any liabilities.

Fair value of consumer debtors

The fair value of consumer debtors approximates the carrying amount thereof.

Notes to the Financial Statements

Figures in R	2023	2022 Restated
5. Receivables from non-exchange transactions		
Fines	2 407 940	17 029 348
Less: Provision for impairment - Fines	(2 243 477)	(11 295 370)
Consumer Debtors -Rates	268 004 990	225 780 215
Less: Provision for impairment - Rates	(257 741 863)	(217 314 540)
Value added tax	2 395 304	11 176 222
	12 822 894	**25 375 875**
Rates - Ageing		
Current (0-30 days)	8 961 734	7 064 385
31 - 60 days	4 199 722	3 356 171
61 - 90 days	4 056 946	3 307 117
91 - 120 days	3 978 634	3 257 789
121 days - 390 days	33 672 668	25 681 454
> 390 days	213 135 285	183 113 299
	268 004 990	**225 780 215**
Summary of debtors by customer classification - Rates		
Business		
Current (0-30days)	1 008 080	727 071
31 days - 60 days	357 130	270 682
61 days - 90 days	343 602	234 920
91 days - 120 days	309 044	209 098
121 days - 390 days	2 700 688	1 563 750
> 390 days	12 914 850	8 700 574
	17 633 394	**11 706 095**
Domestic		
Current(0-30days)	4 930 164	4 157 459
31 days - 60 days	2 385 365	2 040 988
61 days - 91 days	2 362 590	2 024 547
91 days - 121 days	2 336 380	2 007 664
121 days - 390 days	19 893 821	16 092 273
> 390 days	139 174 130	121 494 083
	171 082 450	**147 817 014**
Government		
Current(0-30days)	2 892 722	2 064 342
31 days - 60 days	1 394 436	990 163
61 days - 91 days	1 288 272	993 877
91 days - 120 days	1 271 028	987 605
121 days - 390 days	10 530 437	7 595 851
> 390 days	56 532 520	25 102 309
	73 909 416	**37 734 147**

Notes to the Financial Statements

Figures in R	2023	2022 Restated
Receivables from non-exchange transactions continued...		
Indigents		
Current(0-30days)	-	8 875
31 days - 60 days	-	4 164
61 days - 90 days	-	3 990
91 days - 120days	-	3 862
121 days - 390 days	-	44 252
> 390 days	-	-
	-	**65 143**
Agriculture		
Current(0-30days)	130 767	106 638
31 days - 60 days	62 791	50 174
61 days - 90 days	62 483	49 783
91 days - 120 days	62 182	49 560
121 days - 390 days	547 722	385 328
> 390 days	4 513 785	27 816 333
	5 379 730	**28 457 816**
Total		
Current(0-30days)	8 961 734	7 064 385
31 days - 60 days	4 199 722	3 356 171
61 days - 90 days	4 056 946	3 307 117
91 days - 120 days	3 978 634	3 257 789
121 days - 390 days	33 672 668	25 681 454
> 390 days	213 135 285	183 113 299
	268 004 990	**225 780 215**
Less: Allowance for impairment	(257 741 863)	(217 314 540)
	10 263 127	**8 465 675**

Reconciliation of provision for impairment - Rates		
Opening balance	(217 314 540)	(129 725 742)
Correction of prior year error	-	11 028 050
Contribution to allowance	(40 427 322)	(98 616 848)
	(257 741 863)	**(217 314 540)**
Traffic Fines		
Traffic fines	2 407 940	17 029 348
Less: Provision for impairment	(2 243 477)	(11 295 370)
	164 463	**5 733 978**
Reconciliation of provision for impairment - Traffic fines		
Opening balance	(11 295 370)	(8 159 951)
Contribution to allowance	9 051 892	(3 135 419)
	(2 243 477)	**(11 295 370)**

No consumer debtors were pledged as security for any liabilities.

Notes to the Financial Statements

Figures in R	2023	2022 Restated

Receivables from non-exchange transactions continued...

Credit quality of receivables from non-exchange transactions (statutory receivables)
The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates

Fair value of receivables from non-exchange transactions (statutory receivables)
The fair value of consumer debtors approximates the carrying amount thereof.

Receivables from non-exchange transactions (Statutory receivables) impaired
The amount of the provision for impairment was:

Traffic fines	2 243 477	11 295 370
Consumer debtors - Rates	257 741 863	217 314 540

Interest raised for the period
During the 2022/2023 financial year, interest on outstanding receivables were calculated at a rate of 10% (2022: 10%) as per tarriff structure

Statutory receivables: GRAP 108

The Municipality assess impairment on a yearly basis.

Refer to Note 51 for the approach on impairment for statutory receivables.

Value added tax
The municipality accounts for Value Added Tax on accrual basis for financial reporting purposes and on the cash basis for submisions of VAT 201 reports to SARS.

Figures in R

6. Cash and cash equivalents

Cash and cash equivalents comprise:

Cash on hand	26 221	19 000
FNB Paymaster account	26 524 260	3 095 197
FNB Money market account	453 093 785	235 707 133
FNB revenue account	7 432 761	398 322
FNB salaries account	1 646 633	304 146
Nedbank call account	(0)	50 531
Standard Bank - 60 Days	58 221 728	54 804 163
ABSA Investments account	-	54 467 242
Nedbank Investments	-	55 340 098
VBS Mutual bank (3 Months notice)	39 500 000	39 500 000
VBS Mutual bank (12 Months notice)	100 000 000	100 000 000
	686 445 387	543 685 832
Provision for impairment	(139 500 000)	(139 500 000)
	546 945 387	**404 185 832**

The municipality has made provision for the impairment of VBS Mutual bank because of the uncertainty regarding the recovery of the investment of R139 500 000 (2022: R 139 500 000).

No cash and cash equivalents are held as collateral

Figures in R

Cash and cash equivalents continued...

The Municipality had the following bank accounts

Account number / Description	Bank statement balances June 30 2023	Bank statement balances June 30 2022	Bank statement balances June 30 2021	Cash book balances June 30 2023	Cash book balances June 30 2022	Cash book balances June 30 2021
Primary bank accounts						
Paymaster General Account - FNB - 6206-334-5790	26 385 797	2 878 903	916 065	26 524 260	3 095 197	1 375 690
Revenue Account - FNB - 6206-334-2720	7 424 748	530 764	2 086 443	7 432 761	398 322	1 937 273
Salaries Account - FNB - 6206-334-5980	1 646 633	304 145	2 705 062	1 646 633	304 146	2 705 062
	35 457 178	**3 713 812**	**5 707 570**	**35 603 653**	**3 797 665**	**6 018 025**
Investments						
Standard Bank - 60 Days	58 221 728	54 804 163	52 309 937	58 221 728	54 804 163	52 309 937
ABSA Bank - 90 Days	-	54 467 242	51 987 677	-	54 467 242	51 987 677
Nedbank Investment	-	55 340 098	52 796 599	-	55 340 098	52 796 599
Money Market Account - FNB - 6206-335-6888	453 093 785	235 707 132	131 820 216	453 093 785	235 707 133	131 820 216
Nedbank call account	-	50 531	48 682	(0)	50 531	48 682
	511 315 513	**400 369 166**	**288 963 111**	**511 315 513**	**400 369 167**	**288 963 111**
	546 772 691	**404 082 978**	**294 670 681**	**546 919 166**	**404 166 832**	**294 981 137**

Notes to the Financial Statements

Figures in R	2023	2022 Restated

7. Investment property

Balances at year end and movements for the year

	2023	2022 Restated
Balance at start of year		
At fair value	108 452 669	102 125 000
Net book value	**108 452 669**	**102 125 000**
Movements for the year		
Gains (losses) on fair value adjustment	3 909 146	6 327 669
Decrease resulting from a transfer of functions between entities under common control or a merger	-	-
Investment property at end of year	**112 361 815**	**108 452 669**
Closing balance at end of year		
At fair value	112 361 815	108 452 669
Net book value	**112 361 815**	**108 452 669**

Pledged as security

No investment properties was pledged as security for liabilities.

Details of properties

The fair values are determined by independed property valuer using comperable sales valuation method and adjusted infalation rate (CPI).

The valuaer has completed National Diploma in Property valuation with UNISA and is registered with the following:
- Registered with the South African Council for the property Valuers Profession for 8 years
- Registered as a Professional AssociatedValuer(No restrictions) with SACPVP Reg no 6429
- Registered with South African Institute of Valuers since 2011 Reg no mod004

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.

Classification difficulties

The municipality was faced with difficulties in classifying land properties in various locations within the municipal jurisdiction wherein there was no council resolutions granting the disposal, no service level agreements with the land developers nor the properties are owner-occupied. These properties were tested to determine whether these properties are held for undetermined use and meeting investment properties classification. Management judgement was applied and these properties were deemed as inventories. These properties were treated as such due to their proxmity and similarities to the majority of the stands and land properties already treated as inventory and/or as supported by previous sales in same localities.

The fair values are determined by independent property valuer using comperable sales valuation method.

8. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	40 180 290	(5 242 650)	34 937 640	40 180 290	(5 242 650)	34 937 640
Buildings	88 983 627	(44 279 711)	44 703 916	89 037 802	(41 780 006)	47 257 795
Community Assets	262 961 798	(118 217 073)	144 744 725	263 988 860	(110 326 971)	153 661 889
Infrastructure - Electricity	20 457 196	(11 722 742)	8 734 454	20 457 196	(10 643 898)	9 813 298
Infrastructure - Roads	500 088 603	(113 775 149)	386 313 453	470 247 517	(100 399 083)	369 848 434
Infrastructure - Solid waste	19 512 545	(5 962 783)	13 549 762	20 517 743	(5 374 409)	15 143 335
Furniture and fixures	9 265 081	(8 131 855)	1 133 226	8 782 479	(8 059 977)	722 501
Computer equipment	6 336 545	(3 732 014)	2 604 531	4 575 617	(3 111 337)	1 464 280
Capital work in progress	102 469 449	(2 357 425)	100 112 024	90 764 556	(2 357 425)	88 407 131
Plant and Machinery	3 661 340	(2 368 959)	1 292 381	2 741 440	(2 215 842)	525 599
Other movable assets (Motor vehicles)	47 534 165	(32 401 488)	15 132 677	47 534 165	(29 602 052)	17 932 114
	1 101 450 639	**(348 191 849)**	**753 258 790**	**1 058 827 666**	**(319 113 650)**	**739 714 015**

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)
Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

Figures in R

Property, plant and equipment continued...

8.1 Balances at year end and movements for the year

Reconciliation for the year ended 30 June 2023	Land	Buildings	Landfill site asset	Community Assets	Infrastructure - Electricity	Infrastructure- Roads	Capital work in progress	Computr equipment	Other Movable assets	Furniture and Fittings	Plant and machinery	Total
Balance at 1 July 2022												
At cost	40 180 290	89 037 802	20 517 743	263 988 860	20 457 196	470 247 517	90 764 556	4 575 617	47 534 165	8 782 479	2 741 440	1 058 827 666
Accumulated depreciation and impairment	(5 242 650)	(41 780 006)	(5 374 409)	(110 326 971)	(10 643 898)	(100 399 083)	(2 357 425)	(3 111 337)	(29 602 052)	(8 059 977)	(2 215 842)	(319 113 650)
Net book value	34 937 640	47 257 795	15 143 335	153 661 889	9 813 298	369 848 434	88 407 131	1 464 280	17 932 114	722 501	525 599	739 714 015
Movements for the year ended 30 June 2023												
Additions from acquisitions	-	-	-	-	-	-	51 684 634	1 774 587	-	677 015	919 900	55 056 136
Transfers	-	-	-	1 501 007	-	31 369 927	(32 870 934)	-	-	-	-	-
Depreciation	-	(2 486 331)	(580 976)	(8 292 982)	(945 217)	(14 457 203)	-	(613 551)	(2 799 061)	(255 134)	(145 082)	(30 575 537)
Impairment loss recognised in surplus or deficit	-	(67 825)	(7 399)	(915 385)	(133 627)	(265 214)	-	(12 173)	(375)	(8 468)	(8 036)	(1 418 501)
Disposals	-	-	-	(1 209 803)	-	(182 491)	-	(8 612)	-	(2 688)	-	(1 403 594)
Other movements	-	-	(1 005 198)	-	-	-	(7 108 808)	-	-	-	-	(8 114 006)
Property, plant and equipment at end of year	34 937 640	44 703 639	13 549 762	144 744 725	8 734 454	386 313 453	100 112 024	2 604 531	15 132 677	1 133 226	1 292 381	753 258 513
Closing balance at 30 June 2023												
At cost	40 180 290	88 983 627	19 512 545	262 961 798	20 457 196	500 088 603	102 469 449	6 336 545	47 534 165	9 265 081	3 661 340	1 101 450 639
Accumulated depreciation and impairment	(5 242 650)	(44 279 711)	(5 962 783)	(118 217 073)	(11 722 742)	(113 775 149)	(2 357 425)	(3 732 014)	(32 401 488)	(8 131 855)	(2 368 959)	(348 191 849)
Net book value	34 937 640	44 703 916	13 549 762	144 744 725	8 734 454	386 313 453	100 112 024	2 604 531	15 132 677	1 133 225	1 292 381	753 258 790

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)
Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

Figures in R

Property, plant and equipment continued...

