

# THABAZIMBI LOCAL MUNICIPALITY

Annual Financial Statements  
for the year ended 30 June 2021



**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**GENERAL INFORMATION**

<b>Legal form of entity:</b>	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)	
<b>Legislation governing the municipality's operations:</b>	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) Constitution of the Republic of south Africa (Act 108 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)	
<b>Mayoral committee:</b>	Mayor	Cllr JM Fischer
	Speaker	Cllr, T Hearne
	Chief Whip	Cllr PJ Strydom
<b>Community Services:</b>	Chairperson	Cllr Sanny Ndhlovu
	Member	Cllr PL Seroie
	Member	Cllr XS Nozozo
	Member	Cllr B.E. Motlhabane
	Member	Cllr Grace Ntshabele
<b>Planning and economic development &amp; Infrastructure:</b>	Chairperson	Cllr Daniel Mampeule
	Member	Cllr I. Nengwekhulu
	Member	Cllr Rachel Mokwena
	Member	Cllr T. Ramoabi
	Member	Cllr C.S. Sikwane
<b>Finance Institutional Development &amp; Transformation:</b>	Chairperson	Cllr Sam Makhubela
	Member	Cllr T Swanepoel
	Member	Cllr H.O. Selokela
	Member	Cllr SM Matshelanokana
	Member	Cllr T Molefe
<b>MPAC:</b>	Chairperson	Cllr F Erasmus
	Member	Cllr AR Ramogale
	Member	Cllr M.D. Comakae
	Member	Cllr F. Kokonyana
<b>Grading of local authority:</b>	Category C (MDB Code: LIM361)	
<b>Acting Accounting Officer:</b>	Mr G Tloubatta	
<b>Acting Chief Finance Officer (CFO):</b>	Mr J Matlou	
<b>Registered office:</b>	7 Rietbok Street, Thabazimbi, 0380	
<b>Business address:</b>	7 Rietbok Street, Thabazimbi, 0380	
<b>Postal address:</b>	Private Bag X530, Thabazimbi, 0380	
<b>Bankers:</b>	ABSA Bank Limited	
<b>Auditors:</b>	Auditor General of South Africa (AGSA)	

**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021  
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**Abbreviations**

COIDA	Compensation for Occupational Injuries and Diseases Act
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MSIG	Municipal System Improvement grant
NDPG	Neighbourhood development and partnership grant
COVID-19	Coronavirus
DHS	Department of Human Settlement
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
SRAC	Sports, Recreation, Arts & Culture
DRG	Disaster relief grant
INEP	Integrated national electrification programme
WSIG	Water services infrastructure grant

**THABAZIMBI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
**ACCOUNTING OFFICERS RESPONSIBILITY 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 were given unrestricted access to all financial records and related data.

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant 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.

I, as the accounting officer (accounting authority), acknowledge that I am 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 me to meet these responsibilities, I have set 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.

I am 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 have reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, I am satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors.

**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**ACCOUNTING OFFICERS RESPONSIBILITY AND APPROVAL**

I would like to bring the following material matters to your attention:

As at June 30, 2021, the municipality had an accumulated surplus of **R 402 million**.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 26 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page \_\_\_\_\_.

The annual financial statements set out on pages 3 to 54, which have been prepared on the going concern basis, were approved by the municipality on 31 August 2021 and were signed on its behalf by:



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Accounting Officer  
Date: 31 August 2021

THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021  
Figures in Rand

	Note(s)	2021	2020 *Restated
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	834 133 745	792 737 035
Biological assets	4	482 100	1 038 800
Intangible assets	5	-	-
<b>Total non current assets</b>		<b>834 615 845</b>	<b>793 775 835</b>
<b>Current Assets</b>			
Cash and cash equivalents	6	2 011 261	2 006 754
Trade and other receivables from exchange transactions	7	34 653 822	12 051 877
Trade and other receivables from non-exchange transactions	8	16 992 638	6 334 689
Inventories	9	4 415 367	5 720 786
VAT receivable	38	76 738 069	76 156 679
<b>Total current assets</b>		<b>134 811 157</b>	<b>102 270 785</b>
<b>Total Assets</b>		<b>969 427 002</b>	<b>896 046 620</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	10	-	686 619
Provisions	11	59 668 121	45 246 707
Employee benefit obligations	12	41 473 000	35 307 000
Trade and other payables from exchange transactions	14	151 878 214	176 878 214
<b>Total non current liabilities</b>		<b>253 019 335</b>	<b>258 118 540</b>
<b>Current Liabilities</b>			
Current portion of borrowings	10	719 733	1 283 509
Current portion of provisions	11	2 288 153	2 084 505
Current portion of employee benefit obligations	12	2 027 000	1 495 000
Consumer deposits	13	4 358 175	4 178 703
Current portion of trade and other payables from exchange transactions	14	292 312 007	263 992 729
Unspent transfers and subsidies	15	12 456 241	15 940 351
<b>Total current liabilities</b>		<b>314 161 309</b>	<b>288 974 797</b>
<b>Total Liabilities</b>		<b>567 180 644</b>	<b>547 093 337</b>
<b>Net Assets</b>		<b>402 246 358</b>	<b>348 953 284</b>
Accumulated surplus		<b>402 246 358</b>	<b>348 953 284</b>

\*See Note 37

THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2021

Figures in Rand

	Note(s)	2021	2020 *Restated
<b>Revenue</b>			
<b>Revenue from non exchange transactions</b>			
Property rates (Taxation revenue)	16	80 804 907	78 361 210
Fines	17	465 650	1 323 262
Licence and permits	18	7 518	15 370
Interest income	24	6 265 980	6 923 187
Government grants and subsidies	19	211 590 816	192 624 067
<b>Total non exchange revenue transactions</b>		<b>299 134 871</b>	<b>279 247 096</b>
<b>Revenue from exchange transactions</b>			
Service charges	20	162 635 325	167 374 422
Rental of facilities and equipment	21	426 409	422 978
Licences and permits	22	4 754 064	3 108 127
Other operational revenue	23	1 475 429	499 698
Interest income	24	22 184 070	16 450 789
<b>Total exchange transactions revenue</b>		<b>191 475 297</b>	<b>187 856 015</b>
<b>Total Revenue</b>		<b>490 610 168</b>	<b>467 103 112</b>
<b>Expenditure</b>			
Employee related cost	25	135 736 796	124 463 520
Remuneration of councillors	26	9 353 983	8 897 006
Impairment loss	27	35 268 753	167 947 548
Depreciation and amortisation	28	31 432 624	13 439 862
Finance costs	29	30 408 335	31 382 959
Bulk purchases	30	108 942 718	96 429 771
Inventory consumed		11 316 872	5 856 046
Bad debts		922 220	-
Contracted services	31	42 469 746	27 261 081
Operating leases		2 736 309	3 320 911
Operational costs	32	25 170 207	21 092 680
<b>Total Expenditure</b>		<b>433 758 563</b>	<b>500 091 383</b>
Fair value adjustment	4	(556 700)	(396 800)
Loss on disposal of assets	3	(2 665 851)	(7 166 645)
<b>Surplus (deficit) for the year</b>		<b>53 629 054</b>	<b>(40 551 716)</b>

THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF CHANGES IN NET ASSETS ENDED 30 JUNE 2021

Figures in Rand

		Accumulated surplus	Total net assets
<b>Opening balance</b>		363 524 681	363 524 681
Adjustments:			
*Prior year adjustments (Note 37)	37	25 980 319	25 980 319
Change in net assets:			
Restated Surplus/(Deficit) for the year		(40 551 716)	(40 551 716)
<b>Balance at 1 July 2020 as restated</b>		<u>348 953 284</u>	<u>348 953 284</u>
Surplus (deficit) for the year		53 629 054	53 629 054
<b>Balance at 30 June 2021</b>		<u>402 582 338</u>	<u>400 933 985</u>





**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
Statement of comparison of budget to actual amounts for the year ended 30 June 2021

	Original Budget	Budget Adjustments	Final Budget	Actual amount	Variance ZAR	Variance %	Note
<b>Revenue By Source</b>							
Property rates	94 002 901	-	94 002 901	80 804 907	(13 197 994)	-16%	39.7
Service charges	174 119 104	-	174 119 104	162 635 325	(11 483 778)	-7%	
Rental of facilities and equipment	461 890	-	461 890	426 409	(35 481)	-8%	
Interest earned	25 851 543	(2 000 000)	23 851 543	28 450 050	4 598 508	16%	39.9
Fines Penalties and Forfeits	64 747	-	64 747	465 650	400 903	86%	39.1
Licences and permits	1 723 678	-	1 723 678	4 761 582	3 037 903	64%	39.2
Transfers recognised	120 315 000	-	120 315 000	211 590 816	91 275 816	43%	39.3
Other revenue	566 148	-	566 148	1 475 429	909 281	62%	39.4
<b>Total Revenue</b>	<b>417 105 011</b>	<b>(2 000 000)</b>	<b>415 105 011</b>	<b>490 610 168</b>	<b>75 505 157</b>		

	Original Budget	Budget Adjustments	Final Budget	Actual amount	Variance ZAR	Variance %	Note
<b>Expenditure By Type</b>							
Employee related costs	135 834 996	-	135 834 996	135 736 796	(98 200)	0%	39.5
Remuneration of councillors	10 624 639	-	10 624 639	9 353 983	(1 270 656)	-14%	39.6
Debt impairment	7 306 155	-	7 306 155	35 268 753	27 962 598	79%	
Depreciation and asset impairment	30 001 398	-	30 001 398	31 432 624	1 431 226	5%	39.8
Finance charges	15 578 965	(2 000 000)	13 578 965	30 408 335	16 829 370	55%	
Bulk purchases	116 000 000	-	116 000 000	108 942 718	(7 057 282)	-6%	
Contracted services	54 908 260	(9 700 000)	45 208 260	42 469 746	(2 738 514)	-6%	39.10
Other expenditure	41 775 388	(4 000 000)	37 775 388	43 368 159	5 592 771	13%	
<b>Total Expenditure</b>	<b>412 029 800</b>	<b>(15 700 000)</b>	<b>396 329 800</b>	<b>436 981 114</b>	<b>40 651 313</b>		
<b>Surplus/(Deficit) for the year</b>	<b>5 075 211</b>	<b>13 700 000</b>	<b>18 775 211</b>	<b>53 629 054</b>	<b>34 853 844</b>		

Explanation on material differences which are below or above 10% between final budget and actual are disclosed in note 39

**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**ACCOUNTING POLICIES**

**Presentation of financial statements**

These Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The Annual Financial Statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

**1 Summary of Significant Accounting Policies**

The accounting policies have been consistently applied to all the years presented.

**1.2 Presentation currency**

These Annual Financial Statement are presented in South Africa Rand, which is the functional currency of the Municipality.

**1.3 Going concern assumption**

These Annual Financial Statements were prepared based on the expectation that the Municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 Offsetting**

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**1.5 Comparative and Budget Information**

**1.5.1 Current year comparatives**

The annual budget figures have been prepared in accordance with the Standard of GRAP and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statements, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Annual Financial Statements giving motivations for over- or under spending on line items where it is found to be material. The annual budget figures include budget information relating to subsidiaries or associated. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2020 to 30 June 2021.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material. Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note to these annual financial statements.

**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**ACCOUNTING POLICIES**

**1.5.2 Current year comparatives**

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

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

The presentation and classification of items in the current year is consistent with prior periods.

**1.6 Foreign Currencies**

Transactions in foreign currencies are translated to the functional currency of the entity at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost or fair value in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency at the date of the cash flow.

**1.7 Significant judgements and estimates**

In the application of the municipality's accounting policies, which are described above, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**ACCOUNTING POLICIES**

**1.8 Cash and cash equivalents**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. The municipality categorises cash and cash equivalents as financial assets: loans and receivables. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

**1.9 Inventories**

Inventories consist of consumables, materials and supplies and water, which are valued at the lower of cost, determined on the weighted average basis, and net realisable value, except for plants which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

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

Redundant and slow moving inventories are identified and written down to their estimated net realisable values. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

**1.10 Water Inventory**

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

**1.11 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 year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date. 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

**THABAZIMBI LOCAL MUNICIPALITY  
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**ACCOUNTING POLICIES**

**1.12 Property, Plant and Equipment (continued):**

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured.

Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, excluding land and buildings, are measured at **cost**, less accumulated depreciation and accumulated impairment losses.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous impairment.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight line method, to allocate their cost or revalued amounts less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the Municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

The estimated useful life, residual values and depreciation method are reviewed annually at the end of the financial year.

