

THABAZIMBI LOCAL MUNICIPALITY

Annual Financial Statements
for the year ended 30 June 2023



GENERAL INFORMATION

Legal form of entity:	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)	
Legislation governing the municipality's operations:	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)	
Mayoral committee:	Mayor	Cllr Judy Mogapi
	Speaker	Cllr Tshogofatso Ramoabi
	Chief Whip	Cllr David Masilo
Community Services:	Chairperson	Cllr .Moruakgomo Richard Kotsedi
	Member	Cllr Pontsho Sello
	Member	Cllr Orapeleng Selokela
	Member	Cllr Xolile Nozozo
	Member	Cllr David Gouveia
Planning and economic development & Infrastructure:	Chairperson	Cllr.Tokkie Swanepoel
	Member	Cllr Kampie Steenkamp
	Member	Cllr Frik Erasmus
	Member	Cllr.Butana Ben Tlhabadira
		Cllr Ronny Manyama
		Cllr Donald Sekgobela
Finance Institutional Development & Transformation:	Chairperson	Cllr Themba Mkansi
	Member	Cllr Stephen Lerumo
	Member	Cllr Lydia Sikhwari
	Member	Cllr Herman Kgotlhang
MPAC:	Chairperson	Cllr Theo Khalunga
	Member	Cllr Kiniki Abel Sesoma
	Member	Cllr Maxwell Magetse
	Member	Cllr Xoliswa Ntshatsheni
	Member	Cllr.Cathrine Sikwane
Grading of local authority:	Grade 3 (MDB Code: LIM361)	
Accounting Officer:	Mr LG Tloubatla	
Acting Chief Finance Officer (CFO):	Mr KJ Matlou	
Registered office:	7 Rietbok Street, Thabazimbi, 0380	
Business address:	7 Rietbok Street, Thabazimbi, 0380	
Postal address:	Private Bag X530, Thabazimbi, 0380	
Bankers:	ABSA Bank Limited	
Auditors:	Auditor General of South Africa (AGSA)	

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Abbreviations

COVID-19	Coronavirus
DBSA	Development Bank of South Africa
DHS	Department of Human Settlement
DRG	Disaster relief grant
GRAP	Generally Recognised Accounting Practice
INEP	Integrated national electrification programme
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NT	National Treasury
PT	Provincial Treasury
WSIG	Water services infrastructure grant

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 2023 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.

ACCOUNTING OFFICERS RESPONSIBILITY AND APPROVAL

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

As at June 30, 2023, the municipality had an accumulated surplus of R 276 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 2023 and were signed on its behalf by:

Accounting Officer
Date: 31 August 2023

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

Figures in Rand

	Note(s)	2023	2022 *Restated
Assets			
Current Assets			
Cash and cash equivalents	6	2 189 223	10 907 197
Trade and other receivables from exchange transactions	7	53 845 968	39 042 066
Trade and other receivables from non-exchange transactions	8	48 534 270	18 373 864
Inventories	9	11 839 606	2 706 534
Statutory receivables from exchange transactions	38.6	1 510 473	613 357
Output VAT accrual	38.6	120 742 692	107 971 710
Total current assets		238 662 232	179 614 727
Non-Current Assets			
Property, plant and equipment	3	880 487 609	846 550 743
Biological assets	4	835 600	773 100
Intangible assets	5.1	-	-
Investment property	5.2	-	-
Total non current assets		881 323 209	847 323 843
Total Assets		1 119 985 441	1 026 938 570
Liabilities			
Current Liabilities			
Input VAT accrual	38.6	210 206 798	174 714 653
Current portion of provisions	11	2 202 685	1 958 917
Current portion of employee benefit obligations	12	2 365 000	2 235 000
Consumer deposits	13	4 795 679	4 575 658
Current portion of trade and other payables from exchange transactions	14	369 976 303	230 104 824
Unspent transfers and subsidies	15	3 128 642	18 782 191
Finance lease	38.8	-	1 283 761
Total current liabilities		592 675 107	433 655 004
Non-Current Liabilities			
Borrowings	10	-	-
Provisions	11	54 980 318	50 539 735
Employee benefit obligations	12	43 314 000	45 600 000
Trade and other payables from exchange transactions	14	152 160 974	200 515 242
Finance lease	38.8	-	1 532 036
Total non current liabilities		250 455 292	298 187 013
Total Liabilities		843 130 398	731 842 017
Net Assets		276 855 042	295 096 553
Accumulated surplus		276 855 042	295 096 553
*See Note 37		-	-

STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2023

Figures in Rand

	Note(s)	2023	2022 *Restated
Revenue			
Revenue from non exchange transactions			
Property rates (Taxation revenue)	16	100 129 911	90 441 290
Fines	17	680 850	774 300
Licence and permits	18	25 308	27 990
Government grants and subsidies	19	197 728 965	153 945 377
Interest income	24	10 163 830	6 744 061
Donations	48		5 541 442
Total non exchange revenue transactions		308 728 864	257 474 460
Revenue from exchange transactions			
Service charges	20	152 313 503	179 714 216
Rental of facilities and equipment	21	552 024	442 772
Licences and permits	22	4 470 165	4 674 106
Other operational revenue	23	1 183 640	1 403 404
Interest income	24	22 566 989	21 301 992
Total exchange transactions revenue		181 086 321	207 536 490
Total Revenue		489 815 185	465 010 951
Expenditure			
Employee related cost	25	152 063 078	147 772 013
Remuneration of councillors	26	10 083 487	9 396 359
Impairment loss	27	48 767 317	69 287 615
Depreciation and amortisation	28	19 384 713	38 081 190
Finance costs	29	25 203 246	19 918 344
Bulk purchases	30	83 121 079	84 755 954
Contracted services	31	42 897 011	44 732 063
Operational costs	32	16 076 490	12 724 209
Inventory loss	55	24 425 722	
Inventory consumed	51	17 575 105	41 947 987
Bad debts	52	-	73 663
Operating leases	53	4 246 514	2 278 986
Total Expenditure		443 843 761	470 968 385
Operating surplus		45 971 424	-5 957 434
Loss on disposal of assets	3	(698 743)	(1 106 864)
Fair value adjustment	4	62 500	291 000
Contribution to provisions: Landfill site	54	742 548	14 430 294
Surplus (deficit) for the year		46 077 729	7 656 996

STATEMENT OF CHANGES IN NET ASSETS AS 30 JUNE 2023

Figures in Rand

		Accumulated surplus	Total net assets
Opening balance		349 104 985	349 104 985
Adjustments:			
*Prior year adjustments (Note 37)	37	(61 665 428)	(61 665 428)
Change in net assets:			
Restated Surplus/(Deficit) for the year		7 656 996	7 656 996
Balance at 1 July 2022 as restated		295 096 553	295 096 553
Surplus (deficit) for the year		46 077 729	46 077 729
Balance at 30 June 2023		341 174 282	341 174 282

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

Figures in Rand

	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Services charges		118 728 808	138 232 644
Grants		182 387 028	160 271 327
Rates and fines		67 225 596	75 276 412
Interest received on investments		428 801	501 686
Other receipts		5 679 113	7 044 064
		374 449 346	381 326 134
Payments			
Employee costs		152 063 078	157 208 971
Suppliers		177 083 921	180 609 586
Finance costs		-	262 353
		329 146 999	338 080 910
Net cash flows from operating activities		45 302 347	43 245 224
Cash flows from investing activities			
Acquisition of fixed assets	3	(54 020 321)	(32 778 482)
Acquisition of intangible assets		-	-
Net cash flows from investing activities		(54 020 321)	(32 778 482)
Cash flows from financing activities			
Loan Repayments		-	(696 087)
Finance lease payments		-	(870 212)
Net cash flows from financing activities		-	(1 566 299)
Net increase/(decrease) in cash and cash equivalents		(8 717 974)	8 900 443
Cash and cash equivalents at the beginning of the year		10 907 197	2 006 754
Cash and cash equivalents at the end of the year	6	2 189 223	10 907 197