Reconciliation for the year ended 30 June 2022	Land	Buildings	Landfill site asset	Community Assets	Infrastructure - Electricity	Infrastructure- Roads	Capital work in progress	Computer Equipment	Other Movable assets	Furniture and Fittings	Plant and machinery	Total
Balance at 1 July 2021												
At cost	40 180 891	89 050 091	21 109 829	254 924 941	20 457 190	411 604 137	97 616 747	3 802 847	47 534 165	8 781 175	2 356 551	997 418 564
Accumulated depreciation and impairment	(4 658 097)	(39 305 509)	(4 796 207)	(97 455 146)	(9 698 681)	(85 792 421)	(2 357 425)	(2 852 219)	(27 072 273)	(7 911 632)	(2 175 392)	(284 075 003)
Net book value	35 522 794	49 744 582	16 313 621	157 469 795	10 758 509	325 811 716	95 259 322	950 628	20 461 892	869 543	181 159	713 343 561
Movements for the year ended 30 June 2022												
Additions	-	-	-	-	-	65 663	61 154 652	819 576	-	1 303	384 890	62 426 084
Transfers	-	-	-	9 083 036	-	58 923 808	(68 006 843)	-	-	-	-	-
Depreciation	-	(2 486 414)	(588 021)	(8 441 378)	(945 217)	(14 083 190)	-	(291 080)	(2 524 196)	(133 100)	(34 013)	(29 526 609)
Impairment loss recognised in surplus or deficit	(585 153)	-	-	(4 449 563)	-	(662 889)	-	(5 330)	(5 627)	(15 245)	(6 374)	(5 930 181)
Disposals	-	(373)	(545)	(2)	-	(6 671)	-	(9 516)	-	-	-	(17 107)
Other movements	-	-	(581 720)	-	-	-	-	-	-	-	-	(581 720)
Property, plant and equipment at end of year	34 937 641	47 257 795	15 143 335	153 661 888	9 813 292	369 848 437	88 407 131	1 464 278	17 932 069	722 501	525 662	739 714 028
Closing balance at 30 June 2022												
At cost	40 180 290	89 037 802	20 517 743	263 988 860	20 457 196	470 247 517	90 764 556	4 575 617	47 534 165	8 782 479	2 741 440	1 058 827 666
Accumulated depreciation and impairment	(5 242 650)	(41 780 006)	(5 374 409)	(110 326 971)	(10 643 898)	(100 399 083)	(2 357 425)	(3 111 337)	(29 602 052)	(8 059 977)	(2 215 842)	(319 113 650)
Net book value	34 937 640	47 257 795	15 143 335	153 661 889	9 813 298	369 848 434	88 407 131	1 464 280	17 932 114	722 501	525 599	739 714 015

Notes to the Financial Statements

Figures in R	2023	2022 Restated

Property, plant and equipment continued...

8.2 Additional disclosures

Assets whose title is restricted and pledged as security
No property, plant and equipment were pledged as security for any financial liability.

Details of properties
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.

During the financial year, the municipality has received amounts for reimbursement due to loss of assets from the insurer. The amounts received are detailed below:

An amount of R11 499 has been received from Guard Risk Holdings Limited for a damaged tablet.

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	2023	2022 Restated
Buildings	328 797	32 978
Community assets	2 791 421	-
Infrastructure	2 185 007	981 075
Other Assets	8 110 089	7 360 968
	13 415 314	**8 375 021**

Work in progress

Reconciliation of Work in progress 2023	Included within buildings	Included within Community assets	Included within Infrastructure	Total
Opening balance	24 392 677	16 710 109	47 304 267	88 407 053
Additions/capital expenditure	6 887 584	1 985 849	42 811 201	51 684 634
Transfers to completed projects	-	(1 501 007)	(31 369 927)	(32 870 934)
Other movements	-	(2 791 421)	(4 317 387)	(7 108 808)
	31 280 261	**14 403 530**	**54 428 154**	**100 111 945**

Reconciliation of Work in progress 2022	Included within buildings	Included within Community assets	Included within Infrastructure	Total
Opening balance	24 392 677	15 064 452	55 802 114	95 259 243
Additions/capital expenditure	-	10 728 693	50 425 959	61 154 652
Transfers to completed projects	-	(9 083 036)	(58 923 806)	(68 006 842)
	24 392 677	**16 710 109**	**47 304 267**	**88 407 053**

Included in the WIP is R12 054 704 relating to electrical projects (electrification of households) that the municipality is undertaking on behalf of Eskom. These projects will be handed over to Eskom upon completion.

The following projects are identified as slow moving:

Notes to the Financial Statements

Figures in R	2023	2022 Restated

Property, plant and equipment continued...

Project description	Reason for slow moving	Amount
Upgrading of Malakabaneng road to tar	Budgetary Constraints	775 232
Rakgoatha Stormwater Management	Budgetary Constraints	932 530
Mathibela Stormwater Management	Budgetary Constraints	1 336 726
Stormwater Drainange at Sehlabeng/Hlakano 5KM	Budgetary Constraints	1 129 559
Stormmwater Drainage at Mogotlane Village	Budgetary Constraints	1 101 903
Refurbishment Of VTS at Traffic Department	Budgetary Constraints	609 114
Construction of Madisha Ditiro Community Hall	Dispute with contractor.	3 822 565
Construction of Magatle Thusong Center	Budgetary Constraints	1 496 455
Development of Recreational Facility at Maijane	Budgetary Constraints	1 387 091
Upgrading Of Parks at Lebowakgomo Unit A, B, F, S & R	Budgetary Constraints	290 601
Highmast Light: Marulaleng	Dispute with contractor.	207 442
Highmast Light: Makgothane	Dispute with contractor.	207 442
Highmast Light: Landfill Site	Dispute with contractor.	207 442
Highmast Light: Makaepea	Dispute with contractor.	207 442
Electrification of Mashite	Budgetary Constraints	36 221
Electrification of Mamogaswa (280HH)	Dispute with contractor.	3 778 346
Electrification of Mawaneng (25HH)	Budgetary Constraints	34 223
Electrification of Matime	Budgetary Constraints	17 208
Electrification of Manaileng (149HH)	Dispute with contractor.	4 834 726
Electrification of Blydrift Village	Budgetary Constraints	200 070
Electrification of Mogoto Village	Budgetary Constraints	88 047
Electrification of Makgopong (110 HH)	Budgetary Constraints	1 122 659
Revitalisation Mun Building (Civic)	Paused.	1 416 859
Development Of Sites Residential	Paused.	-
Electrification of Tjiane Village	Budgetary Constraints	124 950
Electrification of Kliphuiwel (25 HH)	Budgetary Constraints	122 548
Electrification Of Ngwaname & Mafefe (120 HH)	Budgetary Constraints	147 000
		25 634 398

9. Intangible assets

	2023 Cost / Valuation	2023 Accumulated amortisation and accumulated impairment	2023 Carrying value	2022 Cost / Valuation	2022 Accumulated amortisation and accumulated impairment	2022 Carrying value
Computer software	938 145	(927 091)	11 054	938 145	(783 391)	154 754

Figures in R	2023	2022 Restated

Intangible assets continued...

Reconciliation of changes in intangible assets

	Intangible assets	Total
Reconciliation for the year ended 30 June 2023		
Balance at 1 July 2022		
At cost	938 145	938 145
Accumulated amortisation and impairment	(783 391)	(783 391)
Net book value	154 754	154 754
Movements for the year ended 30 June 2023		
Impairment loss recognised in surplus or deficit	(143 700)	(143 700)
Intangible assets at end of period	11 054	11 054
Closing balance at 30 June 2023		
At cost	938 145	938 145
Accumulated amortisation and impairment	(927 091)	(927 091)
Net book value	11 054	11 054
Reconciliation for the year ended 30 June 2022		
Balance at 1 July 2021		
At cost	938 145	938 145
Accumulated amortisation and impairment	(783 391)	(783 391)
Net book value	154 754	154 754
Closing balance at 30 June 2022		
At cost	938 145	938 145
Accumulated amortisation and impairment	(783 391)	(783 391)
Net book value	154 754	154 754

Other information

Intangible assets with indefinite lives:
Intangible assets comprise of computer software with indefinite useful life. These assets are not amortised. The intangible assets with indefinite life are assessed annually for impairment. Whenever there is an indication of impairment, the intangible assets are impaired.

Notes to the Financial Statements

Figures in R	2023	2022 Restated

10. Heritage assets

Balances at year end and movements for the year
Reconciliation for the year ended 30 June 2023

	2023	2022 Restated
Balance at 1 July 2022		
Gross carrying amount	183 684	183 684
Net carrying amount	**183 684**	**183 684**
Closing balance at 30 June 2023		
Gross carrying amount	183 684	183 684
Net carrying amount	**183 684**	**183 684**

Reconciliation for the year ended 30 June 2022

	2023	2022 Restated
Balance at 1 July 2021		
Gross carrying amount	183 684	183 684
Net carrying amount	**183 684**	**183 684**
Closing balance at 30 June 2022		
Gross carrying amount	183 684	183 684
Net carrying amount	**183 684**	**183 684**

11. Payables from exchange transactions

Payables from exchange transactions comprise:

	2023	2022 Restated
Trade payables	9 748 604	10 829 442
Retentions	24 059 230	23 192 275
Leave provision	8 236 172	8 348 081
Bonus provision	2 669 909	2 652 543
Traffic department creditor	48 714	48 714
Debtors with credit balances	1 940 309	1 847 525
CDM Advance Account: R&M	68 169	68 169
Accruals	16 725 080	5 092 113
Bank suspense	5 020	5 038
CDM Creditor	24 850 158	26 723 153
Deposits Various	116 529	103 516
Unallocated deposits	7 366 662	6 361 125
Traffic department - 80:20 Split	1 271 523	1 036 423
SABS	161	161
Prodiba	59 013	58 065
Road transport management	66 816	55 368
Total payables from exchange transactions	**97 232 068**	**86 421 762**

The fair value of trade and other payables approximates their carying amounts

Notes to the Financial Statements

Figures in R	2023	2022 Restated

12. Consumer deposits

Consumer deposits comprise:		
Rental properties	49 925	49 925
Service charges	2 084 636	2 044 236
	2 134 561	**2 094 161**

No interest is paid on consumer deposits

Included in unallocated deposits are amounts received in advance for land parcels that are in the process of being sold or transferred but the land has not been registered in the name(s) of the buyer(s) at year-end. The receipts amount to R775,357.46

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprise the following balances		
MIG	21 051 076	16 827 215
Finance management grant	370 217	280 239
CDM : Halls	6 135	6 135
CDM : Stadiums	300 000	300 000
CDM : Eradication of Alien Plants	16 455	16 455
CDM : Integrated Transport plan	377 308	377 308
INEP	5 533 000	989 990
Municipal disaster relief	4 500 000	7 599
EPWP	9 136	-
	32 163 326	**18 804 940**

Conditional Grants

The amounts will be recognised as revenue when conditions have been met.