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

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ACCOUNTING POLICIES

1.13 Property, Plant and Equipment (continued):

Asset class and depreciation

2. MINIMUM & MAXIMUM EUL per asset category:

Electricity network	LV Networks	10	60	Electricity Network
Electricity network	MV Networks	15	100	Electricity Network
Electricity network	MV Substations	30	50	Electricity Network
Electricity network	HV Substations	45	45	Electricity Network
Road network	Roads Infrastructure	5	100	Roads
Sanitation network	Sanitation Infrastructure	5	100	Sanitation Network
Stormwater network	Storm water Infrastruc	5	50	Water Infrastructure
Water supply network	Distribution	10	80	Water Infrastructure
Water supply network	Reservoirs	5	100	Water Infrastructure
Water supply network	Boreholes	5	100	Water Infrastructure
Water supply network	Pump Stations	5	100	Water Infrastructure
Water supply network	Bulk Mains	15	80	Water Infrastructure
Water supply network	PRV Stations	15	15	Water Infrastructure
Solid waste facilities	Solid Waste Infrastruc	15	15	Solid Waste
Bridges	Roads Infrastructure	50	100	Roads
Community facilities	Community Assets	5	100	Community Facilities
Community facilities	Libraries	5	100	Community Facilities
Land	Land	-	-	Land
Operational facilities	Buildings	5	100	Community Facilities
Servitudes	Roads Infrastructure	-	-	Land
Sport and recreation facilities	Community Assets	7	100	Community Facilities
Social facilities	Community Assets	5	100	Community Facilities
Housing	Buildings	15	100	Community Facilities
Solid waste facilities	Solid Waste Infrastruc	15	50	Community Facilities
<b>Grand Total</b>		<b>5</b>	<b>100</b>	

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying values of assets.

1.14 Biological Assets

Biological assets and agricultural produce are initially and subsequently measured at their fair value less estimated point-of-sale costs and agricultural produce harvested from the entity's biological assets are measured at their fair value less estimated point-of-sale costs at the point of harvest.

Where biological assets and agricultural produce are acquired for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Point-of-sale costs include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, transfer taxes and duties but exclude transport and other costs necessary to get the assets to a market.

The fair value of biological assets is estimated by reference to the market value. The fair value of the plantations is based on the combined fair value of the land and the trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the trees.

A gain or loss arising on initial recognition of biological assets at fair value less estimated point-of-sale costs and from a change in the fair value less estimated point-of-sale costs is included in surplus or deficit for the period in which it arises.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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**ACCOUNTING POLICIES**

**1.15 Intangible Assets**

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated on cost, using the straight-line method, over the useful lives of the assets, which is estimated to be between 3 to 10 years upon initial recognition. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Intangible assets are annually tested for impairment and the estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

Intangible assets 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 on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.16 Impairment of Property, Plant and Equipment, Intangible Assets and Heritage Assets**

The Municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

**1.16.1 Impairment of Cash-generating Assets**

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

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 recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The 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.

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.



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**ACCOUNTING POLICIES**

**1.16.2 Impairment of Cash-generating Assets (continued):**

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

**1.16.3 Impairment of Non-cash-generating Assets**

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

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

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

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

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

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

**THABAZIMBI LOCAL MUNICIPALITY  
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**ACCOUNTING POLICIES**

**1.16.4 Impairment of Non-cash-generating Assets (continued):**

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

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

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

**1.17 Financial Instruments**

A financial instrument is recognised if the Municipality becomes a party to the contractual provisions of the instrument.

**1.17.1 Financial Assets**

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with the Standards of GRAP 104 the Financial Assets of the Municipality are classified as follows into the three categories allowed by this standard:

- Financial asset at amortised cost being a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current asset
- Financial assets measured at fair value being financial assets that meet either of the following conditions:
  - a) Derivatives;
  - b) Combined instruments that are designated at fair value;
  - c) Instruments held for trading;
  - d) Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  - e) Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

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: (see note 41)

Financial asset at cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at cost using the fair value less any impairment.

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to Municipality entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as financial asset at cost.

Financial Assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the Statement of Financial Performance.

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**ACCOUNTING POLICIES**

**1.17.2 Financial Assets (continued):**

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with the Standard of GRAP 104 of Financial Instruments.

Trade receivables encompass long term debtors, consumer debtors and other debtors. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

According to the Standard of GRAP 104 on Financial Instruments, the assessment for impairment needs to be made for each individual financial asset separately or for groups of financial assets with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

- Consumer debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.
- Other debtors are reviewed individually considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.
- Housing loans assessed by reviewing their payment histories and ratios. Provision for impairment is made accordingly.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

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 through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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**ACCOUNTING POLICIES**

**1.17.3 Financial Liabilities**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The following main categories of Financial Liabilities and the classification determining how they are measured exist:

- Financial liabilities measured at fair value; or
- Financial liabilities measured at amortised cost.

The Municipality has the following types of financial liabilities (which include consumer deposits) as reflected on the face of the Statement of Financial Position or in the notes thereto: (See note 41)

Financial liabilities that are measured at fair value that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives).

Any other financial liabilities should be classified as financial liabilities at amortised cost.

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities classified at amortised cost (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

The Municipality derecognises Financial Liabilities when, and only when, the Municipality's obligations are discharged, cancelled or they expire.

**1.18 Provisions**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

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**ACCOUNTING POLICIES**

**1.19 Provisions (continued):**

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

**1.19.1 Environmental Rehabilitation Provisions**

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

**1.2 Employee Benefits**

The Municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

**1.20.1 Short-term Employee Benefits**

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

**1.20.2 Post-employment Benefits: Defined Contribution Plans**

A defined contribution plan is a plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The Municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees.

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**ACCOUNTING POLICIES**

**1.20.3 Post-employment Benefits: Defined Benefit Plans**

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

**1.20.4 Post-retirement Health Care Benefits**

The Municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the Municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

**1.20.5 Long-service Allowance**

The Municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the Municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

**1.21 Leases**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

**Municipality as Lessee**

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Obligations. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on the straight-line basis over the term of the relevant lease.

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**ACCOUNTING POLICIES**

**Municipality as Lessee (continued):**

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Municipality as Lessor**

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease. Other rental income is recognised on an ad hoc basis through the renting of municipal facilities such as halls, sports grounds etc. and is charged using the relevant approved tariffs.

**1.21 Revenue**

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

The Municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

**Service Charges – exchange revenue**

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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

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**ACCOUNTING POLICIES**

**Service Charges – exchange revenue (continued):**

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

**Pre-paid Electricity – exchange revenue**

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

**Sale of goods – exchange revenue**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Municipality has transferred to the buyer 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rates and Taxes – non-exchange revenue**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

**Fines – non-exchange revenue**

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the Municipality is entitled to collect.

Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

**Revenue (interest earned/investment income)**

Revenue arising from the use by others of entity assets yielding interest 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.

**Donations and Contributions – non-exchange revenue**

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



**THABAZIMBI LOCAL MUNICIPALITY  
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**ACCOUNTING POLICIES**

**Transfers and subsidies – non-exchange revenue**

**Unconditional Grants**

Equitable share allocations are recognised in revenue at the start of the financial year as and when received.

**Conditional Grants**

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

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

**Transfers and subsidies – non-exchange expenditure**

The Municipality transfers money to individuals, organisations and other sectors of government from time to time. These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

**Related parties and related party transactions**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**Events after reporting date**

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

**1.22 Value added taxes (VAT)**

The Municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis in accordance with Section 15(2) of the VAT Act (Act 89 of 1991).

The annual financial statements have been prepared on the accrual basis of accounting. With regards to VAT returns, the municipality declares output tax and claims input tax in the tax period only to the extent to which payment under consideration is received or made in that tax period.

**THABAZIMBI LOCAL MUNICIPALITY  
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**ACCOUNTING POLICIES**

**1.23 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

All expenditure relating to irregular 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.

**1.24 Unauthorised Expenditure**

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- (i) Overspending of the total amount appropriated in the municipality's approved budget.
- (ii) Overspending of the total amount appropriated for a vote in the approved budget.
- (iii) Expenditure from a vote unrelated to the department or functional area covered by the vote.
- (iv) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose.
- (v) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of allocation otherwise than in accordance with any conditions of the allocation; or-
- (vi) A grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

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.

**1.25 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.

**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**ACCOUNTING POLICIES**

**1.26 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 is disclosed in the notes 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.

**2 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 April 2020 or later periods:

**Standards**

- GRAP 25 - Employee Benefits (Not yet effective)
- GRAP 104 - Financial Instruments (Not yet effective)
- IGRAP 7 - Limit on a Defined Benefit Asset Min Fund Requirement and Interact (Not yet effective)
- IGRAP 21 - The Effect of Past Decisions on Materiality (Not yet effective)

All the above standards, where applicable, will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that other than additional disclosure, the impact of the standards on the financial statements will be minimal.

THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note 3 Property, plant and equipment

Category	2021			
	Cost	Accumulated depreciation	Accumulated impairment	Carrying value
Land	8 809 712	-	-	8 809 712
Machinery and Equipment	1 075 644	(827 874)	-	247 770
Furniture and Office Equipment	9 193 794	(7 928 258)	-	1 265 536
Transport assets	8 244 428	(6 871 715)	-	1 372 713
Computer equipment	1 490 044	(702 935)	-	787 109
Road Infrastructure	649 031 756	(287 449 782)	-	361 581 974
Community assets	266 599 154	(189 431 723)	-	77 167 432
Electrical Infrastructure	98 883 288	(62 821 015)	-	36 062 273
Solid Waste Infrastructure	357 679	(272 285)	-	85 394
Work in progress	31 550 575	-	-	31 550 575
Sanitation Infrastructure	227 025 414	(86 631 414)	-	140 394 000
Water Infrastructure	320 692 435	(145 883 177)	-	174 809 258
<b>Total</b>	<b>1 622 953 922</b>	<b>(788 820 177)</b>	<b>-</b>	<b>834 133 745</b>

	2020			
	Cost	Accumulated depreciation	Accumulated impairment	Carrying value
	8 809 712	-	-	8 809 712
	1 038 807	(893 934)	-	144 873
	12 204 110	(9 285 301)	-	2 918 810
	8 244 428	(6 296 160)	-	1 948 268
	3 777 890	(3 688 435)	-	89 455
	636 761 990	(275 850 380)	-	360 911 610
	265 392 356	(181 370 022)	-	84 022 333
	92 846 382	(60 867 840)	-	31 978 542
	357 679	(252 541)	-	105 138
	65 251 743	-	-	65 251 743
	218 753 031	(81 030 289)	-	137 722 743
	243 802 113	(144 968 304)	-	98 833 809
<b>Total</b>	<b>1 557 240 243</b>	<b>(764 503 208)</b>	<b>-</b>	<b>792 737 035</b>

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THANEMBE LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - 2021

Category	2021				2020				2019					
	Opening balance	Additions	Disposals	Transfer/(out)	Opening balance	Additions to MPF	Transfers (out)	Transfers (in)	Opening balance	Depreciation	Disposals	Impairment on disposals	Closing balance	Net carrying value
Land	1 239 807	48 574	(184 524)	(3 286)	1 060 577	-	-	(3 286)	803 234	2 615	(45 189)	-	(627 874)	247 770
Machinery and Equipment	1 239 807	58 374	(184 524)	(3 286)	1 060 577	-	-	(3 286)	19 265 311	2 378 468	(84 309)	-	(6 827 215)	1 302 713
Transport assets	8 244 428	1 714 477	(1 782 233)	(1 730 060)	6 446 612	-	-	(1 730 060)	13 888 483	1 749 745	(524 487)	-	(702 038)	1 302 713
Computer equipment	3 277 800	11 206 798	(7 925 297)	(1 230 060)	5 329 241	-	-	(1 230 060)	276 650 480	233 173	(12 218 267)	-	(58 448 762)	787 109
Road Infrastructure	265 982 356	8 028 998	(8 028 998)	-	265 982 356	16 219 023	(16 219 023)	-	1 811 370 023	1 024 527	(309 394)	-	(185 851 019)	36 048 273
Electrical Infrastructure	62 251 323	78 700 245	(78 700 245)	(112 487 413)	62 251 323	5 165 879	(112 487 413)	9 028 998	(525 241)	(18 744)	-	-	(277 285)	31 85 394
Solid Waste Infrastructure	216 753 031	8 973 863	(8 973 863)	-	216 753 031	3 774 233	(8 973 863)	6 464 145	64 035 269	3 443	(8 292 814)	-	(88 633 444)	142 394 500
Sanitation Infrastructure	243 822 113	83 223 343	(83 223 343)	-	243 822 113	43 242 830	(83 223 343)	-	(144 885 294)	277 897	(5 499 718)	-	(145 882 177)	176 609 258
Water Infrastructure	1 537 240 243	192 228 549	(9 781 585)	(116 252 354)	65 235 744	79 720 242	(116 252 354)	(112 487 412)	(704 485 298)	5 885 728	(37 328 245)	-	(138 820 177)	834 133 746
<b>Total</b>	<b>1 239 807</b>	<b>192 228 549</b>	<b>(9 781 585)</b>	<b>(116 252 354)</b>	<b>65 235 744</b>	<b>79 720 242</b>	<b>(116 252 354)</b>	<b>(112 487 412)</b>	<b>(704 485 298)</b>	<b>5 885 728</b>	<b>(37 328 245)</b>	<b>-</b>	<b>(138 820 177)</b>	<b>834 133 746</b>