Statement of comparison of budget to actual amounts for the year ended 30 June 2023

	Original Budget	Budget Adjustments	Final Budget	Actual amount	Variance ZAR	Variance %	Note
Revenue By Source							
Property rates	95 476 000	-	95 476 000	100 129 911	4 653 911	5%	
Service charges	206 320 000	356 000	206 676 000	152 313 503	(54 362 497)	-36%	
Rental of facilities and equipment	466 000	1 000	467 000	352 024	(85 024)	-15%	39.1
Interest earned	29 097 000	602 000	29 699 000	32 730 819	3 031 819	9%	
Fines Penalties and Forfeits	55 000	-	55 000	680 850	625 850	92%	39.2
Licences and permits	4 127 000	26 000	4 153 000	4 495 473	342 473	8%	39.3
Transfers recognised	126 417 000	1 127 000	127 544 000	197 728 965	70 184 965	35%	39.4
Other revenue	2 492 000	601 000	3 093 000	1 183 640	(1 909 360)	-161%	39.5
Total Revenue	464 450 000	2 713 000	467 163 000	489 815 185	22 652 185		
Expenditure By Type							
Employee related costs	159 718 000	(801 000)	158 917 000	148 051 573	(10 865 427)	-7%	
Remuneration of councillors	10 008 000	-	10 008 000	10 083 487	75 487	1%	
Debt impairment	7 955 000	23 867 000	31 822 000	48 767 317	16 945 317	35%	39.6
Depreciation and asset impairment	35 665 000	-	35 665 000	19 394 713	(16 280 287)	-84%	39.7
Finance charges	14 040 000	1 860 000	15 900 000	25 203 246	9 303 246	37%	39.8
Bulk purchases	86 643 000	8 554 000	95 197 000	83 121 079	(12 075 921)	-15%	39.9
Contracted services	45 370 000	1 250 000	46 620 000	42 897 011	(3 722 989)	-9%	39.10
Other expenditure	74 734 000	(3 350 000)	71 384 000	62 323 830	(9 060 170)	-15%	
Total Expenditure	434 133 000	31 380 000	465 513 000	439 832 256	(25 680 744)		
Surplus/(Deficit) for the year	30 317 000	(28 667 000)	1 650 000	49 982 929	48 332 929		

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

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.

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.

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.

ACCOUNTING POLICIES

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 judgement, estimates and assumption 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 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.

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.

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.

ACCOUNTING POLICIES

1.13 Property, Plant and Equipment (continued):

Asset class and depreciation

Minimum & Maximum Estimated Useful Life per asset category

Main category	Sub category	Min	Max	
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 Substation	45	45	Electricity Network
Road Network	Road Infrastructure	5	100	Roads
Sanitation Network	Sanitation infrastruc	5	100	Sanitation Network
Stormwater Network	Storm water infrastuct	5	100	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	Road Infrastructure	50	100	Roads
Community Facilities	Community Assets	5	100	Community facilities
Community Facilities	Libraries	5	100	Community facilities
Land	Land	-	-	Land
operational facilities	Building	5	100	Community facilities
Servitudes	Road Infrastructure	-	-	Land
Sport and recreation Facilitie	Community Assets	7	100	Community facilities
Sports Facilities	Community Assets	5	100	Community facilities
Housing	Building	15	100	Community facilities
Solid waste facilities	Solid Waste Infrastruc	15	50	Community facilities
Grand Total		5	100	
Transport assets:		5	10	
Machinery and Equipment:		2	15	
IT equipment:		3	7	
Furniture and Office Equipment:		2	35	

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.

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.

ACCOUNTING POLICIES

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.

ACCOUNTING POLICIES

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.

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.

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

ACCOUNTING POLICIES

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.

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.

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.

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.

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

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

Municipality as Lessee

ACCOUNTING POLICIES

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.