Included in the unspent conditional grants is R4 500 000 received in respect of Municipal disaster relief grant for the 2023/2024 financial year.

The extent of government grants recognised in the Statement of financial performance relates to the portion of the grant where the conditions have been met.

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as a liability in the Statement of financial position.

See note 24 for reconciliation of grants from National/Provincial Government.

Figures in R	2023	2022 Restated

14. Provisions

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

Environmental rehabilitation	1 280 502	2 066 478
	1 280 502	**2 066 478**

Reconciliation of provisions - 2023	Opening balance	Additions	Reductions	Closing balance
Environmental rehabilitation	2 066 478	219 222	(1 005 198)	1 280 502
	2 066 478	**219 222**	**(1 005 198)**	**1 280 502**

Reconciliation of provisions - 2022	Opening balance	Additions	Reductions	Total
Environmental rehabilitation	2 433 480	214 718	(581 720)	2 066 478
	2 433 480	**214 718**	**(581 720)**	**2 066 478**

Environmental rehabilitation provision

The provision is made in terms of the licensing stipulations. The Provision has been determined on the basis of the recent independent study by taking into account a number of factors to the design, manner of operations and rehabilitation measures proposed which was assessed, investigated and tested. There is no anticipated environmental harm, groundwater pollution, leachate leakage that could be found. The municipality did not alter any structure and infrustructure to the existing landfill.

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last three months amounted to 6.1716%.

The amount of the discounted landfill closure provision of R1,280,502 represents a decrease of R785,976 over the provision of R2,066,478 in the previous financial statements.

The current expected remaining life of the landfill is estimated at 52 years, after which the resulting outflows of economic benefits or service potential is expected.

Rehabilitation and closure report was compiled by Environmental and Sustainability Solutions CC appointed by the Council.

Changes in the present value of provision for landfill rehabilitation are as follows:

Opening balance	2 066 478	2 433 480
Additions	(785 976)	(367 002)
	1 280 502	**2 066 478**

Figures in R	2023	2022 Restated

15. Employee benefit obligation

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

	2023	2022 Restated
Long service awards	5 597 963	5 408 489
	5 597 963	**5 408 489**

Reconciliation of provisions - 2023	Opening balance	Additions	Reductions	Closing balance
Long service awards	5 408 489	988 966	(799 492)	5 597 963
	5 408 489	**988 966**	**(799 492)**	**5 597 963**

Reconciliation of provisions - 2022	Opening balance	Additions	Reductions	Total
Long service awards	4 754 093	1 340 585	(686 189)	5 408 489
	4 754 093	**1 340 585**	**(686 189)**	**5 408 489**

Notes to the Financial Statements

Figures in R	2023	2022 Restated

Employee benefit obligation continued...

Long Service Award

Employees qualify for the long service awards in terms of the SALGA collective agreement: The employees will qualifies for long service award for every five years of service completed , from ten years of service to 45 years of services in the following manner:

Completed service (Years)	Long Service Bonus Awards (Number of Days)	Determination of cash bonus
- 10 year	10	10/250x Annual Salary
- 15 years	20	20/250x Annual Salary
- 20-45 years	30	30/250x Annual Salary

In the month that each "Completed Service" milestone is reached, the employee is granted a long service award. Working days awarded are value at 1/250 of annual salary per day.

An actuarial valuation of the obligation has been performed by One Pangea Expertise and Solutions on all 187 employees that are entitled to long service awards as at 30 June 2023.

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

Carrying value	2023	2022 Restated
Long service awards - Non current portion	5 164 144	4 969 366
Long service awards - Current portion	433 819	439 123
	5 597 963	**5 408 489**

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

Long service awards	2023	2022 Restated
Opening balance	5 408 489	4 754 093
Net expense or (gain) recognised in the statement of financial performance	189 474	654 396
	5 597 963	**5 408 489**

Net expense or (gain) recognised in the statement of financial performance in Employee cost.

	2023	2022 Restated
Current service cost	438 940	416 685
Interest cost	550 026	360 787
Benefit vesting	(487 428)	(686 189)
Acturial (gains) or losses	(312 064)	563 113
	189 474	**654 396**

Key assumptions used at the reporting date:

	2023	2022 Restated
Average retirement age	63 years	63 years
Discount rates used	10.73%	10.60%
Expected increase in salaries	6.38%	7.74%

Notes to the Financial Statements

Figures in R	2023	2022 Restated
16. Service charges		
Refuse removal (Lebowakomo)	6 793 829	5 790 135
Landfill proceeds	7 565	24 105
Sewerage charges	1 304	-
Connection fee	344	327
	6 803 042	**5 814 567**
17. Rental of facilities and equipment		
Rental of Communication Network	327 098	630 744
Rental of facilities	70 174	44 956
	397 271	**675 701**

Operating leases - as lessor (income)

Certain of the municipality's properties are held to generate rental income. At the reporting date the Municipality has operating lease agreements with various ternants. The minimum lease receivable under operating leases will fall due as follows:

2023	Not later than one year	in second to fifth year inclusive	later than five years
Minimum lease receivable	91 646	378 254	7 000 112

2022	Not later than one year	in second to fifth year inclusive	later than five years
Minimum lease receivable	187 229	408 332	7 611 348

18. Water and Sanitation : Commission earned	2023	2022
Commission received from sale of water	35 240 491	35 504 199
	35 240 491	**35 504 199**

Lepelle-Nkumpi Muncicipality entered into a principal agent relationship with the Capricon District Municipality (CDM) whereby the Municipality performs collection of revenue relating to water and sanitation on behalf of the District Municipality.

Lepelle-Nkumpi Muncicipality is the agent as defined in GRAP 109 as it has been directed by Capricon District Municipality (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

The current signed SLA allows Lepele-Nkumpi to receive 30% of the revenue collected during the current year (2022: 30%). There were no changes to significant terms and conditions during the reporting period.

There are no significant risks attached to the arrangement.

Refer to Note11 for details of the liability resulting from the arrangement,

Figures in R	2023	2022 Restated

19. **Agency fees: Licences and permits**

Licences and permits: Department of transport	5 564 422	5 624 869
	5 564 422	**5 624 869**

Lepelle-Nkumpi Muncicipality entered into a principal agent relationship with the Department of Transport (DOT) whereby the Municipality performs vehicle registration and licencing functions on behalf of the Department of transport.

Lepelle-Nkumpi Muncicipality is the agent as defined in GRAP 109 as it has been directed by Department of Transport (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

Lepelle-Nkumpi Muncicipality receives a fixed fee of 20% of all monthly revenue collected in respect of licencing and registration of motor vehicles and shall deposit 80% of the said revenue collected on a monthly basis to Department of Transport Account on or before the 15th day of each month. There were no changes to significant terms and conditions during the reporting period.

There are no significant risks attached to the arrangement.

Refer to Note11 for details of the liability resulting from the arrangement.

Notes to the Financial Statements

Figures in R	2023	2022 Restated
20. Other Revenue		
Application fees: pto - residential	750	1 078
Transfer of property	83 489	75 609
Advertising boards	-	2 261
Burial fees	90 539	124 188
Building plans: bussiness and residential	223 065	214 828
Building plans : Rural	2 829	57 650
Connection fees: water	50 155	18 431
Skills development program	189 824	180 585
Application fees: pto - bussiness	17 047	3 391
Consolidation fees	7 088	4 369
Drain blockage	505	719
Rezoning application	2 776	843
Gain on inventory write down reversal	3 595	223
Instructor certificate	592	686
Clearance certificate	45 844	37 654
Proof of residence	114 473	94 379
Special consent	17 377	32 261
Stop Clock	281	469
Mortgage Bonds	14 366	22 132
Sundry income	1 228 019	1 266 710
Relocations of Beacons	-	3 913
Reconnection fees	1 432	1 210
Reservation of graves	-	10 400
Trading	-	41
Sale of Sites	1 191 589	4 172 854
VBS Recorveries	-	10 500 000
Leave provision charge	-	3 581 176
	3 285 636	**20 408 062**

21. Finance Income - Exchange

	2023	2022 Restated
Interest receivable - Exchange receivables	4 410 929	3 569 119
Interest receivable - External Investments	25 803 273	12 812 682
Interest receivable - Current accounts	6 720	-
	30 220 922	**16 381 801**

22. Finance Income - Non-exchange

	2023	2022 Restated
Interest receivable - Non-Exchange receivables	16 946 132	14 209 575
	16 946 132	**14 209 575**

Figures in R	2023	2022 Restated
23. Property rates		
Rates received		
Residential	18 038 205	15 134 892
Commercial	6 215 605	4 344 241
State	10 407 704	8 008 577
Agriculture	4 303 567	3 186 928
	38 965 081	**30 674 639**
Valuations		
Residential	3 625 678 150	3 024 435 690
Commercial	852 059 000	825 864 000
State	2 311 575 610	2 006 652 101
Agriculture	3 719 525 000	2 957 753 000
	10 508 837 760	**8 814 704 791**

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2022. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Notes to the Financial Statements

Figures in R	2023	2022 Restated
24. Government grants and subsidies		
Operating grants		
Equitable share	301 329 053	275 926 000
Finance management grant	1 629 784	1 719 761
EPWP	1 370 864	1 969 000
	304 329 701	**279 614 761**
Capital grants		
Municipal Infrastructural Grant	39 683 924	45 174 684
Department of Minerals & Energy - INEP	340 990	3 010 010
Municipal disaster grant	-	5 617 401
	40 024 914	**53 802 095**
	344 354 614	**333 416 856**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Finance Management Grant (FMG)

	2023	2022 Restated
Balance unspent at beginning of year	280 239	-
Current-year receipts	2 000 000	2 000 000
Conditions met - transferred to revenue	(1 629 784)	(1 719 761)
Withheld	(280 239)	-
Unspent amount transferred to liabilities	**370 217**	**280 239**

Conditions still to be met - remain liabilities (see note 13).

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003.

Municipal Infrastructure Grant (MIG)

	2023	2022 Restated
Balance unspent at beginning of year	16 827 215	19 918 898
Current year receipts	60 735 000	57 085 000
Conditions met - transferred to revenue	(39 683 924)	(45 174 684)
Withheld	(16 827 215)	(15 002 000)
Unspent amount transferred to liabilities	**21 051 076**	**16 827 215**

Conditions still to be met - remain liabilities (see note 13).

Notes to the Financial Statements

Figures in R	2023	2022 Restated

Government grants and subsidies continued...

This grant were used to construct municipal infrastructure to provide basic services for the benefit of poor households.

Intergrated National Electrification Programme (INEP)

Balance unspent at beginning of year	989 990	-
Current-year receipts	5 000 000	4 000 000
Conditions met - transferred to revenue	(340 990)	(3 010 010)
Withheld	(116 000)	-
Unspent amount transferred to liabilities	**5 533 000**	**989 990**

Conditions still to be met - remain liabilities (see note 13).

This grant were used to construct municipal infrastructure to provide basic services for the benefit of poor households.

EPWP

Current year receipts	1 380 000	1 969 000
Conditions met - transferred to revenue	(1 370 864)	(1 969 000)
Unspent amount transferred to liabilities	9 136	-

Conditions still to be met - remain liabilities (see note 13).

CDM:Refurbishment of Mamaolo Hall

Balance unspent at beginning of year	6 135	6 135
Unspent amount transferred to liabilities	**6 135**	**6 135**

Conditions still to be met - remain liabilities (see note 13).

CDM:Seleteng Diamond Softball

Balance unspent at beginning of year	300 000	300 000
Unspent amount transferred to liabilities	**300 000**	**300 000**

Conditions still to be met - remain liabilities (see note 13).

CDM Eradication of Alien Plants

Balance unspent at beginning of year	16 455	16 455
Unspent amount transferred to liabilities	**16 455**	**16 455**

Conditions still to be met - remain liabilities (see note 13).

Notes to the Financial Statements

Figures in R	2023	2022 Restated

Government grants and subsidies continued...

CDM Integrated Transport plan

Balance unspent at beginning of year	377 308	377 308
Unspent amount transferred to liabilities	**377 308**	**377 308**

Conditions still to be met - remain liabilities (see note 13).