Reconciliation of property, plant and equipment - 2020

Category	2020				2019				2018					
	Opening balance	Additions	Disposals	Transfer/(out)	Opening balance	Additions to MPF	Transfers (out)	Transfers (in)	Opening balance	Depreciation	Disposals	Impairment on disposals	Closing balance	Net carrying value
Land	1 239 807	48 574	(184 524)	(3 286)	1 060 577	-	-	(3 286)	803 234	2 615	(45 189)	-	(627 874)	247 770
Machinery and Equipment	1 239 807	58 374	(184 524)	(3 286)	1 060 577	-	-	(3 286)	19 265 311	2 378 468	(84 309)	-	(6 827 215)	1 302 713
Transport assets	8 244 428	1 714 477	(1 782 233)	(1 730 060)	6 446 612	-	-	(1 730 060)	13 888 483	1 749 745	(524 487)	-	(702 038)	1 302 713
Computer equipment	3 277 800	11 206 798	(7 925 297)	(1 230 060)	5 329 241	-	-	(1 230 060)	276 650 480	233 173	(12 218 267)	-	(58 448 762)	787 109
Road Infrastructure	265 982 356	8 028 998	(8 028 998)	-	265 982 356	16 219 023	(16 219 023)	-	1 811 370 023	1 024 527	(309 394)	-	(185 851 019)	36 048 273
Electrical Infrastructure	62 251 323	78 700 245	(78 700 245)	(112 487 413)	62 251 323	5 165 879	(112 487 413)	9 028 998	(525 241)	(18 744)	-	-	(277 285)	31 85 394
Solid Waste Infrastructure	216 753 031	8 973 863	(8 973 863)	-	216 753 031	3 774 233	(8 973 863)	6 464 145	64 035 269	3 443	(8 292 814)	-	(88 633 444)	142 394 500
Sanitation Infrastructure	243 822 113	83 223 343	(83 223 343)	-	243 822 113	43 242 830	(83 223 343)	-	(144 885 294)	277 897	(5 499 718)	-	(145 882 177)	176 609 258
Water Infrastructure	1 537 240 243	192 228 549	(9 781 585)	(116 252 354)	65 235 744	79 720 242	(116 252 354)	(112 487 412)	(704 485 298)	5 885 728	(37 328 245)	-	(138 820 177)	834 133 746
<b>Total</b>	<b>1 239 807</b>	<b>192 228 549</b>	<b>(9 781 585)</b>	<b>(116 252 354)</b>	<b>65 235 744</b>	<b>79 720 242</b>	<b>(116 252 354)</b>	<b>(112 487 412)</b>	<b>(704 485 298)</b>	<b>5 885 728</b>	<b>(37 328 245)</b>	<b>-</b>	<b>(138 820 177)</b>	<b>834 133 746</b>

A register containing the information required by Section 69 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

The carrying amounts of property, plant and equipment are included in note 21.

There are no provisions for impairment of property, plant and equipment.

During the current financial year, there was a change in the remaining estimated useful lives of the above assets.

**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**Note 3 Property plant and equipment continued**

Infrastructure and Community Assets: Annual review discussions were conducted with all Strategic Business Units during which impairment triggers and asset performance indicators were discussed and possible impairments were identified. In addition, insurance claims were also reviewed and considered as identifiers of possible impairment triggers. During physical field assessment, information pertaining to the condition and performance of these assets were recorded and further analysed to establish the impact on the value in use of identified components.

Moveable assets: During the asset verification, movable assets were identified that were not on the asset register. The assets were fair valued.

During the year Remaining Useful Lives have been reviewed on all depreciable assets. However, during the revaluation of infrastructure and the holistic approach adopted in the review of all asset portfolios. Assets were identified with remaining useful life that required to be changed. As a result, change in accounting estimate are required during the current financial year.

Included on the face of the Statement of financial performance is the costs incurred for routine repairs and maintenance of fixed assets. These costs don't meet the definition of an asset, therefore, were expensed them during the current financial year.

Maintenance of Buildings and Facilities  
Maintenance of Equipment  
Maintenance of Unspecified Assets

<b>2021</b>	
	-
	18 633 308
	-
	<b>18 633 308</b>

Maintenance of Buildings and Facilities  
Maintenance of Equipment  
Maintenance of Unspecified Assets

<b>2020</b>	
	-
	18 321 343
	-
	<b>18 321 343</b>

**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

THABAZIMBI LOCAL MUNICIPALITY

**Note 4 Biological assets**

2021			
Cost/Valuation	Fair value adjustment	Carrying value	
Biological assets	1 038 800	(556 700)	482 100

2020			
Cost/Valuation	Fair value adjustment	Carrying value	
Biological assets	1 435 600	(396 800)	1 038 800

**Reconciliation of biological assets**

2021				
Cost/Valuation	Transfers	Fair value adjustments	Carrying value	
Biological assets	1 038 800	-	(556 700)	482 100

2020				
Cost/Valuation	Transfers	Fair value adjustments	Carrying value	
Biological assets	1 435 600	-	(396 800)	1 038 800

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.

THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued):

Note 5 - Intangible assets

	2021		2020	
	Cost	Accumulated Amortisation and Impairment	Cost	Accumulated Amortisation and Impairment
Computer Software	462 285	462 285	462 285	462 285
<b>Total</b>	<b>462 285</b>	<b>462 285</b>	<b>462 285</b>	<b>462 285</b>
		Carrying value		Carrying value
		-		-

Reconciliation of intangible assets - 2021

	Cost		Accumulated amortisation		Carrying value
	Opening balance	Additions	Opening balance	Impairment	
Computer Software	462 285	-	462 285	-	-
<b>Total</b>	<b>462 285</b>	<b>-</b>	<b>462 285</b>	<b>-</b>	<b>-</b>

Reconciliation of intangible assets - 2020

	Cost		Accumulated amortisation		Carrying value
	Opening balance	Additions	Opening balance	Impairment	
Computer Software	462 285	-	308 190	154 095	-
<b>Total</b>	<b>462 285</b>	<b>-</b>	<b>308 190</b>	<b>154 095</b>	<b>-</b>



THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 6 Cash and cash equivalents

Cash and cash equivalents consist of:  
Cash at bank  
Call deposits  
Marketable securities  
Petty cash

2021	2020 Restated
1 700 150	1 045 438
195 399	845 465
110 271	110 390
5 442	5 442
<b>2 011 261</b>	<b>2 006 734</b>

Bank Guarantee

-

Call deposits and marketable securities earn interest rates depending on the market.

The municipality had the following bank accounts

Bank accounts

Account number / description

**Investment accounts**  
ABSA Bank Limited: Account Number 9301244384  
ABSA Bank Limited: Account Number 2057649514  
Marketable securities

**Transactional accounts**  
ABSA Bank Limited: Account Number 1580000009  
ABSA Bank Limited: Account Number 4058303004  
ABSA Bank Limited: Account Number 4094737590  
Petty cash

Total

30-Jun-21	30-Jun-20
110 465	766 293
84 934	79 192
110 271	110 390
1 591 369	807 313
108 780	238 125
5 442	5 442
<b>2 011 262</b>	<b>2 006 756</b>

The municipality had the following cash books

Cash book

Account number / description

**Investment accounts**  
ABSA Bank Limited: Account Number 9301244384  
ABSA Bank Limited: Account Number 2057649514  
Marketable securities

**Transactional accounts**  
ABSA Bank Limited: Account Number 1580000009  
ABSA Bank Limited: Account Number 4058303004  
ABSA Bank Limited: Account Number 4094737590  
Petty cash

Total

30-Jun-21	30-Jun-20
110 465	766 293
84 934	79 192
110 271	110 390
1 591 369	807 313
108 780	238 125
5 442	5 442
<b>2 011 262</b>	<b>2 006 755</b>

Thabazimbi Local Municipality has ceded R60,430.00 to Development Bank of South Africa (DBSA). The account details as follows: ABSA Bank Limited: Account Number 2057649514

Note 7 Trade and other receivables from exchange transactions

Net customer service debtors

Customer service debtors comprise:

Electricity  
Waste Management (Refuse)  
Waste Water Management (Sewerage and sanitation charges)  
Water  
Service charges

7 014 220	1 409 856
825 412	219 373
1 989 325	447 316
13 015 502	1 103 335
537 639	245
<b>23 382 099</b>	<b>3 180 125</b>

Net other receivables

Other receivables comprise:

Land sale debtors  
Merchandising Jobbing and Contracts  
Property rental debtors  
Other debtors

162	-
685 194	64 851
2 107 194	1 464
8 479 174	8 805 438
<b>11 271 723</b>	<b>8 871 752</b>

Total

**34 653 822**      **12 051 877**

Gross customer service debtors

Gross customer service debtors comprise:

Electricity  
Waste Management (Refuse)  
Waste Water Management (Sewerage and sanitation charges)  
Water  
Service charges

32 708 682	26 209 271
57 852 115	48 811 533
91 585 026	77 662 714
155 402 791	135 413 801
2 726 594	1 400 569
<b>340 275 208</b>	<b>289 497 888</b>

Other gross receivables

Other receivables comprise:

Land sale debtors  
Merchandising Jobbing and Contracts  
Property rental debtors  
Other debtors

238 814	518 227
79 760 869	79 443 485
4 419 070	4 045 918
8 479 174	8 805 438
<b>92 897 927</b>	<b>92 813 068</b>

Total

**433 173 135**      **382 310 956**

THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 7 Trade and other receivables from exchange transactions (continued):

	2021	2020 Restated
<b>Provision for customer service debtors</b>		
Customer service debtors comprise:		
Electricity	(25 694 461)	(24 799 415)
Waste Management (Refuse)	(57 026 702)	(48 592 160)
Waste Water Management (Sewerage and sanitation charges)	(89 595 701)	(77 215 398)
Water	(142 387 288)	(134 310 466)
Service charges	(2 188 956)	(1 400 324)
	<b>(316 893 109)</b>	<b>(286 317 763)</b>
<b>Provision for Other receivables</b>		
Other receivables comprise:		
Land sale debtors	(238 653)	(518 227)
Merchandising Jobbing and Contracts	(79 075 676)	(78 378 634)
Property rental debtors	(2 311 875)	(4 044 454)
Other debtors	-	-
	<b>(81 626 203)</b>	<b>(83 941 316)</b>
<b>Total</b>	<b>(398 519 312)</b>	<b>(370 259 078)</b>

Aging of trade and other receivables from exchange transactions gross debtors - 2021

	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Electricity	5 468 238	2 880 843	1 804 051	22 555 451
Merchandising Jobbing and Contracts	406 331	344 471	323 541	78 686 526
Property Rental Debtors	54 076	52 822	52 234	4 259 939
Service charges	772 903	11 432	307 288	1 634 972
Waste Management	2 073 666	1 368 449	1 260 581	53 149 399
Waste Water Management	3 336 278	2 211 966	2 266 155	83 770 627
Water	5 714 978	3 658 623	4 361 174	141 768 017
Land Sale Debtors	1 084	2 329	2 291	233 111
Other debtors	8 479 174	-	-	-
	<b>26 306 746</b>	<b>10 431 035</b>	<b>10 377 313</b>	<b>386 058 041</b>

Aging of trade and other receivables from exchange transactions gross debtors - 2020

	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Electricity	4 124 503	1 776 367	1 594 707	18 713 694
Merchandising Jobbing and Contracts	485 280	364 611	356 225	78 237 370
Property Rental Debtors	59 826	58 299	57 255	3 870 539
Service charges	10 016	9 726	9 723	1 371 103
Waste Management	1 699 163	1 329 644	1 274 174	44 508 552
Waste Water Management	4 104 093	2 149 505	2 099 680	69 309 436
Water	17 376 662	4 239 462	3 761 489	110 036 188
Land Sale Debtors	3 474	3 480	3 480	507 792
Other debtors	8 805 438	-	-	-
	<b>36 668 456</b>	<b>9 931 094</b>	<b>9 156 734</b>	<b>326 554 673</b>

Reconciliation of the provision for impairment

Balance at the beginning of the year	(370 259 078)	(235 550 362)
Impairment losses recognised	(24 574 117)	(117 138 014)
Impairment losses reversed	(3 686 117)	(17 570 702)
Impairment VAT	-	-
Amounts written off as irrecoverable	-	-
	<b>(398 519 312)</b>	<b>(370 259 078)</b>

None of the trade and other receivables from exchange transactions were pledged as security.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 8 Trade and other receivables from non-exchange transactions

	2021	2020 Restated
<b>Trade and other receivables from non-exchange transactions consist of:</b>		
Property rates debtors	13 372 878	3 037 228
Traffic fines debtors	3 619 760	3 297 460
	<b>16 992 638</b>	<b>6 334 689</b>
<b>Gross debtors</b>		
Property rates debtors	110 782 063	88 252 353
Traffic fines debtors	3 619 760	3 297 460
	<b>114 411 823</b>	<b>91 549 813</b>
<b>Less: Provision for impairment</b>		
Property rates debtors	(97 419 186)	(85 215 125)
Traffic fines debtors	-	-
	<b>(97 419 186)</b>	<b>(85 215 125)</b>
<b>Net debtors</b>		
Property rates debtors	13 372 878	3 037 228
Traffic fines debtors	3 619 760	3 297 460
	<b>16 992 638</b>	<b>6 334 689</b>

Aging of property rates gross debtors - 2021

	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Business and Commercial	1 749 275	791 825	820 094	17 039 496
Agricultural Purposes	1 209 667	677 239	537 209	18 081 054
Industrial Properties	111 422	51 647	58 921	525 328
Public Benefit Organisations	728	724	720	29 066
Residential Developed	5 483 809	2 437 518	2 183 163	46 721 026
Residential Vacant Land	1 019	614	1 311	90 334
State owned properties	841 448	28 213	248 184	631 865
correction of error	-	-	-	-
Mining Properties	366 734	768 367	753 164	7 950 858
	<b>10 364 102</b>	<b>4 756 167</b>	<b>4 602 766</b>	<b>91 069 028</b>

Aging of property rates gross debtors - 2020

	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Business and Commercial	1 579 284	1 112 231	1 055 821	13 908 548
Agricultural Purposes	549 985	437 970	422 736	15 028 773
Industrial Properties	110 196	59 470	43 222	449 348
Public Benefit Organisations	686	685	684	26 702
Residential Developed	3 122 360	1 858 048	1 752 552	37 899 537
Residential Vacant Land	1 221	827	846	102 450
State owned properties	28 042	26 096	26 032	758 251
correction of error	-	-	-	-
Mining Properties	1 829 426	455 271	420 154	5 190 901
	<b>7 221 199</b>	<b>3 950 597</b>	<b>3 722 046</b>	<b>73 358 511</b>

Reconciliation of the provision for impairment

Balance at the beginning of the year	(85 215 125)	(26 784 161)
Impairment losses recognised	(10 612 227)	(50 809 534)
Impairment losses reversed	-	-
Impairment VAT	(1 591 834)	(7 621 430)
Amounts written off as irrecoverable	-	-
	<b>(97 419 186)</b>	<b>(85 215 125)</b>

None of the trade and other receivables from non-exchange transactions were pledged as security.