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

Finance leases - lessee

The Municipality leases certain property, plant and equipment. Leases of property, plant and equipment where the Municipality assumes substantially all the risks and rewards of ownership are classified as finance leases. The Municipality will not incur a foreign currency lease liability other than that allowed by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

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

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

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

The finance lease assets are depreciated at the same rates as owned property unless the municipality will not obtain ownership. Where there is no reasonable certainty that the municipality will obtain ownership by the end of lease term, the leased assets are depreciated over the shorter of the lease and its useful life.

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

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

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.

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.

Grant revenue that are recognised upon the service rendered or confirmation by the department are recognised at the date the payment is received by that department

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.

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.

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. The municipality declares output tax and claims input tax in the tax period only to the extent to which payment under consideration is received or made in that tax period. The municipality accounts for VAT on a monthly basis.

The Municipality accounts for VAT on an accrual basis. However, the VAT paid/due to/by SARS is accounted for on a cash basis.

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.

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.

1.27 Investment Property

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the enterprise, and the cost or fair value of the investment property can be measured reliably.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also

generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;

- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property.

Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 50 year period (land is not depreciated).

Investment properties are derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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

1.29 Stock issue classification

The classification of stock issue are dependent on the intention of the useage. If the intetion is to issue a stock with the intention of repairing an asset such stock issue will be classified as repairs and maintenance whereas if the intention is not repair any asset the stock issue will classified as inventory consumed

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 (Approved and Not Yet Effective)
- GRAP 103 - Heritage Assets (Approved and Not Yet Effective)
- GRAP 104 - Financial Instruments (Approved and 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note 3 Property, plant and equipment

Category	2023				2022			
	Cost	Accumulated depreciation	Accumulated Impairment	Carrying value	Cost	Accumulated depreciation	Accumulated Impairment	Carrying value
Land	8 809 712	-	-	8 809 712	8 809 712	-	-	8 809 712
Machinery and Equipment	1 404 450	(622 985)	-	781 465	918 309	(659 276)	-	259 034
Furniture and Office Equipment	2 339 246	(2 170 904)	-	168 342	5 143 487	(5 022 436)	-	121 051
Transport assets	13 695 160	(8 645 373)	-	5 049 787	14 285 270	(8 314 429)	-	5 970 841
Computer equipment	3 218 089	(1 533 965)	-	1 684 124	2 381 578	(1 133 221)	-	1 248 357
Road Infrastructure	659 218 409	(304 279 207)	-	354 939 202	660 839 528	(296 444 854)	-	364 394 674
Community assets	266 717 403	(190 639 236)	-	76 078 167	266 911 748	(196 783 311)	-	70 128 436
Electrical Infrastructure	105 146 082	(67 107 962)	-	38 038 120	104 949 688	(64 958 471)	-	39 991 217
Stormwater Network	42 360 274	(20 565 710)	-	21 794 564	42 975 231	(20 054 682)	-	22 920 549
Solid Waste Infrastructure	357 679	(311 774)	-	45 905	357 679	(292 030)	-	65 649
Work in progress	85 464 732	-	-	85 464 732	33 575 485	-	-	33 575 485
Sanitation Infrastructure	227 025 414	(96 163 541)	-	130 861 873	227 025 414	(91 696 355)	-	135 329 059
Water Infrastructure	297 865 168	(141 093 551)	-	156 771 617	298 021 656	(134 284 977)	-	163 736 679
Total	1 713 621 817	(833 134 208)	-	880 487 609	1 666 194 784	(819 644 041)	-	846 550 743