CDM Waste management Cleaning

Balance unspent at beginning of year	(40 000)	(40 000)
Transfered to Receivables	**(40 000)**	**(40 000)**

Conditions were met and the grant was overspent by R40 000 during the 2019 financial year. This amount is disclosed under debtors. (see note 4).

Disaster management grant

Balance unspent at beginning of year	7 599	-
Current year receipts	4 500 000	5 625 000
Conditions met - transferred to revenue	-	(5 617 401)
Witheld	(7 599)	-
Unspent amount transferred to liabilities	**4 500 000**	**7 599**

Conditions still to be met - remain liabilities (see note 13).

25. Fines

Fines - Traffic Municipal	649 950	1 995 950
Fines - Pound fees	36 809	14 600
	686 759	**2 010 550**

26. Fair value gains or (losses)

Fair value on land	3 909 146	6 327 669
Actuarial gain/ (loss) on remeasurement of Long service award.	312 064	(563 113)
	4 221 210	**5 764 556**

In 2021/2022 and 2022/2023 financial years, a revaluation was performed on Investment properties which consists of vacant land (encroached land, residential stands, business stands and shopping malls).

Notes to the Financial Statements

Figures in R	2023	2022 Restated
27. Employee related Cost		
Basic	62 159 756	59 962 290
Bonus	4 910 451	4 790 495
Medical aid - company contribution	3 779 829	3 668 811
UIF	427 234	426 085
SALGBC	24 430	23 968
Leave pay provision charge	618 138	-
Pension Funds - Company contribution	11 915 306	11 523 890
Other allowances	10 539 701	9 784 453
Overtime payments	1 765 049	1 551 480
Long-service awards	438 940	416 685
Acting allowances	1 685 454	1 935 721
Housing benefits and allowances	279 249	252 702
FMG Intern allowance	343 560	331 881
Non pensionable	-	647 000
	98 887 098	**95 315 462**

Other allowances include Travel, motor car, accommodation, subsistence, standby, data, cellphone, uniforms and scarcicity allowances.

Remuneration of Acting Municipal Manager - Mankga K.G (Upto 30 Sept 2022)

	2023	2022 Restated
Acting allowance	5 177	20 709
	5 177	**20 709**

Remuneration of Municipal Manager - Monyepao M.A (From 1 October 2022 to current)

	2023	2022 Restated
Annual Remuneration	465 278	-
Car Allowance	278 401	-
Contributions to UIF, Medical and Pension Funds	190 461	-
Other allowances	27 000	-
	961 140	**-**

Remuneration of Chief Financial Officer - Mankga K.G (Upto 31 Jan 2023)

	2023	2022 Restated
Annual Remuneration	337 358	715 558
Car Allowance	178 890	306 667
Contributions to UIF, Medical and Pension Funds	106 832	183 140
Other allowances	21 000	24 000
	712 773	**1 229 365**

Remuneration of Executive directors

Director: Technical Services - Ruiters R.S

	2023	2022 Restated
Severence package	-	289 365
	-	**289 365**

Notes to the Financial Statements

Figures in R	2023	2022 Restated

Employee related Cost continued...

Acting Director: Technical Services - Bembe M.A.V.M (Sept 2021 to Nov 2021) (Feb 2022 to April 2022)

	2023	2022 Restated
Acting allowance	-	16 614
	-	**16 614**

Acting Director: Technical Services - Phasha MT (Jul 2021 to Aug 2021)

	2023	2022 Restated
Acting allowance	-	4 888
	-	**4 888**

Acting Director: Community Services - Mametja M.Z.

	2023	2022 Restated
Acting allowance	-	3 382
	-	**3 382**

Director: Community Services - Moroaswi T.S 1 July 2021 - August 2021

	2023	2022 Restated
Annual Remuneration	-	69 548
Car Allowance	-	44 722
Acting allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	27 318
Leave pay out	-	110 195
Other allowances	-	4 000
	-	**255 783**

Director: Corporate Services - Nogilana Raphela P.F (Up to Dec 2022)

	2023	2022 Restated
Annual Remuneration	307 076	810 426
Car Allowance	133 182	266 364
Bonuses	42 505	56 673
Contributions to UIF, Medical and Pension Funds	143 980	272 630
Leave pay out	97 251	-
Other allowances	18 000	24 000
	741 994	**1 430 093**

Director: Strategic Planning (LED) - Chosi S.

	2023	2022 Restated
Annual Remuneration	54 564	178 889
Car Allowance	25 556	76 666
Contributions to UIF, Medical and Pension Funds	15 262	45 785
Leave pay out	22 898	-
Other allowances	4 000	6 000
	122 279	**307 340**

Notes to the Financial Statements

Figures in R	2023	2022 Restated
28. Remuneration of councillors		
Mayor	931 085	912 719
Chief Whip	709 415	673 731
Speaker	753 749	715 115
Executive Committee Members	4 620 639	4 308 487
Councillors	14 987 994	15 389 562
MPAC and Ethics oversite members	1 100 561	902 901
	23 103 442	**22 902 514**

The Mayor, Speaker and Chief Whip are employed on a full-time. Each is provided with an office and secretarial support. The Mayor has use of a Council owned vehicle.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding at 30 June 2023:

30-Jun-23	**Outstanding less than 90 days**	**Outstanding more than 90 days**	**Total**
Mollo M.I	735	-	735
	735	**-**	**735**

30-Jun-22	**Outstanding less than 90 days R**	**Outstanding more than 90 days R**	**Total**
Mollo M.I	208	744	952
Ramalebana L.M (Previous councillor upto 30 November 2021)	332	8 189	8 521
Kgweedi MM (Previous councillor upto 30 November 2021)	87	609	696
	627	**9 542**	**10 169**

	2023	2022 Restated
29. Depreciation, Amortisation and Impairment		
Depreciation - Property, plant and equipment	30 575 537	29 491 846
Impairment of assets - Property, plant and equipment	1 418 501	5 930 181
	31 994 039	**35 422 027**
30. Finance cost		
Interest on long service award	550 026	360 787
Interest on provision for landfil rehabilitation	219 222	214 718
	769 248	**575 505**

Notes to the Financial Statements

Figures in R	2023	2022 Restated
31. Provision for impairment adjustment		
Provision for impairment - CDM water	35 579 929	27 116 476
Provision for impairment - Refuse	8 720 742	19 564 038
Provision for impairment - Traffic fines	545 948	3 135 419
Provision for impairment - Rates	40 427 322	98 616 848
	85 273 941	**148 432 781**

The provision for impairment adjustment movement for the year has been calculated as follows:

Provision per Statement of Financial Position	30-Jun-23	30-Jun-22	Movement charged to Statement of Financial Performance
CDM advance commission	196 151 248	161 691 778	34 459 470
Refuse	77 092 537	68 371 795	8 720 742
Traffic fines	2 243 477	11 295 370	(9 051 892)
Rates	257 741 863	217 314 540	40 427 322
	533 229 125	**458 673 483**	**74 555 642**
Adjustment due to write off			
CDM advance commission			1 120 459
Traffic fines			9 597 840
			85 273 941

	2023	2022 Restated
32. Contracted services		
Security services	17 137 931	17 206 663
Landfill site	3 303 639	4 257 391
Forensic services	394 925	390 690
Legal fees	9 694 575	10 790 037
Consulting and professional fees	14 686 803	14 473 170
Repairs and maintenance	15 460 759	10 010 322
Other	4 221 681	1 858 331
	64 900 313	**58 986 605**
33. Other materials		
Inventories and stores - Materials and supplies	1 044 792	1 020 366
Cleaning materials	269 654	293 257
Environmental waste management	1 739	71 322
OHS Expenses	-	29 994
R&M materials	576 470	397 737
Cattle pound	-	23 625
	1 892 656	**1 836 301**

Figures in R	2023	2022 Restated
34. General Expenses		
Accommodation and meals		
Advertising	1 254 479	414 990
Audit fees	825 708	851 381
Bank charges	5 639 538	5 610 700
Commission on SAPO/easy pay deposits	77 200	64 673
Bursaries - staff	442 259	416 566
Refreshments: Mayor's office	81 392	7 026
Bad debts writen off	67 117	32 575
Insurance	9 116 403	2 443 463
Council: Function	2 231 317	2 093 714
Inventory write down	1 790 210	788 044
Assessment rates and Municipal charges	850 380	410 699
Council: skills development levy	104 380	303 315
Council: travel & subsistance	4 855	3 469
IT support services	895 518	483 990
Municipal vehicles - fuel	384 126	142 831
Municipal fleet - licensing	3 029 349	446 309
Postage	489 554	400 174
Printing & stationary	664 465	1 015 614
Internal audit services	63 108	58 966
Protective clothing	8 875	18 875
Membership fees	1 076 520	1 133 423
Subscriptions and system licencing	1 680 014	1 735 220
Telephone and fax	5 706 699	2 094 821
Subsistance and travelling allowance	716 375	621 245
Skills development levy	2 053 769	1 484 420
Risk management	947 689	854 788
Traffic uniform & tags	2 432 652	619 526
Ward committees	-	21 000
Workmen's compensation	5 311 500	4 115 512
Recruitment expenses	494 090	441 224
Municipal services	276 416	139 974
Hire charges	9 888 858	8 842 908
Signage	744 725	634 633
Deeds	29 900	-
Registration fees	675 133	781 680
	217 275	72 808
	60 273 412	**39 600 557**

Figures in R	2023	2022 Restated

35. Cash flows from operating activities

Surplus for the year	**115 467 958**	**67 397 510**
Adjustments for:		
Depreciation and amortisation	31 994 040	35 422 027
Employee benefit obligation adjustment	189 474	654 396
Leave and bonus provision	(94 543)	(3 794 637)
Fair value adjustments	(4 221 210)	(5 764 556)
Impairment adjustment	85 273 940	148 432 781
Gain on sale of sites	(1 191 589)	(4 172 854)
Gain on inventory write down reversal	(850 380)	410 699
Loss/ (profit) on disposal of assets	1 618 948	16 111
Bad debts written off	9 116 403	2 443 463
Non cash finance cost	769 248	575 505
Other PPE movements - non cash item	(919 900)	581 720
Non cash other revenue (Lease straightlining)	136 572	370 432
Other non-cash items	400 938	489 361
Change in operating assets and liabilities:		
Inventories	549 839	3 383 179
Receivables from non-exchange transactions	(37 267 693)	(33 888 305)
Other receivables from exchange transactions	(28 420 289)	(42 182 834)
Payables from exchange transactions	10 904 849	142 977
Unspent conditional grants and receipts	13 358 386	1 196 155
Consumer deposits	40 400	76 100
Net cash flows from operations	**196 855 391**	**171 789 230**

Notes to the Financial Statements

Figures in R	2023	2022 Restated
36. Commitments		
Authorised Capital commitments		
Already contracted for but not provided for		
Property, plant and equipment	27 102 682	29 806 688
Prior period error. Refer to Note 37	-	(3 866 844)
	27 102 682	**25 939 844**
Total capital commitments		
Already contracted for but not provided for	27 102 682	25 939 844
Authorised Operational Commitments		
Already contracted for but not provided for		
Mod Hope Properties	-	218 097
MASCON	-	3 175 082
Bonakude consulting	3 177 557	4 664 112
Shumba Inc	3 524 480	-
	6 702 037	**8 057 291**
Total operational commitments		
Already contracted for but not provided for	6 702 037	8 057 291
Prior period error. Refer to Note 37	-	132 653
	6 702 037	**8 189 944**
Total Commitments		
Authorised capital expenditure	27 102 682	25 939 844
Authorised operational expenditure	6 702 037	8 189 944
	33 804 719	**34 129 788**

The following are contracts on which the value of the commitment could not be measured at year end:

Figures in R		2023	2022 Restated

Commitments continued...