Note 9 Inventories

Consumables	3 134 951	4 282 694
Materials and Supplies	1 166 342	1 223 866
Water	114 074	214 226
	<b>4 415 367</b>	<b>5 720 786</b>
<b>Gross Inventory</b>		
Consumables	3 217 361	4 282 694
Materials and Supplies	1 166 342	1 223 866
Water	114 074	214 226
	<b>4 497 777</b>	<b>5 720 786</b>
<b>Provision for redundant, obsolete and slow moving stock</b>		
Consumables	82 409	-
Materials and Supplies	-	-
Water	-	-
	<b>82 409</b>	<b>-</b>

No inventory was written-off during the period under review  
No inventory was pledged as security for liabilities.  
Inventory consumed for period under review amount to R 11,316,872 (2020: R 5,856,046)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 10 Borrowings

	2021	2020 Restated
Development Bank of South Africa	719 733	1 970 128
Split as follows:		
Non-current portion	-	686 619
Current portion (payable in the next 12 months)	719 733	1 283 509
	<u>719 733</u>	<u>1 970 128</u>

The loan from DBSA bears interest at 9.62% and is redeemable in monthly instalments, including interest, until January 2022.

Note 11 Provisions

Environmental rehabilitation provision (Landfill sites)

Opening balance	47 331 212	53 757 691
Change in landfill closure provision	11 344 334	(8 782 375)
Interest cost	3 280 728	4 141 386
Correction of error	-	(1 785 490)
	<u>61 956 274</u>	<u>47 331 212</u>

The provision for environmental rehabilitation relates to the rehabilitation of the landfill sites and are split as follows:

Non-current portion	59 668 121	45 246 707
Current portion	2 288 153	2 084 505
	<u>61 956 274</u>	<u>47 331 212</u>

The key financial assumptions used for the calculation of the landfill site provision are detailed below:

<b>For Northam (old) landfill site</b>		
Consumer price inflation (CPI)	4.824%	2.410%
Discount rate	7.074%	5.910%
Net effective discount rate	2.25%	3.50%
<b>For Northam (new) landfill site</b>		
Consumer price inflation (CPI)	4.824%	2.410%
Discount rate	7.074%	6.910%
Net effective discount rate	2.25%	4.50%
<b>For Donkerpoort, Leeupoort and Roolberg landfill</b>		
Consumer price inflation (CPI)	4.824%	2.410%
Discount rate	8.824%	7.410%
Net effective discount rate	4.00%	5.00%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 12 Employee benefit obligations

Post-Retirement Medical Obligation	32 782 000	27 227 000
Long Service Awards	10 718 000	9 575 000
<b>Total employee benefit obligations</b>	<b>43 500 000</b>	<b>36 802 000</b>

<b>Non-current portion</b>		
Post-Retirement Medical Obligation	32 174 000	26 594 000
Long Service Awards	9 299 000	8 713 000
	<b>41 473 000</b>	<b>35 307 000</b>

<b>Current portion</b>		
Post-Retirement Medical Obligation	608 000	633 000
Long Service Awards	1 419 000	862 000
	<b>2 027 000</b>	<b>1 495 000</b>

12.1 Post-Retirement Medical Obligation

Balance at beginning of year	27 227 000	29 560 278
Current service cost	889 000	1 202 511
Interest cost	2 929 000	2 819 762
Actuarial (gain) / losses	1 737 000	(6 355 551)
<b>Balance at end of year</b>	<b>32 782 000</b>	<b>27 227 000</b>

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2021 by ARCH Actuarial Consulting, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Medical Benefit are made up as follows:

In-service Members (Employees)	192	177
In-service Non-members (Employees)	138	144
Continuation Members (Retirees, widowers and orphans)	15	16
<b>Total members</b>	<b>345</b>	<b>337</b>

The unfunded liability in respect of past service has been estimated as follows:

In-service Members (Employees)	22 601 000	18 040 000
In-service Non-members (Employees)	3 201 000	1 996 000
Continuation Members (Retirees, widowers and orphans)	6 980 000	7 191 000
<b>Total liability</b>	<b>32 782 000</b>	<b>27 227 000</b>

THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

12.1 Post-Retirement Medical Obligation (continued):

2021

2020

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- (i) Bonitas
- (ii) Keyhealth
- (iii) LA Health
- (iv) Samwumed
- (v) Hosmed

The Current-service Cost for the year ending 30 June 2021 is estimated to be R889,000, whereas the cost for the ensuing year is estimated to be R1,162,000 (30 June 2020: R1,202,511 and R1,224,295 respectively).

The key financial assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate  
Health Care Cost Inflation Rate  
Net Effective Discount Rate  
Average retirement age

10.40%	10.88%
7.00%	6.87%
3.18%	3.75%
62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at beginning of year  
Current service cost  
Interest cost  
Actuarial (gain) / losses  
Balance at end of year

27 227 000	29 560 278
889 000	1 202 511
2 929 000	2 819 762
1 737 000	(6 355 551)
<u>32 782 000</u>	<u>27 227 000</u>

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

Present value of fund obligations  
Unfunded Accrued Liability

<u>32 782 000</u>	<u>27 227 000</u>
<u>32 782 000</u>	<u>27 227 000</u>

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

Current service cost  
Interest cost  
Actuarial losses / (gains)

889 000	1 202 511
2 929 000	2 819 762
1 737 000	(6 355 551)
<u>5 555 000</u>	<u>(2 333 278)</u>

The history of experienced adjustments is as follows:

Present Value of Defined Benefit Obligation  
Fair value of plan assets  
Experience adjustments

	2021	2020	2019	2018
Present Value of Defined Benefit Obligation	32 782 000	27 227 000	27 227 000	28 162 928
Fair value of plan assets	-	-	-	-
Experience adjustments	(1 573 000)	1 038 000	(235 000)	911 000

The effect of a 1% movement in the key assumptions is detailed below:

**Increase:**  
Health care inflation rate  
Discount rate  
**Decrease:**  
Health care inflation rate  
Discount rate

39 158 000	32 164 000
27 904 000	23 438 000
27 725 000	23 279 000
39 001 000	32 013 000

THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

12.2 Long Service Awards

	2021	2020 Restated
Balance at beginning of year	9 575 000	9 986 768
Current service cost	870 000	1 015 530
Interest cost	674 000	780 165
Actuarial (gain) / losses	(401 000)	(2 207 463)
Balance at end of year	10 718 000	9 575 000

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long service based on historical staff turnover.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2021 by ARCH Actuarial Consulting, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 330 (2020: 321) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2021 is estimated to be R870,000 (2020: R1,015,530), whereas the cost for the ensuing year is estimated to be R942,000.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.06%	7.36%
General earnings inflation rate (long-term)	5.76%	3.98%
Net Effective Discount Rate	3.12%	3.25%
Average retirement age	62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	9 575 000	9 986 768
Current service costs	870 000	1 015 530
Interest cost	674 000	780 165
Actuarial (gains) / losses	(401 000)	(2 207 463)
	10 718 000	9 575 000

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

Present value of fund obligations	10 718 000	9 575 000
Unfunded Accrued Liability	10 718 000	9 575 000

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

Current service cost	870 000	1 015 530
Interest cost	674 000	780 165
Actuarial (gains) / losses	(401 000)	(2 207 463)
	1 143 000	-411 768

The history of liabilities, assets and experience adjustments is as follows:

	2021	2020	2019	2018
Present Value of Defined Benefit Obligation	10 718 000	9 575 000	9 575 000	8 461 755
Fair value of plan assets	-	-	-	-
Experience adjustments	449 000	(655 841)	1 055 348	785 978

The effect of a 1% movement in the key assumptions is detailed below:

<b>Increase:</b>			
General earnings inflation rate		11 349 000	10 161 000
Discount rate		10 126 000	9 011 000
<b>Decrease:</b>			
General earnings inflation rate		10 142 000	9 024 000
Discount rate		11 378 000	10 205 000

THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 13 Consumer deposits

	2021	2020	Restated
Consumer deposits	4 358 175	4 178 703	4 178 703
	<u>4 358 175</u>	<u>4 178 703</u>	

Note 14 Trade and other payables from exchange transactions

Current portion of trade and other payables from exchange transactions

Trade payables	215 740 602	186 687 831
Accrued interest	16 199 546	7 763 889
Advance payments	15 542 356	20 648 053
Agency fees payable	2 852 973	5 480 854
Payroll clearing and control accounts	650 411	730 313
Inventory clearing and control account	13 488 481	17 085 244
Leave accrual	3 285 041	3 204 202
Bonus accrual	5 964 873	6 508 078
Unallocated deposits	312 485	2 564 210
Income received in advance	18 274 238	13 339 055
Retention	292 312 007	263 992 729
	<u>215 740 602</u>	<u>186 687 831</u>

Non-current portion of trade and other payables from exchange transactions

Trade payables	151 878 214	176 878 214
	<u>151 878 214</u>	<u>176 878 214</u>

Total trade and other payables from exchange transactions

	<u>444 190 221</u>	<u>440 870 943</u>
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The Municipality has payment arrangements for various large outstanding creditors. The payment arrangements indicate that the debt is payable over a period which exceeds the current (12 months) term. The amount payable over and above a one year period has been disclosed as a non-current liability.

Note 15 Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:  
Integrated National Electrification Programme (INEP)  
Human Settlements Development Grant  
Municipal infrastructure grant (MIG)  
Municipal water infrastructure grant (WSIG)

	5 214 701	3 089 944
	403 638	8 152 093
	6 837 902	602 358
		4 095 955
	<u>12 456 241</u>	<u>15 940 351</u>

See note 19 for a reconciliation of grants and receipts from National/Provincial Government.  
Unspent conditional grant was due to SARS garnish against Thabazimbi Municipality of an amount of R10 million

Note 16 Property rates

Agricultural Property  
Business and Commercial Properties  
Industrial Properties  
Mining Properties  
Residential Properties  
Correction of error  
State-owned Properties

	7 283 375	5 066 449
	13 378 481	15 479 456
	1 439 791	1 322 784
	17 362 458	17 211 114
	41 714 337	37 687 690
	1 312 372	1 312 372
	938 836	281 344
	<u>80 804 907</u>	<u>78 361 210</u>

Valuations  
Residential Properties  
Business and Commercial Properties  
State-owned Properties  
Small holdings and farms  
Social and vacant land

	4 775 732 918	4 775 732 918
	1 755 462 407	1 755 462 407
	171 897 925	171 897 925
	8 628 425 340	8 628 425 340
	880 024 265	880 024 265
	<u>16 211 542 855</u>	<u>16 211 542 855</u>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Note 17 Fines

Traffic fines issued

	465 650	1 323 262
	<u>465 650</u>	<u>1 323 262</u>

Note 18 Licence and permits

Licence and permits revenue comprise:  
Trading licences  
Drivers Licence Certificate

	7 518	15 370
	<u>7 518</u>	<u>15 370</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 19 Government grants and subsidies

Operating grants  
Equitable share  
Financial Management Grant (FMG)  
Disaster Relief Grant (DRG)  
Expanded public works programme grant (EPWP)

2021  
2020  
Restated

116 315 000	93 580 000
3 000 000	2 680 000
-	298 000
1 000 000	1 105 000
<b>120 315 000</b>	<b>97 663 000</b>

Capital grants  
Municipal Infrastructure grant (MIG)  
Integrated National Electrification Programme (INEP)  
Municipal water infrastructure grant (WSIG)  
Human Settlements Development Grant

37 248 456	32 625 642
2 975 884	5 990 223
43 223 682	37 067 254
7 827 814	19 277 948
<b>91 275 816</b>	<b>94 981 067</b>

Total Government grants and subsidies

<b>211 590 816</b>	<b>192 624 067</b>
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19.1 Equitable Share

The grant is an unconditional grant and is used for the provision of indigent support through free basic services.

19.2 Finance Management Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue  
Prior period error  
Unspent amount at year end

-	-
3 000 000	2 680 000
(3 000 000)	(2 680 000)
-	-
-	-

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

19.3 Disaster relief grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue  
Prior period error  
Unspent amount at year end

-	-
-	298 000
-	(298 000)
-	-
-	-

The grant is used for COVID-19 disaster related expenses. All conditions of the grant were met.

19.4 EPWP grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue  
Prior period error  
Unspent amount at year end

-	-
1 000 000	1 105 000
(1 000 000)	(1 105 000)
-	-
-	-

The grant is used for extended public works programmes. All conditions of the grant were met.

19.5 Municipal Infrastructure Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue  
Transfer from Waterberg District  
Unspent amount at year end

602 358	-
43 484 000	33 228 000
(37 248 456)	(32 625 642)
-	-
<b>6 837 902</b>	<b>602 358</b>

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of household. All conditions of the grant were met.

19.6 Integrated National Electrification Grant (INEP)

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue  
Prior period error  
Unspent amount at year end

3 010 585	808
5 180 000	9 000 000
(2 975 884)	(5 990 223)
-	-
<b>5 214 701</b>	<b>3 010 585</b>

This grant is used for electrification projects as part of upgrading of informal settlement areas.

19.7 Municipal water infrastructure grant (WSIG)

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue  
Prior period error  
Unspent amount at year end

4 095 956	12 999 696
39 127 707	28 163 514
(43 223 662)	(37 067 254)
-	-
-	<b>4 095 956</b>

This grant was used to construct basic municipal water services infrastructure to provide basic services for the benefit of household.

19.8 Human Settlements Development Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue  
Prior period error  
Unspent amount at year end

8 231 452	27 509 400
-	-
(7 827 814)	(19 277 948)
-	-
<b>403 638</b>	<b>8 231 452</b>

The Human Settlements Development Grant (HSDG) is a schedule 5 grant of which the objective is the creation of sustainable and integrated human settlements that enable improved quality of household life and access to basic services. No conditions of the grant were met and it remains unspent.

THABAZIMBI LOCAL MUNICIPALITY  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 20 Service charges

Sale of electricity	
Waste Management (Refuse)	
Waste Water Management (Sewerage and sanitation charges)	
Sale of water	

2021  
2020  
Restated

76 828 549	70 804 110
15 952 580	15 151 311
25 177 697	24 856 212
42 676 500	56 562 790
<b>162 635 325</b>	<b>167 374 422</b>

Note 21 Rental of facilities and equipment

Rental income comprise of:	
Rental of property	
Community assets	
Other assets	

414 245	390 015
12 163	32 984
-	-
<b>426 409</b>	<b>422 978</b>

Note 22 Licences and permits

Drivers Licence Application/Duplicate Drivers Licences	
Agency fee (Department of Transport)	
Learners Certificate	

-	-
4 754 064	3 108 127
-	-
<b>4 754 064</b>	<b>3 108 127</b>

Note 23 Other operational revenue

Collection Charges	
Commission	
Discounts and Early Settlements	
Transaction Handling Fees	
Incidental Cash Surpluses	
Request for Information	
Staff Recoveries	
Building Plan Approval	
Cemetery and Burial	
Clearance Certificates	
Fire Services	
Photocopies and Faxes	
Tender Documents	
Skills development fund refunded	
Town Planning and Servitudes	

1 922	11 556
57 413	-
23 801	-
-	1 282
53 686	3 634
38 046	22 509
465 816	5 524
292 118	119 265
322 143	267 872
9 815	19 131
-	-707
2 049	2 357
51 739	29 250
109 888	-
46 991	18 026
<b>1 475 429</b>	<b>499 698</b>

Note 24 Interest income

Interest Income comprises of:	
Bank	
Trade and other receivables non exchange transactions	
Trade and other receivables exchange transactions	

399 199	1 465 311
6 265 980	6 823 187
21 784 871	14 985 479
<b>28 450 050</b>	<b>23 373 976</b>

Note 25 Employee related costs

Basic salaries	
Bonuses	
Medical contributions	
Pension contributions	
Unemployment Insurance contributions	
Bargaining Council	
Travel or motor vehicle allowance	
Standby allowance	
Overtime	
Leave pay	
Change in leave accrual	
Housing Benefits	
Cellular and Telephone allowance	
Post retirement benefits: Long service award; current service costs	
Post retirement benefits: Medical: current service costs	
Post retirement benefits: long service awards: actuarial (gains) / losses	
Post retirement benefits: Medical: actuarial (gains) / losses	

81 845 518	77 777 448
6 030 930	6 069 791
6 007 603	5 320 753
15 932 772	14 027 789
1 670 167	576 583
37 794	1 211 773
9 593 442	9 586 555
2 781 147	2 236 935
8 335 420	8 251 024
3 378 225	2 382 250
-3 597 763	2 545 769
211 228	413 566
415 312	408 256
870 000	1 015 530
869 000	1 202 511
(401 000)	(2 207 463)
1 737 000	(6 355 551)
<b>135 738 796</b>	<b>124 463 520</b>

Remuneration of senior managers

Municipal Manager	
Annual Remuneration	
Travel allowance	
Rural allowance	
Bargain council and SDL	
Cellphone allowance	

462 212	1 386 637
72 000	247 320
18 488	55 465
5 222	15 881
2 400	7 200
<b>560 323</b>	<b>1 712 504</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 25 Employee related costs (continued):

	2021	2020 Restated
<b>Chief Financial Officer</b>		
Annual Remuneration	1 013 463	789 582
Car allowance	120 000	126 172
Acting Allowance	183 809	-
Short pay	-	-
Travel allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Bargain council and SDL	13 005	8 915
Rural allowance	45 339	35 583
Cellphone allowance	7 200	6 600
	<b>1 382 816</b>	<b>966 852</b>
<b>Director: Technical services</b>		
Annual Remuneration	-	506 073
Car allowance	-	-
Cellphone allowance	-	3 000
Other	-	24 742
Travel allowance	-	78 995
	<b>-</b>	<b>612 811</b>
<b>Director: Corporate Services</b>		
Annual Remuneration	842 226	842 226
Acting Allowance	92 850	-
Car allowance	-	-
Cellphone allowance	7 200	7 200
Other	51 784	51 027
Travel allowance	211 458	212 529
	<b>1 205 517</b>	<b>1 112 983</b>
<b>Director: Planning and Development</b>		
Annual Remuneration	798 447	798 447
Car allowance	-	-
Cellphone allowance	7 200	7 200
Other	43 813	46 991
Travel allowance	96 000	104 320
	<b>945 460</b>	<b>956 958</b>
<b>Director: Director Community Services</b>		
Annual Remuneration	774 447	515 302
Car allowance	-	-
Cellphone allowance	7 200	4 800
Other	38 786	25 174
Travel allowance	120 000	80 000
	<b>940 433</b>	<b>625 276</b>
<b>Note 26 Remuneration of councillors</b>		
Mayor	912 159	905 259
Speaker	741 181	793 530
Chief whip	695 413	690 045
Other councillors	7 005 229	6 508 173
	<b>9 353 983</b>	<b>8 897 006</b>
<b>Mayor</b>		
Basic Salary	748 573	748 573
Cell phone Allowance	44 400	44 400
Motor Vehicle Allowance	-	-
Pension Fund Contributions	119 188	112 286
	<b>912 159</b>	<b>905 259</b>
<b>Speaker</b>		
Basic Salary	556 688	570 803
Cell phone Allowance	44 400	53 280
Motor Vehicle Allowance	133 028	156 146
Pension Fund and Medical Contributions	7 067	13 301
	<b>741 181</b>	<b>793 530</b>
<b>Chief whip</b>		
Basic Salary	421 074	421 074
Cell phone Allowance	44 400	44 400
Motor Vehicle Allowance	161 412	161 410
Pension Fund Contributions	68 528	63 161
	<b>695 413</b>	<b>690 045</b>
<b>Other councillors</b>		
Basic Salary	4 848 825	4 179 550
Cell phone Allowance	841 195	862 877
Motor Vehicle Allowance	580 004	772 607
Pension Fund Contributions	755 204	693 139
	<b>7 005 229</b>	<b>6 508 173</b>
<b>Note 27 Impairment loss</b>		
Impairment loss on property, plant and equipment	-	-
Impairment loss on Intangible Assets	-	-
Inventory impairment: contributions to inventory impairment provision	82 409	-
Debt impairment: contributions to debt impairment provision	35 186 344	167 947 548
	<b>35 268 753</b>	<b>167 947 548</b>
<b>Note 28 Depreciation and amortisation</b>		
Property, plant and equipment	37 128 352	37 973 396
Impact of change in estimated useful lives of asset***	(5 695 728)	(24 687 629)
Intangible assets	-	154 095
	<b>31 432 624</b>	<b>13 439 862</b>

\*\*\*During the current financial year, the remaining useful lives of the municipality's assets were re-estimated. The increased useful lives of the re-estimated figures resulted in a decrease in the depreciation. Please refer to note 3.

THABAZIMBI LOCAL MUNICIPALITY  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

**Note 29 Finance costs**

Current borrowings (DBSA loan)	132 689	242 464
Landfill site interest	14 625 062	4 141 386
Interest cost on post-retirement benefits: Long service awards	674 000	780 165
Interest cost on post-retirement benefits: Medical	2 929 000	2 819 762
Finance lease interest cost	-	-
Interest on late payment to suppliers	12 047 583	23 399 181
	<b>30 408 335</b>	<b>31 382 959</b>

**Note 30 Bulk purchases**

Electricity	75 019 111	64 568 508
Water	33 923 607	31 861 263
	<b>108 942 718</b>	<b>96 429 771</b>

**Note 31 Contracted services**

<b>Consultants and Professional Services</b>		
Business and Advisory services	6 217 959	4 673 116
Infrastructure and Planning services (Architectural)	-	18 400
Legal Advice and Litigation	8 982 069	2 504 727
	<b>15 200 028</b>	<b>7 196 243</b>

**Contractors**

Catering Services	-	-
Maintenance of Buildings and Facilities	-	-
Maintenance of Equipment	18 633 308	15 615 740
Maintenance of Unspecified Assets	-	-
Safeguard and Security	4 026 159	4 025 948
Sewerage Services	1 296 418	69 480
Tracing Agents and Debt Collectors	-	-
	<b>23 955 885</b>	<b>19 711 168</b>

**Outsourced Services**

Research and Advisory	-	-
Business and Advisory	3 131 196	-
Water Connection/Dis-connection	-	113
Professional Staff	182 636	353 557
Refuse Removal	-	-
	<b>3 313 833</b>	<b>353 670</b>

**Total contracted services**

	<b>42 469 746</b>	<b>27 261 081</b>
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**Note 32 Operational costs**

Advertising Publicity and Marketing	308 980	613 810
Communication	-	-
Prepaid vendor Commission	11 619 160	10 833 098
Bank Charges, Facility and Card Fees	393 060	186 044
Contribution to provisions: Landfill site	-	(8 782 375)
Telephone Fax Telegraph and Telex	1 804 257	3 582 965
Postage/Stamps/Franking Machines	-	-
Entertainment	2 089	121 648
External Audit Fees	3 753 005	5 818 435
External Computer Service	-	22 777
Indigent Relief	3 617 704	4 375 921
Insurance Underwriting premiums	53 759	44 264
Learnerships and Internships	-	-
Municipal Services	2 395	32 918 40
Printing Publications and Books	757 933	518 504
Remuneration to Section 79 Committee Members	-	-
Professional Bodies Membership and Subscription	209 675	-
Skills Development Fund Levy	191 040	169 125
Travel and Subsistence	253 973	1 351 720
Uniform and Protective Clothing	1 363 255	1 582 271
Workmen's Compensation Fund	1 222 002	732 944
	<b>25 170 207</b>	<b>21 092 680</b>

**Note 33 Cash generated from operations**

Surplus/(Deficit) for the year	53 629 054	(40 551 716)
<b>Adjustments for non cash items:</b>		
Depreciation and amortisation	31 432 624	13 439 862
Impairment loss	35 268 753	167 947 548
Employee related costs provisions (Movement)	6 698 000	36 802 000
<b>Changes in working capital:</b>		
Inventories	1 305 419	(5 720 786)
Trade and other receivables	(33 259 894)	(18 386 566)
VAT payable	(581 390)	(76 156 679)
Trade and other payables	28 319 278	(52 351 489)
	<b>122 811 845</b>	<b>25 022 173</b>

THABAZIMBI LOCAL MUNICIPALITY  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 34 Commitments

34.1 Capital expenditure  
Approved and contracted for:  
- Infrastructure assets

Approved and not yet contracted for:  
- Infrastructure assets

Total capital commitments

2021	2020 Restated
56 255 284	82 298 881
-	-
<b>56 255 284</b>	<b>82 298 881</b>

34.2 Lease commitments

The municipality has the following rental arrangements which are currently on a month to month rental basis until such a time that the leases are renewed. The leases are expected to be renewed within the next financial year once the terms are agreed with the lessor. There is currently therefore no future lease commitments payable by the municipality until the lease agreements are signed. The monthly lease rentals payable to the lessor are as follows:

	Current Monthly rental	Yearly rental
<b>Property</b>		
Erf 361 Thabazimbi Ext 3	141 126	122 718
Erf 369 Thabazimbi Ext 3	256 275	256 275
Rental of printing machines	-	-

34.3 Other operational commitments

The operational commitment related to the security contract that the Municipality has. The amount charged is R11,271.13 per grade C guard, per month for a day shift and the same amount for a night shift.