Name of Contractors	Project name / Description	Approved contract amount, Excluding VAT
Maximum profit recovery (PTY) LTD	Professional service provider to conduct VAT contingency review for Lepelle Nkumpi Municipality	Rate based
IT Master consultant	Provision of services, support and hardware for the ICT production and DR environment	Rate based
Red Ants security relocation and eviction services	Professional services for and reaction invasion unit	Rate based
Bafana Ncube Incorporated	Appointment of panel of attorneys	Rate based
SC Mudluli attorneys INC	Appointment of panel of attorneys	Rate based
Popela Maake attorneys	Appointment of panel of attorneys	Rate based
Modise Mabule INC	Appointment of panel of attorneys	Rate based
Makhubela attorneys	Appointment of panel of attorneys	Rate based
Mahowa inc incorporated	Appointment of panel of attorneys	Rate based
Verveen attroneys	Appointment of panel of attorneys	Rate based
BCX	implementation of MSCOA (SOLAR)	Rate based
		Rate based
GOVERNOR RISK SOLUTION	Provision of Insurance	Rate based
Reakgona Travel	Panel of professional services for travel management for a 24 mon ths	Rate based
Lebea attorneys – Legal representation	Legal representation	Rate based
Mailtronic Direct Marketing Printing	Printing and Folding of Monthly Municipal Statements Statements for a Period of 36 Months	Rate based
Manthabo2 Air-conditioning Electrical and general construction	Supply,installation and maintenance of air conditioners for 24 month period	Rate based
Kgolo Institute	Professional service for provision of training for employees and councillors for a period of 24 months (LNM039/2020/21)	Rate based
Thalema Trading Enterprise	Supply and delivery of Protective clothing for 36 months (as and when required)	Rate based
Fidelity Cash Solutions	Professional service provider for Cash collection Services for a period of 36 months	Rate based
L-O Thamaga and sons Trading Enterprise	Supply and delivery of Hot Mix Asphalt for a period of 36 months (as and when Required)	Rate based
Maloka Machaba Surfacing	Supply and delivery of Hot Mix Asphalt for a period of 36 months (as and when Required)	Rate based
Selema Plant hire	Removal of illegal Dumping (as and when required)for period of 36 months	Rate based
Mashumi Contruction Supply & Project	Landfill	Rate based
Mod Hope Properties	Compilation of General Valuation Roll and Maintenance of the Supplementary Valuation Roll	Rate based

Notes to the Financial Statements

Figures in R		2023	2022 Restated
Commitments continued...			
Bravospan 90 CC	Security services on Months to Months		Rate based

37. **Prior year adjustments and reclassifications**

The following prior period errors were identified and the corrections have now been made to amounts previously reported in the annual financial statements of the Municipality.

Receivables from exchange transactions

Receivables from exchange transactions were oversated by R2 088 092 due to R3 570 134 relating to incorrect reversal of VAT journal incorrectly processed to CDM Advance commission in 2021/22 financial year, a prepayment amounting to R1 434 761 relating to software license in the 2021 /22 financial year and (R47 281) relating to sundry debtor not raised on overpayment of remuneration in 2021/22 financial year.

Receivables from non-exchange transactions

Receivables from non-exchange transactions were understated by R586 359 due to incorrect billing on property rates amounting to R2 881 795 in periods before 2021/22 financial year, understatement by (R3 570 134) relating to incorrect reversal of VAT journal incorrectly processed to CDM Advance commision in 2021/22 financial year and due to VAT amounting to (R84 803) on accrual on security services not raised in 2021/22 financial year.

Property, plant and Equipment

Work in progress was overstated by R328 485 due to partial capitalisation of completed project. The error resulted in a corresponding understatement of Infrastructure - Roads with the same amount.

Payables from exchange transactions

Payables from exchange transactions were understated by R185 820 due to an accrual amounting to R650 159 relating to security services that was ommited during the 2021/22 financial year and backpay amounting to R526 609 that was not accounted for in the 2021/22 financial year; Accruals paid through expenditure votes and not not reversed amounting to R1 362 588 in the periods prior to 2021/2022 financial year.

Trade payables amounting to R9 962 728 were incorrectly classified as accruals. The amount has been reclassified to trade payables. Please refer to Note 11.

Unspent condiotional grants

Unspent conditional grants were overstated by R3 010 010 due to conditions met on INEP grant not transferred to revenue pending approval during the 2021/22 financial year.

Prior year adjustments and reclassifications continued...

Cash and cash equivalents

Cash and cash equivalents was overstated bt R243 332 due to overlaping transactions during mSCOA conversion. The error occured in the 2020/21 financial year.

Other revenue

Other revenue was overstated by R4 310 564 due to incorrect accounting of leave pay provision with unsupported journal processed during compilation of 2021/22 financial year.

Government grants and subsidies

Government grants were understated by R3 351 000 due to conditions met on INEP grant not transferred to revenue pending approval during the 2021/22 financial year.

Employee related cost

Employee related cost were overstated by R768 061 due to the following:

- Long service award was overstated by R495 059 due to incorrect accounting of long service award expense resulting in overstatement by R134 272 and incorrect classification of interest amounting to R360 787.
- Leave pay provision was overstated by R196 465 due to incorrect accounting of the income resulting from decrease in provision and incorrect allocation between leave and travel and other allowances.
- Travel and other allowances were overstated by R58 856 due to incorrect allocation from leave pay.
- Basic pay was overstated by R17 682 due to overpayments of employee costs.

Councillors' remuneration

Councillors remuneration was understated by R495 585 due to backpay amounting to R526 609 which was not accounted for in the 2021/22 financial year and an overpayment of councillors' allowances amounting to (R31 024)

Contracted services

Contracted services were understated by R9 050 632 due to an amount of R565 355 relating to security services that was ommited during the 2021/22 financial year and repairs and maintenance of RR8 485 277 that was incorrectly classified as general expenses.

Prior year adjustments and reclassifications continued...

General expenses

General expenses was overstated by R9 732 894 due to a prepayment of R1 247 617 on software license incorrectly expensed during the 2021/22 financial year and repairs and maintenance of motor vehicles amounting to R8 485 277 incorrectly classified as general expenses.

Loss on disposal of assets

Loss on disposal of assets was overstated by R190 794 in the 2021/22 financial year due to proposed journals not being processed.

Finance cost

Finance cost was understated by R360 787 due toincorrect classification of interest on long service award as employee cost.

Cashflow statement

The cashflow statement for the 2021/22 financial year was reperformed with restated figures.

Prior year adjustments and reclassifications continued...

Statement of financial position

	Previously reported	Correction of prior period error	Reclassification	Restated balance
Reveivables from exchange transactions	28 604 309	(2 088 092)	-	26 516 217
Receivables from non-exchange transactions	24 789 516	586 359	-	25 375 875
Property, plant and equipment	739 716 235	(2 220)	-	739 714 015
Cash and cash equivalents	404 429 164	(243 332)		404 185 832
Payables from exchange transactions	(86 607 582)	185 820	-	(86 421 762)
Unspent conditional grants	(21 814 950)	3 010 010		(18 804 940)
Accumulated surplus	(1 295 998 726)	(1 448 545)		(1 297 447 271)
	(206 882 034)	-	-	**(206 882 034)**

Figures in R

Prior year adjustments and reclassifications continued...

Statement of Financial Performance

	Previously reported	Correction of prior period error	Reclassification	Restated balance
Service charges	5 814 240	327	-	5 814 567
Government grants and subsidies	330 406 846	3 351 000	-	333 757 846
Other revenue	24 718 626	(4 310 564)	-	20 408 062
Employee related cost	(96 083 516)	768 061	-	(95 315 455)
Remuneration of councillors	(22 406 929)	(495 585)	-	(22 902 514)
General expenses	(49 333 451)	1 247 617	8 485 277	(39 600 557)
Finance cost	(214 718)	(360 787)	-	(575 505)
Contracted services	(49 935 973)	(565 355)	(8 485 277)	(58 986 605)
Depreciation, impairment and amortisation	(35 454 604)	32 577	-	(35 422 027)
Loss on disposal	(206 905)	190 794	-	(16 111)
Surplus for the year	(67 880 422)	141 915	-	(67 738 507)
	39 423 194	-	-	**39 423 194**

The Municipality did not disclose some of the errors that were corrected in the 2021/22 financial year. The errors were corrected in the accounting system.

The impact of the correction is summarised below.

Notes to the Financial Statements

Figures in R

Prior year adjustments and reclassifications continued...

Statement of financial position

	Accumulated surplus
Cash and cash equivalents - Correction of investment	10 218
PPE - Correction of infrastructure - Roads accumulated depreciation	125 040
Inventory - Correction of consumable stores	63 467
Receivables from exchange transactions - Correction of sundry debtors	16 490
PPE - Correction of other movables accumulated depreciation	27 136
PPE - Correction of Community assets accumulated depreciation	17 867
PPE - Correction of buildings accumulated depreciation	39 524
PPE - Correction of Community assets accumulated depreciation	(1 243)
PPE - Correction of other movables accumulated depreciation	1 084 312
PPE - Correction land accumulated impairment	3 557
PPE - Correction WIP	(1 364 905)
PPE - Correction WIP	(328 485)
Payables from exchange transaction - Correction of accruals	974 395
Payables from exchange transaction - Correction of Retention	973 865
Receivables from non-exchange transactions - Correction of VAT receivable	1 463 302
PPE - Correction of infrastructure - Electricity accumulated depreciation - Disclosed	(10 997)
Accumulated surplus	3 093 544

Impact of correction of errors relating to periods prior to 2021/22 financial year in the current year.

Figures in R

Prior year adjustments and reclassifications continued...

Statement of financial position

	Accumulated surplus
Receivables from non exchange transactions- Incorrect billing	-2 881 435
PPE - Correction of infrastructure accum depreciation.	-2 188
Cash and cash equivalents - Overlaping transactions	-243 332
Payables - Correction of accruals paid through expenditure	1 362 588
PPE - correction of Accum impairment and depreciation	397 166
	(1 367 201)
Net impact on Accumulated surplus : 1 July 2021	
	1 726 343

Disclosures

Commitments

Capital commitments were overstated by R3 866 844 mainly due to cessions not accounted for.
Operational commitments were understated by R132 653 due to variation order and accrual not accounted for.

Irregula expenditure

Irregular expenditure was understated by R1 545 359 due to ommision Nashua payments .

	Previously reported	Correction of prior period error	Reclassification	Restated balance
Commitments - Capital	29 806 688	(3 866 844)	-	25 939 844
Commitments - Operational	8 057 291	132 653	-	8 189 944
Irregular expenditure	426 026 819	1 545 359	-	427 572 177

Notes to the Financial Statements

Figures in R

Prior year adjustments and reclassifications continued...

Contingencies

Contingent liabilities were overstated by R1 950 000 due to inclusion of a matter on Unlawful Occupiers of Portion 22 amounting to R1 500 000 which is an application matter and incorrectly capturing an amount of R50 000 as R500 000 for Ledwaba Ndlovu Traditional and 71 others.