Note 35 Fruitless and wasteful expenditure

Opening  
Current year fruitless & wasteful expenditure  
Less: Recovered  
Less: Written-off  
Prior period adjustment

129 466 278	114 233 136
12 047 583	15 235 142
-	-
(8 479 630)	-
-	-
<b>133 036 232</b>	<b>129 468 278</b>

The reported expenditure comprises of the interest amounts charged on overdue accounts. Council resolved to write-off Fruitless and Wasteful expenditure for 2018/19 financial year. However, for the period prior to 2018/19, the UIFW expenditure are under investigation by SIU.

Note 36 Irregular expenditure and Unauthorised expenditure

36.1 Irregular expenditure

Opening balance  
Current year irregular  
Transferred to receivables  
Written off  
Irregular expenditure awaiting condonement

363 888 614	305 131 409
60 101 988	58 755 205
-	-
(39 495 921)	-
<b>384 492 681</b>	<b>363 886 614</b>

The Municipality will report irregular expenditure to Council, MEC for Local Government, Treasury and AGSA. Council resolved to write-off Irregular expenditure for 2018/19 financial year. However, for the period prior to 2018/19, the UIFW expenditure are under investigation by SIU.

36.2 Unauthorised expenditure

Opening balance  
Current year unauthorised  
Unauthorised expenditure awaiting condonement

513 485 856	488 630 580
40 651 313	24 855 276
<b>554 137 170</b>	<b>513 485 856</b>

The Municipality will report unauthorised expenditure to Council, MEC for Local Government, Treasury and AGSA. Impairment expense (ref. 37) has been corrected as result of that unauthorised has been restated

36.3 Deviations 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 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 these are reported appropriately in the annual financial statements.

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

Deviations for the 2020/21 financial year in terms of the Supply Chain Management Regulations amounted to R1,921,088.75 (2020: R1,820,912)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

36.3 Deviations from supply chain management regulations (continued):	2021
Description and reason of deviation	
URGENT APPOINTMENT OF A SERVICE PROVIDER IN HIRING MACHINERY (COASTAL HIRE). On the 30th of July 2020, there was a matter of urgency to in hiring machineries such as Trash pumps, Compressor Atlas, Compressor air Hoses 30m, Suction and Removal of septic waste. They are needed to assist in water and sanitation maintenance. Currently trash pumps are always rented and this process delay maintenance due to supply chain processes that must be followed that result in unnecessary water losses.	20 000
URGENT APPOINTMENT OF A SERVICE PROVIDER IN ADVERTISING POSITIONS & TENDERS IN THE LOCAL NEWSPAPER (PLATINUM PUBLISHERS). Due to the urgency of the matter that is adverts should be published this weekend, SCM obtained only one quotation for the reason that only the company (PLATINUM PUBLISHERS) is the sole supplier (locally) who can assist in advertising positions and Tenders in the Local Newspaper. Such goods and/or services are produced or available from this single provider around the Thabazimbi (PLATINUM PUBLISHERS).	28 047
URGENT APPOINTMENT OF A SERVICE PROVIDER IN REPAIRING PIPES AT GROUP 12 (THABAZIMBI) RIVER CROSSING. On the 03th of August 2020, there was a matter of urgency in repairing pipes at group 12 (Thabazimbi) river crossing. An urgent appointment of service provider to remedy the situation in repairing pipes at group 12 (Thabazimbi) river crossing.	195 250
URGENT APPOINTMENT OF A SERVICE PROVIDER IN ADVERTISING A PUBLIC NOTICE IN THE LOCAL NEWSPAPER (BUSHVELDER PLATINUM PUBLISHERS). On the 09th of September 2020, there was a matter of advertising a Public Notice in the Local Newspaper. The Public Notice "Moratorium on developments in Northam" must be placed in the Bushvelder Platinum Publishers.	3 125
URGENT APPOINTMENT OF A SERVICE PROVIDER IN REPAIRING,	10 000
URGENT APPOINTMENT OF A SERVICE PROVIDER IN EXCAVATING AND INSTALLING OF VALVES AND RECONNECTION OF THE LINE TO THE NEW SLUDGE DRYING BED. On the 21th of August 2020, there was a matter of urgency to maintain the 160m line. An urgent appointment of service provider to remedy the situation in excavating and installing of valves and reconnection of the line to the new sludge drying bed.	51 200
URGENT APPOINTMENT OF A SERVICE PROVIDER IN SUPPLYING AND MAINTENANCE OF PIPELINE. On the 18th of July 2020, there was a matter of urgency in supplying and maintenance of pipeline. An urgent appointment of service provider required to remedy the situation in supply and maintenance of pipeline.	118 400
PAYMENT OF SERVICE RENDERED IN SUPPLYING OF CHEMICAL TOILETS TO NORTHAM GRAVEYARD USED FOR FUNERAL. On the 25th of October 2019, hiring of chemical toilets for Northam graveyard was requested. Appointment of service provider ORETSHEPILE made and they rendered service in supplying of chemical toilets. They quoted on the 02 August 2019 and 23 September 2019 for rendering service of supplying chemical toilets. No payment was made in paying them the services that they have rendered. This was the matter of urgency; complaints were received from community members due to non-availability of ablution facility at the Northam grave yard. (Confirmation of work done by service provider ORETSHEPILE report attached)	11 385
URGENT APPOINTMENT OF A SERVICE PROVIDER IN ADVERTISING POSITIONS, IDP & TENDERS IN THE LOCAL NEWSPAPER (PLATINUM PUBLISHERS). On the 01th of October 2020, there was a matter of advertising vacant position listed below: <ul style="list-style-type: none"> <li>• Manager Supply Chain Management</li> <li>• Director Technical Services and also advertising of Tenders listed below:</li> <li>• COR/01/2020-21 – Supply, Delivery and Installation of server</li> <li>• COR/02/2020-21 – Installation and maintenance of telephone Management for period of (3) years.</li> <li>• COR/03/2020-21 – Provision for electronic Documents and Record Management for period of (3) years.</li> <li>• TECH/19/2020-21 – Upgrading of rooiberg cemetery</li> <li>• TECH/20/2020-21 – Upgrading of Northam Cemetery</li> <li>• TECH/21/2020-21 – Northam Extension 5 Upgrading of Internal Street (Phase 2)</li> </ul>	44 166
URGENT APPOINTMENT OF A SERVICE PROVIDER IN PUBLISHING NOTICE OF IDP BUDGET PUBLIC PARTICIPATION FOR 2021/22 IN THE LOCAL NEWSPAPER (BUSHVELDER PLATINUM PUBLISHERS). On the 07th of October 2020, there was a matter of publishing notice of IDP Budget Public Participation for 2021/22 and should be advertise on the Local Newspaper (PLATINUM PUBLISHERS). The 1st IDP/BUDGET/PMS PUBLIC PARTICIPATION FOR 2021/2022.	6 923
URGENT APPOINTMENT OF A SERVICE PROVIDER IN ADVERTISING 24 POSITIONS AND 6 TENDERS IN THE LOCAL NEWSPAPER (PLATINUM PUBLISHERS). Due to the urgency of the matter that is adverts should be published this weekend, SCM obtained only one quotation for the reason that only the company (PLATINUM PUBLISHERS) is the sole supplier (locally) who can assist in advertising 24 vacant positions and 6 Tenders in the Local Newspaper. Such goods and/or services are produced or available from this single provider around the Thabazimbi (PLATINUM PUBLISHERS).	74 373
URGENT APPOINTMENT AND PAYMENT TO A SERVICE PROVIDER FOR SERVICE AND REPAIR OF REFUSE TRUCK CWF360L. On the 21th of December 2020, The Refuse Truck CWF360L (Mercedes-Benz) went for servicing and repairs at Maemo Motors Commercial Vehicle which is a franchised Dealer that deals with Mercedes-Benz, smart and FUSO Vehicles (for servicing the refuse truck). An urgent appointment and payment to a service provider for servicing and repairing the Refuse Truck CWF360L to remedy the situation.	14 197
URGENT APPOINTMENT AND PAYMENT TO A SERVICE PROVIDER IN SERVICING MAYORS CAR (DXF544L). On the 05th of January 2021, The Mayor's Car DXF544L (Land Rover Discovery Sport) went for servicing and repairing CMH Jaguar Land Rover Menlyn which is a franchised Dealer that deals with Land Rover Vehicles (for servicing the Mayors Car). An urgent payment should be made to a service provider for servicing and repairing the Refuse Truck CWF360L to remedy the situation.	23 987
URGENT APPOINTMENT AND PAYMENT TO A SERVICE PROVIDER IN SERVICING MAYORS CAR (DXF544L). On the 31th July 2019, Community Services department requested the approval for the installation of a new "A" Grade axle weighing for Thabazimbi vehicle Testing Station. Workshop Electrics provided their quotation but it was later through the specification by the CFO, it was asked to check if there is any service provider who can procure the needed item (NEW A GRADE AXLE WEIGHING). On the 27 November 2019, an exercise taken where we requested quotations from 6 prospective service providers to SUPPLY AND INSTALL NEW A GRADE AXLE WEIGHING (RFQ) until this day the no quotation was received from the prospective service providers. So this leads to the only service provider WORKSHOP ELECTRICS. (All emailed attached and RFQ attached). On the 24st of January 2021, after the whole exercise, its later recommend that WORKSHOP ELECTRONICS should be awarded as our supplier in supplying and installing a new WECC50 cabinet with a grade axle weighing in respect of Thabazimbi vehicle Testing Station to comply with National Road Act because such services are produced or available only from WORKSHOP ELECTRONICS (PTY) LTD (confirmation of sole provider letter attached).	250 230
URGENT APPOINTMENT OF A SERVICE PROVIDER IN ADVERTISING A PUBLIC NOTICE OF CLOSING OF MUNICIPAL OFFICES (PLATINUM PUBLISHERS). There was a matter of urgency in advertising a public notice of closing of municipal office <ul style="list-style-type: none"> <li>• BTO/04/2020-21 – Provision of Short-term Insurance Services</li> </ul>	30 692
URGENT APPOINTMENT OF A SERVICE PROVIDER IN ADVERTISING A TENDER IN THE LOCAL NEWSPAPER (PLATINUM PUBLISHERS). On the 21th of January 2021, there was a matter of advertising a Tender listed below: <ul style="list-style-type: none"> <li>• BTO/04/2020-21 – Provision of Short-term Insurance Services</li> </ul>	5 003

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

36.3 Deviations from supply chain management regulations (continued):

CALIBRATION OF LIDAR SPEED MACHINE & K53 MOTORCYCLE TEST SYSTEM (ELECTRONIC CLIPBOARD).The vehicle testing station has to comply in accordingly to regulation 129 of the National Road Traffic Act no.93 of 1996 and also to function in accordance with code of practice 10216/2010. According to legislation, a vehicle testing station has to calibrate once in a year by accredited institution to be operational and serviceable to community.	10 527
URGENT APPOINTMENT OF A SERVICE PROVIDER IN DELIVERING ROAD TRAFFIC/TRANS LEG ISS 54, 55, 56, 57, 58 and Government Libraries.On the 01th of February 2021, there was a matter of urgent delivering Road Traffic/Trans Leg ISS 54, 55, 56, 57, 58 and Delivery of 15 Government Libraries. The appointed of service provider to is the only company that deliver and manufacture road traffic/trans leg ISS 54, 55, 56, 57, 58 Government Libraries.	30 096
URGENT APPOINTMENT AND PAYMENT OF A SERVICE PROVIDER FOR SERVICING THE WATER TRUCK HS 53 WV GP On the 18th of February 2021, the Water Truck HS 53 WV GP (NISSAN) went for servicing and repairs at UD Trucks which deals with NISSAN Vehicles. UD TRUCKS is the only service provider for NISSAN Trucks.	32 103
PAYMENT OF A SERVICE PROVIDER (TCS) FOR THE APPROVAL OF LICENCE RENEWAL OF TRAFFIC CONTRAVENTION SYSTEM AND TRAINING FOR USERS TCS is the only service provider that offers the Licence Renewal of Traffic Contravention System therefore on the 19th of February the system was procured for Traffic Revenue Enhancement purposes	49 795
URGENT APPOINTMENT OF A SERVICE PROVIDER IN EXCAVATING AND INSTALLING OF SEWERAGE PIPE BEDDING On the 21st of August 2020, there was a matter of urgency to maintain the 160m line, an urgent appointment of service provider to remedy the situation in excavating and installing of sewerage pipe 2 metre wide x 3m Depth Bedding and pipe installation	141 000
URGENT PAYMENT TO A SERVICE PROVIDER FOR SERVICING THE REFUSE TRUCK CTS492L On the 20th of February 2020, the Refuse Truck CTS492L (Merc-Benz) went for service and repairs at Maemo Motors which is a Franchised Dealer that deals with Merc-Benz. Maemo Motors is the only service provider for Mercedes- Benz	56 169
URGENT APPOINTMENT OF A SERVICE PROVIDER IN ADVERTISING NOTICE OF COUNCIL MEETING - 26 MARCH 2021(PLATINUM PUBLISHERS).There was a matter of advertising a Notice of Council Meeting - 26 March 2021 and PLATINUM PUBLISHERS is the only local publishers	43 807
URGENT APPOINTMENT OF A SERVICE PROVIDER IN HIRING OF MACHINERY FOR LANDFILL SITE On the 07th of April 2021, a service provider was needed, to be urgently appointed for the provision of : 1x Tipper Truck, 1x TLB, 1x Front end Loader	571 309
URGENT APPOINTMENT OF A SERVICE PROVIDER FOR SUPPLYING 100KVA TRANSFORMERThe Technical Department's Generator was not functional and was supposed to be urgently replaced with 100KVA generator	99 305