Figures in R	2023	2022 Restated

38. Contingencies

		2023	2022
1	DAVID MAKGADI - The municipality is sued for an amount of R72 435.17 for vehicle collision.	72 435	72 435
β	PETER MAKWELA - The municipality is sued for an amount of R812 818.10 for non- allocation a developed land for business despite been requested to do so.	812 818	812 818
3	ZACHARIAS JACOBUS PRINSLOO DU TOIT - the municipality is sued an amount of R405 050.00 for negligence conduct.	405 050	405 000
4	MODIBA GOLOLO - The municipality is sued an amount of R13 229.87 for negligence conduct.	13 230	13 230
5	DITSIO HUDSON MOLABA - The municipality is sued for an amount of R220 000.00 for unlawful arrest, assault and detention without a warrant of arrest.	220 000	220 000
6	PHILLIP MADIMETJA - The municipality is sued for an amount of R60 000.00 for loss of income.	60 000 000	60 000 000
7	MAHLOLO CHARLES RATHANGA - The municipality is sued for an amount R335 000.00 for breach of contract.	335 000	335 000
8	Lerato Faith Kekana//Eva Prankie Ledwaba, the applicant instituted a claim against the respondent for damages as a result of her alleged unlawful arrest	155 000	155 000
9	CV CHABANE & ASSOCIATES (PTY) LTD - The municipality is been sued an amount R2 882 190.28 for services rendered.	2 882 190	2 882 190
10	MPHAHLELE RAESETJE DIKELEDI - The municipality is sued for an amount of R40 000 for negligence conduct.	45 000	45 000
11	LEGODI FRANCINAH - The municipality is sued for an amount of R27 947.10 for damages.	27 947	27 947
12	SELLO SILAS SETHOSA - The municipality is sued for an amount of R80 610.52 for vehicle collision.	80 611	80 611
13	Mashabane Jacob Ndhlozi, it is alleged that the Municipality has unlawfully and wrongly demolished the plaintiff's building structure and as a result the plaintiff suffered financial loss	17 500 000	17 500 000
14	Mokoni Elmon Mabu, suing the Municipality for unlawful arrest and detention	350 000	350 000
15	Wanthla Architects lodged a copyright claim against the Municipality	4 474 963	4 474 963
16	Ledwaba Ndlovu Traditional and 71 others, it is alleged the Municipality wrongfully turned the arable field of GaLedwaba into a cemetery yard since 1976	50 000	50 000
17	Inzalo Enterprise Management (formerly Sebata Municipal Solutions), Municiplality cancelled their contract due to non performance	4 945 572	4 945 572
18	Stone Found Engineering Services, the service provider instituted claim against the Municipality claiming outstanding payment for retention for building a small access bridge at Magatle-Mapatsakeng	-	369 396
19	Mmolawa kootsohle //LNM Polokwane circuit court Case no: 366/2014 - On the 12/03/2014, The plaintiff issued summons at High Court whereby he alleged that he was unlawfully arrested by the municipal traffic officers and detained in the police cells. And as a result he suffered general and specific damages in the amount of R366 719-40. The municipality instructed an attorney to oppose the matter.	366 719	-
20	Koth Property Consultants (Pty) Ltd // LNM - The Municipality received a request for settlement from Koth Property Consultants wherein Koth alleges that that the Municipality appointed Koth as a service provider for the revaluation of properties for purposes of the compilation of the Municipal Valuation roll of the Municipality and as a result owes Koth a balance of R 2,221,200,00 for the work done	2 221 200	-

Figures in R		2023	2022 Restated

Contingencies continued...

		2023	2022 Restated
21	Choshi Abel Mathobela// Lepelle Nkumpi Local Municipality - We received instruction to defend an action brought against the municipality wherein the plaintiff alleges that his motor vehicle was damaged as a result of hitting a pothole on the road belonging to the Municipality and as a result is claiming R12 325, 09 for damages.	12 325	
22	Municipal rates debt collection. Summons sent to the sheriff.	30 000	
		95 000 061	**92 739 162**

Should the action be successful the municipality does have insurance cover to cover litigation costs and claims.

There is no reimbursement from any third parties for potential obligations of the municipality.

39. Risk Management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	97 232 068	-	-	-

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	86 421 762	-	-	-

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, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade 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.

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.

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

Notes to the Financial Statements

Figures in R	2023	2022 Restated

Risk Management continued...

Financial instrument		
Receivables from exchange transactions	2023	2022
Cash and cash equivalent	19 483 238	26 516 217
	546 945 387	404 185 832

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 5 & 4 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 10% where applicable.

For financial assets wich are past due and imapired refer to note 5 & 4. None of the financial assets terms have been renegotiated. None of the financial assets were used as security or collateral

The entity 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 above.

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 above.

Interest rate risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

Foreign exchange risk

The municipality does not engage in foreign currency transactions.

Price risk

The municipality is not exposed to price risk.

The municipality does not hedge foreign exchange fluctuations.

Notes to the Financial Statements

Figures in R		2023	2022 Restated

40. Financial Instruments disclosure

Categories of financial instruments

Financial Assets	**Classification**		
Investments			
Short term deposits	Held to maturity	58 221 728	164 611 503
FNB Money market account	Financial instruments at amortised cost	453 093 785	235 757 664
Consumer Debtors			
Receivables from exchange transactions	Financial instruments at amortised cost	19 483 238	26 516 217
Bank Balances and Cash			
FNB Paymaster account	Financial instruments at amortised cost	26 524 260	3 095 197
FNB revenue account	Financial instruments at amortised cost	7 432 761	398 322
FNB salaries account	Financial instruments at amortised cost	1 646 633	304 146
Cash Floats and Advances	Financial instruments at amortised cost	26 221	19 000
Summary of Financial Assets		**566 428 626**	**430 702 048**

Financial Liability	**Classification**		
Trade Payables			
Payables from exchange transactions	Financial instruments at amortised cost	97 232 068	86 421 762
Consumer deposits		2 134 561	2 094 161
Summary of Financial Liability		**99 366 630**	**88 515 923**

41. Events after the reporting date

The municipality have not identified any material non-adjusting events after the reporting date relating to the financial period then ended 30 June 2023.

Notes to the Financial Statements

Figures in R	2023	2022 Restated

42. 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 2023, the municipality had an accumulated surplus of R1 412 915 227 and that the municipality's total assets exceed its liabilities by R1 412 915 227.

The Council is not aware of any new material changes that may adversely impact the Municipality. The Council is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Municipality.

43. Fruitless and wasteful expenditure

	2023	2022 Restated
Opening balance as previously reported	9 141 420	19 223 178
Restated opening balance	**9 141 420**	**19 223 178**
Add: Fruitless and wasteful Expenditure - current year	40 097	11 800
Less: Amount recovered - current	-	(10 552)
Less : Amounts written off - current	-	(10 083 006)
Closing balance	**9 181 517**	**9 141 420**

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	2023	2022 Restated
Arrears & Penalties Charged on Licensing of Municipal Vehicles	Under investigation.	5 197	6 229
Employee related cost	Under investigation	11 250	5 571
Unused card handling fees	Under investigation	9 418	-
Tracker service not cancelled	Under investigation	7 042	-
Service paid twice	Under investigation	7 190	-
		40 097	**11 800**

44. Unauthorised expenditure

	2023	2022 Restated
Opening balance as previously reported	290 759 244	277 613 763
Add: Unauthorised expenditure for the year	3 510 730	22 719 244
Less: Amounts written off	-	(9 573 763)
Closing balance	**294 269 974**	**290 759 244**

Unauthorised expenditure for the current year

	2023	2022 Restated
Overspending on Vote	3 510 730	22 719 244

Figures in R	2023	2022 Restated

45. **Irregular expenditure**

	2023	2022 Restated
Opening balance as previously reported	426 026 818	391 805 754
Prior period error. Refer to Note 37	1 545 359	299 995
Opening balance as restated	**427 572 177**	**392 105 749**
Add: Irregular Expenditure - current	40 189 679	29 976 088
Add: Irregular Expenditure relating to expenditure identified in prior year	30 912 478	3 944 981
Less: Irregular expenditure written off - incurred before 1 July 2021	(391 805 754)	-
Less: Irregular expenditure written off - incurred between 1 July 2021 and 30 June 2023	(27 006 240)	-
Irregular expenditure awaiting condonement by National Treasury	**79 862 339**	**426 026 818**

Incidents/cases identified in the current year include those listed below:

Incidents	Disciplinary steps taken/criminal proceedings	Amount
Awards made to bidders without company/ director's municipal rates and taxes	Under Investigation	4 505 328
Bid specification and bid document did not include local content production and minimum threshold	Under Investigation	1 699 148
Non-submission of Information	Under Investigation	1 488 789
Senior SCM practitioner was not part of the bid adjudication committee during the adjudication and award of the bid	Under Investigation	20 586 010
Bidders for Competitive Bidding who partially completed or whom did not fully complete the bid documents were awarded the bid	Under Investigation	310 589
award was made to a service provider who is non –tax compliant	Under Investigation	18 818 840
bidders were awarded bids after the validity period has lapsed	Under Investigation	11 368 202
Viriation order not approved by Council	Under Investigation	6 334 213
Bid committees were not involved in the awarding of the bid	Under Investigation	1 480 978
MDB 4 and MBD 8 not attached to the payment vouchers	Under Investigation	18 526
Approved bid specification was not used during bidding and award.	Under Investigation	553 180
Requirement for goods or services were split into smaller values.	Under Investigation	650 159
Bidders for competetive Bidding whom did not initial the page of the bid documents were awarded the bid	Under Investigation	845 861
Request for quotation not sent out at least 14 days before the closing date	Under Investigation	211 170
Fuel transactions without supporting evidence		1 250 357
Deviations not appoved		976 106
appointed bidders municipal account statement was in arrears for more than 90 days	Under Investigation	4 700
		71 102 156

Notes to the Financial Statements

Figures in R	2023	2022 Restated

Irregular expenditure continued...

The Municipal Public Accounts committee(MPAC) investigated UIFW expenditure by scrutinising all the relevant documents including but not limited to Forensic report, questionnaires from management and tender documents. The committee also conducted site visits for the projects under investigation. The following observations were noted by the committee:

• That the service providers performed the work to the Municipality's satisfaction therefore, value for money was achieved.
• The employees/officials responsible for UIFW are no longer in the employ of the Municipality. The committee assessed the practicability of recovering the funds and concluded that it was impractical to do so.

The committee recommend to council to write off all the irregular expenditure as outlined below.

Irregular Expenditure incurred prior to 30 June 2021	391 805 754
Irregular Expenditure incurred post 30 June 2021	27 006 240
	418 811 994

The council approved the write off of the amounts above in the 2023/24 financial year per resolution No 7.1.11/2023/2024

Figures in R	2023	2022 Restated

46. Additional disclosure in terms of Section 125 Municipal Finance Management Act Section 2003

Contribution to SALGA

Current year subscription / fee	1 542 943	1 521 040
Amount paid - current year	(1 542 943)	(1 521 040)
	-	-

Audit fees

Opening balance	9 436	9 436
Current year fee	5 639 538	5 610 321
Amount paid - current year	(5 639 538)	(5 610 321)
Closing balance	**9 436**	**9 436**

The outstanding audit fees is part of the creditors accruals for the year.

PAYE and UIF

Current year subscription / fee	17 783 333	18 364 943
Amount paid - current year	(17 783 333)	(18 364 943)
Closing balance	-	-

Pension and medical aid deductions

Current year subscription / fee	15 695 136	27 287 294
Amount paid - current year	(15 695 136)	(27 287 294)
Closing balance	-	-

VAT

VAT receivable/(payable)	2 395 304	11 176 222
	2 395 304	**11 176 222**

VAT is payable on the cash basis.

VAT output payables and VAT input receivables are shown in note 5

47. **Related parties**

Relationships

Key management information

Class	Name	Number
Executive management		
Acting Municipal Managers	Monyepao MA (October 2022 to current)	1
Acting Municipal Managers	Mankga K.G (Until September 2022)	1
Chief Financial Officer	Mankga K.G (Until January 2023)	1
Acting Chief Financial Officer	Moema MD (February 2023 to current)	1
Acting Director: Community Services	Mametja MZ (December 2022 to current)	1
Director: Corporate Services	Nogilana Raphela P.F (Until December 2022)	1
Acting Director: Corporate Services	Mologadi Mphahlele (From January 2023 to current)	1
Acting Director: Strategic Planning (LED)	Maphoru LD	1
Acting Director: Strategic Planning (LED)	Matee Seduma (	
Acting Chief Finance Officer	Moema MD (February 2023 to current)	1
Acting Director: Technical Services	Mxolisi Bembe	1
Council		
Mayor	MOLALA MM	1
Executive Committee members	Refer under General information for Executive Committee members	11
Councillors	Refer to General Information under Councillors	48

Remuneration of management

2023	Basic salary	Other short term employee benefits	Post employment benefits	Other long term benefits	Other benefits received	Total
Municipal Manager	465 278	474 039	-	-	27 000	966 317
Chief Financial Officer	337 358	354 415	-	-	21 000	712 773
	802 636	**828 454**	**-**	**-**	**48 000**	**1 679 090**

Figures in R	2023	2022 Restated

Related parties continued...