1 921 089

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 37 Prior period errors and reclassifications

<b>Property, plant and equipment</b>		
Previously report		802 176 598
Add: community asset additions (cost)		10 259 227
Less: community asset disposal (cost)	-	5 191 045
Less: Sanitation Infrastructure - waste water treatment works (cost)	-	9 306 561
Add: Sanitation Infrastructure - waste water treatment works (accumulated depreciation)		885 898
Add: community asset (accumulated depreciation)	-	18 535
Less: community asset disposal (accumulated depreciation)	-	3 550 906
Less: community asset (WIP - Cost)	-	9 619 453
Restated		<u>782 737 035</u>
<b>Trade and other receivables from exchange transactions</b>		<b>110 561 067</b>
<b>Trade and other receivables from exchange transactions before restatement</b>		
Add: impairment provision was previously understated. The impairment methodology was reviewed to ensure compliance with GRAP: Below is the		
Add: Electricity	-	11 786 166
Add: Waste Management (Refuse)	-	13 130 063
Add: Waste Water Management (Sewerage and sanitation charges)	-	22 075 692
Add: Water	-	46 633 489
Add: Service charges	-	252 938
Add: Land sale debtors	-	39 391
Add: Merchandising Jobbing and Contracts	-	3 972 932
Add: Property rental debtors	-	585 817
Restated Trade and other receivables from exchange transactions		<u>12 051 877</u>
<b>Trade and other receivables from non-exchange transactions</b>		<b>42 394 327</b>
<b>Trade and other receivables from non-exchange transactions before restatement</b>		<b>2 486 091</b>
Add: revenue recognised in the incorrect accounting period		
Add: property rates impairment provision was previously understated. The impairment methodology was reviewed to ensure compliance with GRAP:		
Add: impairment provision for property rates debtors	-	36 059 638
Restated Trade and other receivables from non-exchange transactions		<u>6 334 689</u>
<b>Provision (Landfill sites)</b>		<b>49 116 702</b>
<b>Environmental rehabilitation provision (Landfill sites) before restatement</b>		
Provision was incorrectly determined thus resulting to changed in landfill provision		
Less: omitted landfill provision closure	-	1 785 490
Restated Trade and other receivables from non-exchange transactions		<u>47 331 212</u>
<b>Current portion of trade and other payables from exchange transactions</b>		<b>264 576 315</b>
<b>Current portion of trade and other payables from exchange transactions before restatement</b>		
<b>Trade payables</b>		
Trade payables previously report	185 803 720	
Add: creditors understated	884 111	884 111
Trade payables restated	<u>186 687 831</u>	
<b>Advance payments</b>		
Advance payments previously report	7 510 462	
Add: advanced payments previously not reported	252 427	253 427
Advance payments restated	<u>7 763 889</u>	
<b>Agency fees payable</b>		
Previously report	22 124 841	
Less: Agency fees payable previously not recorded	(1 284 163)	(1 284 163)
Less: VAT for Agency fees payable previously not recorded	(192 624)	(192 624)
Restated	<u>20 648 053</u>	
<b>Retention</b>		
Previously report	13 583 391	
Less: Retention paid but previously not recorded	(244 336)	(244 336)
Restated	<u>13 339 055</u>	
<b>Current portion of trade and other payables from exchange transactions restated</b>		<u>263 992 729</u>
<b>Licences and permits</b>		
Previously report		1 823 964
Less: Agency fee (Department of Transport) previously not reported		1 284 163
Restated		<u>3 108 127</u>
<b>Impairment loss</b>		
Previously report		58 350 242
Less: VAT incorrectly reported as impairment expense		(24 938 823)
Add: impairment expense from trade debtors - change in impairment methodology resulted to restatement of impairment expense		134 536 129
Restated		<u>167 947 548</u>
<b>Depreciation and amortisation</b>		
Previously report		13 678 186
Less: Sanitation Infrastructure - waste water treatment works		(256 862)
Add: Community asset Depreciation not recorded whereas the capital project was completed in 2020		18 535
Restated		<u>13 439 862</u>
<b>Finance costs</b>		
Previously report		14 944 417
Add: finance cost was previously classified as bulk purchase		16 438 541
Restated		<u>31 382 959</u>
<b>Bulk purchases</b>		
Previously report		113 315 111
Less: finance cost was previously classified as bulk purchase		(16 885 340)
Restated		<u>96 429 771</u>
<b>Contracted services</b>		
Previously report		28 576 206
Less: contracted services was previously classified as operating costs		(1 315 125)
Restated		<u>27 261 081</u>



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

<b>Operational costs</b>		
Previously report		19 330 755
Less: contracted services was previously classified as operating costs		1 761 925
Restated		<u>21 092 680</u>
<b>Loss on disposal of assets</b>		
Previously report		5 526 506
Less: asset previously derecognised but not reported		1 640 139
Restated		<u>7 166 645</u>
<b>VAT receivable</b>		
Previously report		16 939 629
Add: VAT impairment previously omitted		60 386 159
Less: VAT for agency fees incorrectly reported		(1 169 106)
Restated		<u>76 156 682</u>

The correction above impacted the following components:

	Previously presented	Reclassification	Correction of error	Restated amount
<b>Statement of financial position</b>				
Property, plant and equipment	802 176 598		(9 439 562)	792 737 035
Trade and other receivables from exchange transactions	110 561 067		(98 476 490)	12 051 877
Trade and other receivables from non-exchange transactions	42 394 327		(36 059 838)	6 334 689
VAT receivable	16 939 629		59 217 053	76 156 682
Provisions (Landfill)	49 116 702		(1 785 490)	47 331 212
Current portion of trade and other payables from exchange transactions	264 576 315		(583 586)	263 992 729
<b>Statement of changes in net assets</b>				
Prior year - Property, plant and equipment			8 677 524	
Prior year - Provision (Landfill sites)			(1 785 490)	
Prior year - VAT impairment			(34 217 546)	
Prior year - Revenue recognised in the incorrect period			1 173 719	
<b>Statement of financial performance</b>				
Licences and permits	1 823 964		1 284 163	3 108 127
Depreciation and amortisation	13 678 188		(238 328)	13 439 862
Finance costs	14 944 417	16 438 541		31 382 959
Bulk purchases	113 315 111	(16 885 340)		96 429 771
Contracted services	28 576 206	(1 315 125)		27 261 081
Operational costs	19 330 755	1 761 925		21 092 680
Impairment loss	58 350 242		109 597 306	167 947 548
Loss on disposal of assets	5 526 506		1 640 139	7 166 645
Revenue - propeert rates	77 048 838		1 312 372	78 361 210

Note 38 Additional disclosure in terms of Municipal Finance Management Act

38.1 Material losses

	2021	2020 Restated
<b>Material losses through the distribution of electricity</b>		
Units purchased in KWh x Average price lost	(55 865 007)	(56 883 635)
Units sold during the year in KWh x Average price lost	46 350 716	46 322 281
	<u>(9 514 291)</u>	<u>(10 561 354)</u>
Percentage lost	17%	19%
Rand value of losses	<u>16 306 420</u>	<u>12 997 313</u>

The electricity losses can be classified into technical losses and non-technical losses. Technical losses relate to energy that is lost in the transportation of the electricity from point of supply to point of distribution through evaporation. Non-technical losses are attributable mainly to theft, bypass of meters, illegal recalibration of meters, damaged meters, transformers etc. Units lost during the year were 16 306 420 KWh (2020: 12 803 877 KWh) at average price of R1,09 (2020: R1,09)

**Material losses through distribution of water losses**

	2021	2020 Restated
Units purchased in KL x Average price lost	(31 096 927)	(107 255 300)
Recorded billing during the year in KL x Average price lost	13 191 642	56 113 700
	<u>(17 905 285)</u>	<u>(51 141 600)</u>
Percentage lost	58%	48%

Units lost during the year were 2 520 806 KL (2020: 72 000 KL) at average price of R7,103 (2020: R7,103)

38.2 Contributions to organised local government

	2021	2020 Restated
Opening balance	6 322 390	4 508 325
Current year fees	1 512 932	1 822 315
Correction of error	-	(8 250)
Amount paid - current year	-	-
Closing balance	<u>7 835 322</u>	<u>6 322 390</u>

38.3 Auditor's remuneration

	2021	2020 Restated
Opening balance	9 508 396	6 844 429
Current year fees	7 424 729	6 559 684
Correction of error	-	410 941
Write-offs	(312 852)	-
Amount paid - current year	(2 317 958)	(4 306 658)
Closing balance	<u>14 302 317</u>	<u>9 508 396</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

38.4 PAYE, SDL and UIF

Opening balance	8 812 521	8 554 391
Current year subscription / fee	21 717 071	20 930 326
Amount paid - current year	(19 960 035)	(20 672 196)
Closing balance	10 569 558	8 812 521

The amounts represent PAYE, SDL and UIF.

38.5 Pension and Medical Aid Deductions

Opening balance	2 984 068	4 207 693
Current year subscription / fee	21 567 790	18 689 820
Amount paid - current year	(23 631 332)	(19 913 445)
Closing balance	920 526	2 984 068

38.6 VAT

VAT receivable	76 738 070	76 156 682
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Vat is paid over to SARS only once the payment is received from Debtors and is receivable from SARS once the payment has been made to Creditors .  
All VAT returns for the year have been submitted.

38.7 Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

2021	Outstanding less	Outstanding more than	Total
	than 90 days	90 days	
RAMOGALE AR	53 415	82 784	136 199
FISHER JM	81 407	3 601	85 008
RAMOABI T	29 847	2 879	32 726
SEROLE A	33 470	677	34 148
MAKHUBELA GM	11 300	8 905	20 205
NDLOVHU S	84 005	8 786	92 791
HEARNE T	-	6 392	6 392
TSHELANOKOANA SM	53 992	6 145	60 137
SIKWANE CS	9 875	1 894	11 769
MOKGOMO SM	27 745	3 140	30 885
MANYAMA R	22 981	545	23 526
	408 036	125 749	533 786

  

2020	Outstanding less	Outstanding more than	Total
	than 90 days	90 days	
RAMOABI T	2 173	27 983	30 157
MANYAMA R	3 338	17 299	20 637
MAKHUBELA SS	6 522	15 816	21 538
NDLOVHU S	7 092	63 123	70 215
HEARNE T	7 922	-	7 922
MATSHELANOKANA SM	5 139	42 804	47 943
FISCHER JM	2 526	7 913	10 439
SIKWANE CS	1 408	4 816	6 221
ERASMUS FH	3 053	-	3 053
	39 171	178 954	218 125

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

**Note 39 Comparison of the budget to actual amounts**

Explanation on material differences between the final budget and actuals for the year ended 30 June 2021

**39.1 Fines Penalties and Forfeits**

The initial budget only takes cash receipts from fines into account instead of the traffic fines issued (accrual basis). This caused the differences between budget and actual. The fines issued are in line with prior year.

**39.2 Licences and permits**

Licences and permits are dependent on the activity of renewals etc. for the year. The differences between actual and budget is caused by the advent of the Covid-19 crises.

**39.3 Transfers recognised**

The roll over expenditure from 2020 was only spent in the current year. This transfer recognised was not initially budgeted for.

**39.4 Other revenue**

Revenue earned from staff recoveries and building plan was the contributor. This was under-budgetted for when the budget was approved.

**39.5 Remuneration of councillors**

During the current year there were significant movements in the position of councillors. These movements had an impact on the actual versus budgeted results.

**39.6 Debt Impairment**

During the current year management updated the impairment methodology to be in compliance GRAP. When preparing the budget this was not taken into account hence the significant difference.

**39.7 Property rates**

During the budget preparation the municipality did not envisage municipal rates objections. Although these objections are permissible in terms s78 of Municipal Property Rates Act, however, revenue (i.e. property revenue) cannot be easily adjusted as per chapter 4 of the MFMA hence the significant difference.

**39.8 Finance charges**

Interest charged on outstanding accounts was more than expected as the Municipality used the cash for interest payments on other expenditure due to the Covid 19 pandemic.

**39.9 Interest earned**

Due to increase in customers not paying their dues i.e. (trade and other receivables exchange transactions) this then resulted to an increase in interest charge to customers.

**39.10 Other expenditure**

Due to the advent of the Covid 19 disaster, the Municipality closed offices for an extended period of time. The closed offices also resulted in reduced expenditure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 40 Related Parties

All related party transactions are conducted at arms length unless otherwise stated.

40.1 Interests of related parties

The following Related Party Interests have been identified/declared for the financial year under review:

(i) *Cllr L. H Joubert*

Cllr L. H Joubert is the speaker of the municipality and the director of Sijaka Properties CC. This company is currently providing office space to the Municipality for the year under review. The councillor ceased being a member of council during the current year.

	2021	2020
Lease rentals on operating lease		103 170

40.2 Management

Municipality has the following senior managers who may have significant influence over the financial and/or operating policies of the municipality.

Names	Title
Mr. T.G. Ramagaga	Municipal Manager
Mr. L.G. Tloubatla	Chief Financial Officer
Mr. J.J. van der Merwe	Corporate Services
Ms. L. Makaya	Planning & Development
Mr. S. Pilane	Community Services

Refer to note 25 for the disclosure of their remuneration.

40.3 Councillors

The municipality has councillors that act as a governing body who may have significant influence over the financial and/or operating policies of the municipality.

All the Councillors are listed on page 1 of the Annual Financial Statements.

Refer to note 26 for the disclosure of their remuneration.

Note 41 Financial Instrument

In accordance with GRAP 104.13, the financial assets and liabilities of the municipality are classified as follows:

Financial assets at amortised cost

Trade and other receivables from exchange transactions  
Trade and other receivables from non-exchange transactions

Financial assets at fair value

Cash and cash equivalent

2021                      2020  
Restated

34 653 822	12 051 877
16 992 638	6 334 609
2 011 261	2 006 754
<u>53 657 721</u>	<u>20 393 320</u>

Financial liabilities at amortised cost

Borrowings  
Consumer deposits  
Trade and other payables from exchange transactions

719 733	1 970 128
4 358 175	4 178 703
444 190 221	440 870 943
<u>449 268 129</u>	<u>447 019 774</u>

Note 42 Indigent debts written off

There were no indigent debts write off during the year (2020: Rnil).

**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

**Note 43 Risk management**

**Financial risk management objectives**

Due to the nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by many entities. The municipality's Finance department monitors and manages the financial risks relating to the operations of the municipality. These risks include market risk (including, fair value and interest rate risk), credit risk and liquidity risk. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

2021	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 1 Year	> 1 Year <= 5 Years	Total
Borrowings	109 200	218 400	392 133	-	719 733
Unspent grants	-	-	12 456 241	-	12 456 241
Consumer deposits	-	-	4 358 175	-	4 358 175
Retentions	-	-	18 274 238	-	18 274 238
Trade and other creditors	-	-	274 037 770	151 878 214	425 915 984
	<b>109 200</b>	<b>218 400</b>	<b>309 518 557</b>	<b>151 878 214</b>	<b>461 724 371</b>

2020	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 1 Year	> 1 Year <= 5 Years	Total
Borrowings	109 200	218 400	955 909	686 619	1 970 128
Unspent grants	-	-	15 940 351	-	15 940 351
Consumer deposits	-	-	4 178 703	-	4 178 703
Retentions	-	-	13 583 391	-	13 583 391
Trade and other creditors	-	-	250 409 338	176 878 214	427 287 552
	<b>109 200</b>	<b>218 400</b>	<b>285 067 692</b>	<b>177 564 833</b>	<b>462 960 125</b>

**Credit risk**

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

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

Financial instrument	2021	2020
Call deposits	195 399	845 485
Current accounts	1 700 150	1 045 438
Marketable securities	110 271	110 390
Trade and other receivables	51 646 460	18 386 566
	<b>53 652 279</b>	<b>20 387 879</b>

Thabazimbi Local Municipality has ceded R60,430.00 to Development Bank of South Africa (DBSA). The account details as follows: ABSA Bank Limited: Account Number 2057649514

Trade and other receivables that are neither past due nor impaired are as follows:

	2021	2020
Trade and other receivables	36 670 847	43 889 655

Debtors are impaired based on the aging of the debt. Indigent and Pending indigent debt is provided for at 100%. When a debtor has a past due balance, any payment received will be allocated against the debtors oldest balances. Current debts (neither past due nor impaired) represent a mixture of high, medium and low quality credit standings.

**THABAZIMBI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

**Note 43 Risk management (continued):**

**Trade and other receivables that are past due and impaired as at year end are as follows:**

	2021	2020
31 - 60 days	15 187 201	13 881 691
61 - 90 days	14 980 079	12 878 780
Greater than 91 days	477 127 070	399 913 183
	<u>507 294 350</u>	<u>426 673 654</u>

No trade and other receivables are individually determined to be impaired at year end.

**Interest rates risk**

As the municipality has no significant interest bearing assets, the municipality 's income and operating cashflows are substantially independent of changes in market interest rates. At year end , the financial instruments exposed to interest rate risk were as follows:

	2021	2020
Call deposits	195 399	845 485
Marketable securities	110 271	110 390
	<u>305 670</u>	<u>955 875</u>

Trade debtors are charged interest at fixed rates determined by the municipality. Therefore these financial instruments do not attract exposure to interest rate risk. Interest rate risk is linked to the Repo rate as determined by the Reserve Bank. The Reserve Bank ordinarily only changes the Repo Rate by an increase or decrease of 0,25%. A 0,25 % increase or decrease would not have a material effect on the municipalities interest bearing assets and its surplus/deficit.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

**Note 44 Going concern assessment**

Management considered the following matters relating to going concern:

- (i) During May 2021 the council adopted the 2021/2022 Budget. This three year Medium Term Revenue and Expenditure Framework ( MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash backed over the three year period.
- (ii) The municipality's Budget is subject to a very rigorous independent assessment process to assess its cash backing status before it is ultimately approved by council.
- (iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash flow forecast supporting the Budget. The cash management process is complemented by monthly reporting, highlighting the actual cash position, including the associated risk and remedial actions to be instituted.
- (iv) As the municipality has the power to levy fees, tariffs and charges, this will result in on going inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratio's, such as liquidity, cost coverage, debtors collection rates and creditors payment terms are closely monitored and the necessary corrective actions instituted (such as payment arrangements etc.).
- (v) The Municipality has further assessed the impact of the Covid-19 pandemic on the operations of the Municipality. There has been a slight decrease in collections from customers, this impact is taken into account in the provision for doubtful debt. The municipality was also able to slightly reduce their expenditure (as can be seen with the surplus for the year), ensuring that it remains well funded and a going concern.
- (vi) The accounting officer draws attention to the statement of financial position, which indicates that the municipality's current liabilities exceeded its current assets by R179 350 152 (2020: R186 704 012). In addition, included in non-current liabilities is trade and other payables from exchange transactions of R151 878 214 (2020: R176 878 214), which mainly relates to the bulk electricity and water suppliers. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Taking the aforementioned into account, management has prepared the annual financial statements on the Going Concern Basis.

**Note 45 Comparative figures**

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 37).

**Note 46 Events after the reporting date**

No events having implications requiring disclosure occurred subsequent to 30 June 2021.

**Note 47 Private Public Partnerships**

The municipality was not party to any Private Public Partnerships during the year under review.

**Note 48 In-kind donations and assistance**

The municipality did not receive any in-kind donations or assistance during the year under review.

**Note 49 Contingent assets**

**(i) EVICTION REGOROGILE/APIESDOORNS/ROSSAUSPOORT**

Unlawfull occupying of portion 1,2,3,49,50,51,52,53,56 & 57 of erf 1731, Thabazimbi Regorogile. Application in the Magistrates court for the eviction of illegal squatters in Regorogile. Application is opposed. Matter to be heard in August 2021.

**(ii) EVICTION RAPUTI**

Unlawfull occupying of portion situated at the remaining extent of the farm Welkrans 539, Limpopo. Application in the Magistrates court for the eviction of illegal squatters in Leeupoort. Application is opposed. Matter to be heard in July 2021.

**Note 50 Contingent liabilities**

	2021	2020
<b>Note 50.1 Court proceedings</b>		
<u><b>(i) H JBadenhorst</b></u>		
This matter relates to a civil claim (personal injury) against the municipality. The matter is currently at exchange of pleadings and notices stage. Amount claimed R 11 000 000.00 (and R 800 000 for costs and disbursements). Matter set down for trial date of 03 March 2020 in Pretoria High (Active file). The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case is likely to be rescinded by the municipal lawyers	13 129 151	13 129 151
<u><b>(ii) Mminele Compensation (Pty) Ltd</b></u>		
This matter relates to a civil claim by a service provider of the municipality. The matter is currently at exchange of pleadings and notices stage. Amount claimed R 800 000 (and R 50 000 for costs and disbursements). Matter set down for trial on 15 March 2019 (Active file). The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case is likely to be rescinded by the municipal lawyers	850 000	850 000
<b>Other litigations and contingencies</b>	<b>2021</b>	<b>2020</b>
<b>(iii) PM PLUS</b>		

**THABAZIMBI LOCAL MUNICIPALITY  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

Judgement granted against TLM in the amount of R7 000 000,00. Matter referred arbitration to determine amount of damages as a result of breach of contract. TLM applied for stay of arbitration proceedings pending outcome of action for rescission of the original Court order. Summons for rescission was served and filed. Defendant filed plea. Hearing for rescission ready for trial. Litigation ongoing. Awaiting trial date.

14 000 000

14 000 000



THABAZIMBI LOCAL MUNICIPALITY  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

(iv) TLOU INTEGRATED

Upgrading of sports facility - Thabapark, Upgrading Northam Road T46/2013. Summons was served on TLM. Matter is defended. Plea was served and filed. Litigation ongoing.

2 636 545      2 636 545

(v) VUKA AFRICA

Summons was issued against TLM and Notice to defend was served and filed. Notice of bar was served on TLM whereafter TLM served and filed plea and counter claim for R522 533.52. Plaintiff served replication and plea to our counterclaim. Awaiting a pre-trial date.

7 924 409      7 924 409

(vi) IVYDALE BELEGGINGS BK

Rendered goods and services - (TLB and sand at Thabazimbi grave yard). Summons was issued against TLM and Notice to defend was served and filed. TLM served and filed plea. Litigation ongoing

313 195      313 195

(vii) SISWEZONKE (PTY) LTD

Supply and transportation of jojo tanks and supply and installation of vee belts, pulleys, o-rings and seal kits. Summons was issued. TLM defended and Plaintiff applied for summary judgement. TLM opposed and leave to defend was granted. TLM served and filed plea. Litigation ongoing.

222 300      222 300

(viii) MASENG VILJOEN INC

Preparation and review of GRAP 17 compliant fixed asset register & expertise with regard to water & sanitation infrastructure. Summons was issued against TLM and Notice to defend was served and filed. TLM served and filed plea. Litigation ongoing

3 481 288      3 481 288

(ix) TG RAMAGAGA

Application for the review of the council resolution dated 19 June 2020 to be declared unlawful, invalid and null and void. Review application was issued on 05 October 2020. Application was opposed and pleadings are in the process of being exchanged. Respondent to file opposing papers. Litigation ongoing.

(x) SOLOMON RANAMANE N.O. / PAUL RANAMANE

Summons was served on TLM. TLM served and filed Notice to defend. Application for summary judgement was served and TLM served and filed an opposing affidavit. TLM was granted leave to defend the matter. Plea was served and filed. Non-compliance of MFMA. Plaintiff failed to take any further steps in finalising this matter.

1 464 119      1 464 119

2 163 765

(xi) MOSEKATE TRADING & PROJECT CC

The following litigations were reported during previous financial year (2019/20) but did not meet the contingent definition as prescribed in GRAP 19

Contractor	Amounts as per the prior year audited AFS
Balimi Barui Trading	R 3 575 650
Gary Penzhorn	R 54 311
Patoupa Transport and Projects	R 137 589
Kgolo institute	R 409 156
Afiac Electrical CC	R 323 018
PM Plus projects	R 7 502 404
SN Ranamane PM Ranamane	R 1 464 119

The following litigations were not reported during previous financial year (2019/20) but did meet the contingent definition as prescribed in GRAP 19

Contractor	Amounts as per the prior year audited AFS
Tlou Integrated	R 2 636 545
Vuka Africa	R 7 924 409
Ivydale Beleggings BK	R 313 195
Siswezonke (PTY) LTD	R 222 300
Maseng Viljoen INC	R 3 481 288