2022	Basic salary	Other short term employee benefits	Post employment benefits	Other long term benefits	Other benefits received	Total
Acting Municipal Manager	-	-	-	-	20 709	20 709
Chief Financial Officer	715 558	489 807	-	-	24 000	1 229 365
	715 558	489 807	-	-	44 709	1 250 074

Executive management

2023 Categories	Technical Services	Community Services	Corporate Services	Strategic Planning (LED)	Total
Annual remuneration	-	-	307 076	54 564	361 640
Travel, Motor Car, Accomodation and other allowances	-	-	133 182	25 556	158 738
Contribution to UIF, Medical Aid and Pension Funds	-	-	143 980	15 262	159 242
Bonus			42 505	-	42 505
Leave payout			97 251	22 898	120 149
Other allowances	-	-	18 000	4 000	22 000
	-	-	741 994	122 279	864 273

2022 Categories	Technical Services	Community Services	Corporate Services	Strategic Planning (LED)	Total
Annual remuneration	-	69 548	810 426	178 889	1 058 863
Acting allowances	21 504	3 382	-	-	24 886
Travel, Motor Car, Accomodation and other allowances	-	44 722	266 364	76 666	387 752
Contribution to UIF, Medical Aid and Pension Funds	-	27 318	272 630	45 785	345 733
Severence pay	289 366	-	-	-	
Leave payout	-	110 195	-	-	
Bonus	-	-	56 673	-	
Other allowances	-	4 000	24 000	6 000	34 000
	310 870	259 165	1 430 093	307 340	1 851 234

For more details on remuneration of executive management, please refer to note 27.

Related parties continued...

Councillors
2023

Surname and initials	Basic salary	Allowances	Total
Ledwaba PE	526 874	182 541	709 415
Makgahlele MB	502 712	193 342	696 054
Ramoshaba RS	279 409	125 098	404 507
Matsimela MD	526 874	182 541	709 415
Marema TG	280 603	44 400	325 003
Rababale SM	293 933	121 466	415 399
Tlabjane JB	222 314	102 689	325 003
Mollo MI	274 927	52 464	327 391
Makgati MA	280 603	44 400	325 003
Mphofela SM	665 015	44 400	709 415
Takalo ME	222 314	102 689	325 003
Phele RS	222 314	102 689	325 003
Mphahlele TJ	245 698	79 305	325 003
Masebe BN	210 623	114 380	325 003
Molala MM	886 685	44 400	931 085
Mphogo RJ	222 314	102 689	325 003
Hlongoane HM	216 468	108 535	325 003
Mahlobogane MD	227 990	97 013	325 003
Makhafola SJ	216 468	108 535	325 003
Kgaphola LK	227 990	97 013	325 003
Ramothole TR	222 314	102 689	325 003
Thobejane CM	222 314	102 689	325 003
Kekane MA	222 315	102 689	325 003
Ntsoane NP	222 314	102 689	325 003
Mphahlele MJ	222 314	102 689	325 003
Mathabatha RE	222 314	102 689	325 003
Lekgoathi S	293 933	121 466	415 399
Mogodi MM	222 314	102 689	325 003
Sello SG	526 874	182 541	709 415
Molomo RO	293 933	121 466	415 399
Matibidi MI	222 314	102 689	325 003
Mokone SM	222 318	102 689	325 007
Lekgoathi FP	222 314	102 689	325 003
Kekana MS	222 314	102 689	325 003
Maphoto ME	280 603	44 400	325 003
Makhafola TH	222 314	102 689	325 003
Mmako NS	222 314	102 689	325 003
Maleka PI	222 314	102 689	325 003
Moeti TL	222 314	102 689	325 003
Mazwi DP	293 933	121 466	415 399
Phogole ML	222 318	102 662	324 980
Mahlatji MA	269 081	55 922	325 003
Mphahlele KP	280 603	44 400	325 003
Nthlane LJ	222 314	102 689	325 003
Maphoso MW	280 603	44 400	325 003
Ledwaba MW	222 144	102 859	325 003
Muthwa LS	216 468	108 535	325 003

Notes to the Financial Statements

Figures in R		2023	2022 Restated
Related parties continued...			
Kekana MP	222 144	102 859	325 003
Nkoabela NJ	709 349	44 400	753 749
Mngomezulu LJ	222 314	102 689	325 003
Tsela FD	216 468	108 535	325 003
Nkoana RTF	293 933	121 466	415 399
Ramaremo MB	222 314	102 689	325 003
Phaahla SS	222 314	102 689	325 003
Mathabatha MD	216 468	108 535	325 003
Lebese JM	274 927	50 076	325 003
Mphahlele MTR	293 933	121 466	415 399
Modula MA	222 314	102 689	325 003
Shogole MW	216 468	108 535	325 003
Kekana KJ	93 534	13 900	107 434
Maja AD	181 223	35 746	216 969
Motau ME	14 880	2 355	17 235
Kekana L	14 880	2 355	17 235
	17 127 122	**5 974 702**	**23 101 824**

2022

Figures in R	2023	2022 Restated

Related parties continued...

Surname and Initials	Basic salary	Allowances	Total
Ramokolo MM	174 251	74 061	248 312
Themane MD	73 525	40 486	114 011
Ledwaba JL	73 525	40 486	114 011
Ledwaba PE	369 350	167 517	536 866
Makgahlele MB	394 843	173 262	568 106
Ramoshaba RS	204 323	112 507	316 830
Matsimela MD	483 756	202 900	686 656
Marema TG	249 728	67 102	316 830
Molatjana ML	73 525	40 486	114 011
Moganedi VM	73 525	40 486	114 011
Mmotla MN	73 525	40 486	114 011
Rababalela SM	270 214	131 720	401 933
Tlabjane JB	204 323	112 507	316 830
Molaba RG	73 525	40 486	114 011
Thobejane TC	98 034	15 977	114 011
Mabula RO	73 525	40 486	114 011
Choung CM	73 525	40 486	114 011
Morotoba NL	97 211	48 381	145 592
Mohlala PM	73 525	40 486	114 011
Leshilo GK	98 034	15 977	114 011
Takalo PS	24 508	40 486	64 994
Mollo MJ	301 548	161 632	463 179
Ntsoane PB	73 525	40 486	114 011
Makgati MA	272 430	44 400	316 830
Seribishane KG	98 034	15 977	114 011
Mphahlele RL	98 034	15 977	114 011
Doubada NN	94 357	47 430	141 787
Nkuna FM	73 525	40 486	114 011
Mvundlela MW	73 525	40 486	114 011
Petje LT	73 525	40 486	114 011
Mphofela SM	568 684	44 400	613 084
Mogashoa A	174 251	74 061	248 312
Kutumela FM	73 525	40 486	114 011
Ratau IG	97 211	48 381	145 592
Takalo ME	204 323	112 507	316 830
Phele RS	204 323	112 507	316 830
Masemola SG	85 134	46 878	132 013
Mathabatha TP	73 525	40 486	114 011
Thobejane L	73 525	40 486	114 011
Kgokolo RD	73 525	40 486	114 011
Ntswane MR	73 525	40 486	114 011
Ntshabeleng PS	73 525	40 486	114 011
Kgweedi MM	73 525	40 486	114 011
Babile PT	97 211	48 381	145 592
Ledwaba CS	73 525	40 486	114 011
Mphahlele TJ	204 323	112 507	316 830
Mailula LM	73 525	40 486	114 011
Thobejane TA	174 251	74 061	248 312
Lekoana MR	98 034	15 977	114 011

Notes to the Financial Statements

Figures in R		2023	2022 Restated
Related parties continued...			
Makola J	73 525	40 486	114 011
Molala MJ	73 525	40 486	114 011
Mohlala LN	73 525	40 486	114 011
Chidi MV	73 525	40 486	114 011
Ramalebana LM	73 525	40 486	114 011
Masebe BN	204 323	112 507	316 830
Molala MM	760 352	121 845	882 197
Phoshoko SD	73 525	40 486	114 011
Tsheoga NE	98 034	15 977	114 011
Mphogo RJ	215 674	101 156	316 830
Hlongoane HM	215 674	89 805	305 479
Mahlobogoane MD	175 428	28 591	204 019
Makhafola SJ	175 428	28 591	204 019
Kgaphola LK	175 428	28 591	204 019
Ramothole TR	131 571	72 448	204 019
Thobejane CM	169 753	34 267	204 019
Kekana MA	169 753	34 267	204 020
Ntsoane NP	164 077	39 942	204 019
Mphahlele MJ	164 077	39 942	204 019
Mathabatha RE	169 753	34 267	204 019
Lekgoathi S	173 957	86 577	260 533
Mogodi MM	158 402	45 618	204 019
Sello SG	304 597	127 027	431 624
Molomo RO	216 934	43 599	260 533
Matibidi MI	131 571	72 448	204 019
Mokone SM	169 757	34 267	204 023
Lekgoathi FP	147 050	56 969	204 019
Kekana MS	152 726	51 293	204 019
Maphoto ME	178 119	25 900	204 019
Makhafola TH	158 402	45 618	204 019
Kekana KJ	175 428	28 591	204 019
Mmako NS	164 077	39 942	204 019
Maleka PI	131 571	72 448	204 019
Moeti TL	131 571	72 448	204 019
Mazwi DP	186 918	73 615	260 533
Phogole ML	169 757	34 267	204 023
Mahlatji MA	175 428	28 591	204 019
Mphahlele KP	175 428	28 591	204 019
Ntlhane LJ	164 077	39 942	204 019
Maphoso MW	175 428	28 591	204 019
Ledwaba MW	175 428	28 591	204 019
Muthwa LS	131 571	72 448	204 019
Kekana MP	175 428	28 591	204 019
Nkoabela NJ	429 283	28 591	457 874
Mngomezulu LJ	131 571	72 448	204 019
Tsela FD	131 571	72 448	204 019
Nkoana RTF	221 447	36 095	257 541
Ramaremo MB	131 571	72 448	204 019
Phaahla SS	149 741	54 278	204 019
Mathabatha MD	131 571	72 448	204 019

Notes to the Financial Statements

Figures in R		2023	2022 Restated
Related parties continued...			
Lebese JM	138 390	65 630	204 020
Mphahlele MTR	173 957	86 577	260 533
Modula MA	131 571	72 448	204 019
Mathabatha GI	61 916	10 091	72 007
Shogole MW	85 134	46 878	132 013
	16 330 102	**5 909 617**	**22 239 719**

Councillors' arrear consumer accounts owing

For more information on councillors's arrear consumer accounts, please refer to note 28.

Figures in R	2023	2022 Restated

48. Deviation from supply chain management regulations

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

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

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

Figures in R	2023	2022 Restated

Deviation from supply chain management regulations continued...

Supplier Name	Services provided	Reason for deviation	Amount
Bogwekgwe Trading Enterprise	Hiring of alpine tent for Mayoral imbizo (Mafefe/Mathabatha cluster cluster)	Bid advertised through quotations (7 days) was non-responsive and time remaining before the event did allow for re-advert	48 400
CHARTERED INSTITUTE OF GOVERNMENT FINANCE, AUDIT & RISK OFFICERS	Registration fee for officials attending CIGFARO Conference	Sole provider-It is impractical to obtain three quotations from service providers	24 198
Communications Intitute of South Africa	Provision of sign laguage interpreters during Mayoral imbizo (Lebowakgomo cluster, Zebediela cluster and Mafefe/Mathabatha cluster)	Sole provider, impractical to get 3 quotes	28 000
Denotech Training Institute	Training of Operators (Technical Services officials)	The bid was advertise for more than three times and was not responsive. The training is urgently required as licenses for Operators had expired on the 04th September 2022 and cannot continue operating the machines which then hinders service delivery.	76 000
Diatla Di a Bolela Trading and Training	Strip, quote and repair of walk behind roller	The nature of the service required (Strip and quote)	12 100
Engineering Council Of South Africa	ECSA membership fee for Mr. Bembe	Acting Technical Manager is registered with ECSA and is required to pay annual membership yeraly. It is impractical to obtain quotes from other service providers.	1 640
Government Printing	Advertisement of supplementary valuation roll on Limpopo Gazette for two consecutive weeks	Sole provider, impractical to get 3 quotes	2 018
Hlabirwa J and J	Procurement of transport services, 10 X 22 seater buses for Mayoral imbizo (Mafefe/Mathabatha cluster)	Bid advertised through quotations (7 days) was non-responsive and time remaining before the event did allow for re-advert	39 320
Institute of Internal Audit	Registration of membership for internal audit	Internal Audit Unit registration of membership with IIASA. It is impractical to obtain quotes from other service providers.	8 875

Notes to the Financial Statements

Figures in R			2023	2022 Restated

Deviation from supply chain management regulations continued...

Kholoyanthabiwakgopo	Procurement of catering services for 400 people for Mayoral imbizo(Zebediela cluster)	Bid advertised through quotations (7 days) was non-responsive and time remaining before the event did allow for re-advert	34 000.00
KTM Knowledge Solutions	Advertisement of posts	Urgency of the need to fill senior management positions	82 222.01
Lebea &Associates Attorneys	Legal representative for case number LPD 092204(Arbitration)	The Municipality should urgently appoint a legal representative who specialises in labour law in order to lodge application for recession at the SALGBC	15 000.00
Mashumi Construction Supply and Projects	Operation and Management of Lenting Landfill site for a period of 03 months	The Municipality needs to urgently appoint a service provider to attend to the landfill site while SCM processes are unfolding with regard to the appointment of a long-term service provider.	390 000.00
Mphahlele FM	Radio advertising-Mayor will be presenting the 2022-2023 IDP/BUDGET	The Mayor will be presenting the 2022-23 IDP. The Mayor will be having one hour live interview on local radio stations in order to attract local residents within LNM.	12 000.00
Mphahlele FM	Presentation of the draft IDP and Budget at Mphahlele FM	Sole provider-It is impractical to obtain three quotations from service providers	62 000.00
Mphahlele FM	Outside broadcast during SOMA	Sole provider radio station of the targeted listeners	25 000.00
Nestab ICT	Lunch for 400 people for draft IDP/Budget stakeholders and public consultation in Magatle	Bid advertised through quotations (7 days) was non-responsive and time remaining before the event did allow for re-advert	49 120.00
Nkarane Trading and Supply	Hiring of alpine tent for Mayoral imbizo (Lebowakgomo cluster)	Bid advertised through quotations (7 days) was non-responsive and time remaining before the event did allow for re-advert	35 000.00
Nogane a Pheladi (Pty) Ltd	Transport services for IDP (Mafefe/Mathabatha cluster)	Failed to get three quotations, quotations were requested from service providers but only two were received	20 000.00
SA Council for Graduates Corporative Limited	Registration for the Municipality delegation for participation at the District Development Model conference	Sole provider, impractical to get 3 quotes	25 000.00
SALGA	Registration fee of Municipal Manager for attending Provincial member assembly	Registration for Municipal Manager to attend Provincial member assembly on 22-23 November 2022. it is impractical to obtain quotes from other service providers since SALGA is the only service provider.	4 166.67

Figures in R		2023	2022 Restated

Deviation from supply chain management regulations continued...

SALGA	Registration fee of CFO for attending Provincial member assembly	Registration for CFO to attend Provincial member assembly on 22-23 November 2022. it is impractical to obtain quotes from other service providers since SALGA is the only service provider.	4 166.67
SALGA	Registration fee of Councillors for attending Provincial member assembly	Registration for Mayor,CLLR Molala MM, CLLR Nkoabela, CLLR Makgahlela and CLLR Seriting Sello to attend Provincial member assembly on 22-23 November 2022. it is impractical to obtain quotes from other service providers since SALGA is the only service prov	16 666.68
SALGA	Registratinon for SALGA conference	Sole provider, impractical to get 3 quotes	25 000.00
Shadinkie (Pty) Ltd	Procurement of catering services for 400 people for Mayoral imbizo(Zebediela cluster)	Bid advertised through quotations (7 days) was non-responsive and time remaining before the event did allow for re-advert	52 000.00
SITA SCI Ltd	Registration fee of SL Mphahlele attending SITA Govtec	Registration for ICT Manger for annual international ICT conference with SITA Gov Tech. It is impractical to obtain quotes from other service providers since SITA is the only sevice provider with ICT professional for government	13 200.00
South African Broadcasting Commission	Presentation of the draft IDP and Budget at Thobela FM, Tabakgomo for 1 hour	Sole provider-It is impractical to obtain three quotations from service providers	157 550.00
The South African Institute of Civil Engineering	SAICE annual membership fees	Acting Technical Manager is registered with SAICE and is required to pay annual membership yeraly. It is impractical to obtain quotes from other service providers as SAICE is the only service provider that Engineers can be affiliated to.	3 686.00
Tintela Trading Enterprise	Procurement of transport services for Mayoral imbizo (13 X 60 seater buses)	Bid advertised through quotations (7 days) was non-responsive and time remaining before the event did allow for re-advert	83 005.00
Zebediela Community Radio	Radio advertising-Mayor will be presenting the 2022-2023 IDP/BUDGET	The Mayor will be presenting the 2022-23 IDP. The Mayor will be having one hour live interview on local radio stations in order to attract local residents within LNM.	12 000.00
Zebediela Community Radio	Outside broadcast during SOMA	Sole provider radio station of the targeted listeners	25 000.00
Zebediela Community Radio	Live radio broadcasting and interviews	Sole provider for target market	60 000.00
			1 446 334

Notes to the Financial Statements

Figures in R	2023	2022 Restated

49. Budget information and explanation of differences

Presentation of budget information

The budget is approved on an accrual basis by functional classification.

The approved budget covers the period from 1 July 2022 to 30 June 2025.

The Statement of Comparison of Budget and Actual Amounts has been included in the annual financial statements as a separate additional financial statement.

Material changes from the approved budget to the final budget
Statement of financial performance

Interest earned - external investments	Due to more interest earned on short term investments the Municipality made with various banking Institutions.
Interest earned - outstanding debtors	Due to culture of non payment of services
Agency services	Due to more revenue collected from Licensing services
Employee related costs	The under performance is due to delays in appointment of vacant positions including vacant positions
Debt impairment	Due to high level of consumers debtors and aligning with collection rate.
Finance charges	Due to the Expired Lease contract
Inventory consumed	The budget was adjusted upwards to cater for electricity maintenance material of highmast lights.
Contracted services	The slow spending is due to the fact that most of the projects are still at various stages of SCM processes and non-adherence of procurement plan

Statement of financial position

Cash	The variance was due ommission of surplus cash investments on the approved budget.
Call investment deposits	The variance was due to unforseen investments before the adjustment budget.
Consumer debtors	over projection
Other debtors	over projection
Borrowing	Mis allocation, the municipalitry does not have any borrowings
Trade payables	The adjustment was missalighnment of the budgeted figures in the budgetory system which resulted in errors on the approved budget.
Provisions	intially not budgeted for, the adjustment budget projection is for landfil and employee benefits provision.

Explanation of variances between budget and actual figures.

Statement of financial performance

Notes to the Financial Statements

Figures in R	2023	2022 Restated

Budget information and explanation of differences continued...

Rental of facilities and equipment	There was an increase in the rental of municipal halls as a result of the reduction of the Covid19 restrictions.
Interest earned - Outstanding debtors	An increasing in the culture of non-payment of municipal services
Fines, penalties and forfeits	The decrease was a result of non availability of electronic system as projected. The municipality envisaged to procure the Service Provider to assist with the issue of electronic traffic fines but the tender is still in the procurement processes.
Licences and permits	There was no system in place to issue hawker's licences during the year.
Other revenue	Other revenue budget includes accumulated surplus from the savings of the previous financial year and the actual receipts from other revenue sources excluding grants and subsidies.
Gain on disposal of assets and liabilities	The assets were disposed at a loss.
Employee related cost	The under performance is due to delays in appointment of vacant positions.
Depreciation, amortisation and impairment	Due to incomplete projects.
Other expenditure	The variance was due to bad debts written off which was not budgeted for.
Inventory consumed	The variance is due to delays in appointment of service provider for major road maintenance.
Contracted services	The variance is due to delays in appointment of service provider for various programmes.
Finance cost	Interest on landfil site provision and long service award were not budgeted for
Loss on disposal	Loss on disposal of assets was not butgeted for.
Donations	Donation of assets was not butgeted for.
Gains on fair value adjustments	Fair value gains recognised on Investment Property and actuarial gains/loss on long service award that was not budgeted for.

Statement of financial position

Notes to the Financial Statements

Figures in R	2023	2022 Restated

Budget information and explanation of differences continued...

Property, plant and equipment	Due to delays in appointment and implementation of Infrastructure projects.
Intangible assets	The budget was meant for the upgrade of the server which was capitalised to PPE
Trade and other payables	The variance was due to overprojection due to unforseen delay in appointment of service providers.
Consumer debtors	The variance was due to unforseen write offs and prior year corrections during the budgetory process.
Other debtors	The variance was due to overbudgeting.
Provisions	The Budget was overstated due to unforseen reduction in provision for landfil site rehabilitation.

Notes to the Financial Statements

Figures in R	2023	2022 Restated

50. Reconciliation of actual amounts on a comparable basis

Statement of financial performance	Actual	Actual on comparable basis
Finance Income		
Finance income - Exchange	30 220 922	-
Finance Income - Non exchange	16 946 132	-
Interest earned- External investments	-	25 809 993
Interest earned - Outstanding debtors	-	21 357 061
	47 167 055	**47 167 055**

Interest on outstanding debtors is made up of the following:

Interest on non- exchange receivables		16 946 132
Interest on exchange receivables		4 410 929
Amount per statement of budget comparison.		**21 357 061**

Other revenue		
Other revenue	3 285 636	-
Licences and permits	-	592
Other revenue	-	3 285 044
	3 285 636	**3 285 636**

Licence and permits - Road transport instructor certificate is budgeted for seperately from other income.

Government grants and subsidies		
Government grants and subsidies	344 354 614	-
Transfers and subsidies	-	304 329 701
Transfers and subsidies - Capital	-	40 024 914
	344 354 614	**344 354 614**

Statement of financial position	Actual	Actual on comparable basis
Cash and cash equivalents		
Cash and cash equivalents	546 945 387	-
Cash	-	35 629 874
Call investment deposits	-	511 315 513
	546 945 387	**546 945 387**

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Notes to the Financial Statements

Figures in R	2023	2022 Restated
Reconciliation of actual amounts on a comparable basis continued...		
Receivables		
Receivables from exchange transactions	19 483 238	-
Receivables from non-exchange transactions	12 822 894	-
Consumer debtors	-	29 392 118
Other debtors		2 914 014
	32 306 132	**32 306 132**
Consumer debtors are determined as follows:		
Net receivables from exchange transactions		19 483 238
Receivables from non-exchange transactions		12 822 894
		32 306 132
Less : Other debtors		
Sundry debtors		(518 711)
VAT receivable		(2 395 304)
Other debtors		**(2 914 014)**
Consumer debtors		**29 392 118**
Payables		
Payables from exchange transactions	97 232 068	-
Unspent conditional grants	32 163 326	-
Trade and other payables	-	129 395 394
	129 395 394	**129 395 394**
Non current liabilities		
Provisions	1 280 502	-
Employee Benefits Obligation	5 164 144	-
Provisions	-	6 444 646
	6 444 646	**6 444 646**

Figures in R	2023	2022 Restated

51. Approach used to determine doubtful debts

1. Ageing of each debtor
Tenant/owner account
Debtor category: residential, business, indigent, government etc
Handover Accounts: if account was handed over for collection
Cut of: Number of times debtor was cut off
A scoring system consisting of the following fields was used and the basis of scoring

1. Ageing of debtor

	2023	2022 Restated
Current(0-30days)	1	1
31 days - 60 days	2	2
61 days - 91 days	3	3
91 days - 120 days	4	4
121 +	5	5
	15	15

2. Type of ownership

	2023	2022 Restated
Owner	1	1
Tenant	2	2
	3	3

Basis for Impairment: Score out of max 23	Residential %	Business %	Indigent %	Government %	Municipal Employees & Councillors % (Probably not impaired)	Impairment Provision Level
1 - 3 points (Probably not impaired)	-	-	-	-	-	-
4 - 7 points	20	20	20	20	-	1
8 - 10 points	40	40	40	40	-	2
11 - 13 points	60	60	60	60	-	3
14 - 16 points	96	96	96	96	-	4
17 - 18 points	100	100	100	100	-	5

Assumptions
1. Government debt are also considered for impairement
2. Impairment provision is determined using level rating.
3. Traffic fines are impaired at a collection estimate rate.

52. Awards to Close family members in the service of state.
There were no awards to close family members in the service of state.