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - 2023

Category	2023								Closing balance	2023					Closing balance	Net carrying value	
	Cost				Work in progress reconciliation					Accumulated depreciation and impairment							
	Opening balance	Additions	Adjustment on cost	Disposals	Transfer in/(out)	Opening balance	Correction of error/misclassification	Additions to WIP		Transfers (out)	Opening balance	Correction to RUL	Depreciation	Disposals			Impairment
Land	8 809 712	-	-	-	-	-	-	-	-	8 809 712	-	-	-	-	-	8 809 712	-
Machinery and Equipment	918 309	636 242	-	(150 102)	-	-	-	-	-	1 404 449	(659 276)	397	(114 208)	150 102	(622 985)	781 465	781 465
Furniture and Office Equipment	5 143 487	73 097	-	(2 877 339)	-	-	-	-	-	2 339 246	(5 032 436)	2 874	(20 078)	2 689 236	(5 170 904)	168 342	168 342
Transport assets	14 285 270	-	-	880 110	-	-	-	-	-	13 695 160	(8 314 429)	566 850	(1 487 904)	590 110	(8 845 373)	5 048 787	5 048 787
Computer equipment	2 381 578	1 030 329	-	(93 818)	-	-	-	-	-	3 218 089	(1 133 221)	64 933	(36 615)	70 887	(5 133 965)	1 684 124	1 684 124
Road Infrastructure	660 839 528	-	-	(1 621 119)	-	7 048 000	-	15 902 748	-	669 218 409	(296 444 653)	67 362	(8 983 141)	1 081 405	(304 279 207)	364 938 202	364 938 202
Community assets	268 911 748	-	-	(94 345)	-	9 842 498	-	2 793 933	-	268 911 403	(186 783 311)	15 320 795	(9 356 896)	180 186	(186 639 286)	78 078 187	78 078 187
Electrical Infrastructure	104 949 688	198 526	-	2 131	-	4 365 260	-	21 734 832	-	105 146 082	(84 958 471)	-	(2 151 292)	1 801	(87 107 962)	38 038 120	38 038 120
Stormwater Network	42 375 221	-	-	614 957	-	-	-	-	-	42 990 178	(20 054 862)	-	-	614 789	(20 669 710)	21 746 464	21 746 464
Solid Waste Infrastructure	357 679	-	-	-	-	-	-	-	-	357 679	(292 030)	-	(19 744)	-	(311 774)	45 905	45 905
Work in progress	33 575 485	51 889 247	-	-	-	4 430 037	-	889 598	-	85 464 732	(91 696 355)	622 181	(5 089 368)	-	(86 163 541)	65 464 732	65 464 732
Sanitation Infrastructure	227 025 414	-	-	-	-	9 876 564	-	10 608 139	-	227 025 414	(124 284 977)	52 452	(7 197 485)	336 459	(141 903 551)	126 861 973	126 861 973
Water Infrastructure	298 021 656	192 690	-	(349 368)	-	-	-	-	-	297 865 168	(134 284 977)	52 452	(7 197 485)	336 459	(141 903 551)	156 771 617	156 771 617
Total	1 666 194 784	54 928 321	(8 593 288)	-	33 572 485	-	51 889 247	-	1 713 621 817	(819 644 090)	16 741 619	(38 126 330)	5 894 545	-	(830 334 028)	880 487 609	880 487 609

Reconciliation of property, plant and equipment - 2022

Category	2022								Closing balance	2022					Closing balance	Net carrying value	
	Cost				Work in progress reconciliation					Accumulated depreciation and impairment							
	Opening balance	Additions	Disposals	Transfer in/(out)	Opening balance	Correction of error/misclassification	Additions to WIP	Transfers (out)		Opening balance	Correction to RUL	Depreciation	Disposals	Impairment			
Land	8 809 712	-	-	-	-	-	-	-	-	8 809 712	-	-	-	-	-	8 809 712	-
Machinery and Equipment	1 076 644	126 000	-	283 334	-	-	-	-	-	1 485 978	(827 875)	-	241 109	(659 276)	121 051	250 034	250 034
Furniture and Office Equipment	9 193 794	-	-	(4 050 307)	-	-	-	-	-	5 143 487	(7 028 207)	4 048 351	-	-	(5 022 436)	121 051	121 051
Transport assets	8 244 426	6 040 842	-	-	-	-	-	-	-	14 285 270	(8 311 710)	(1 462 745)	-	-	(8 314 429)	5 970 841	5 970 841
Computer equipment	1 585 777	1 014 248	-	(218 446)	-	-	-	-	-	2 381 578	(909 777)	151 737	-	-	(1 333 221)	1 248 357	1 248 357
Road Infrastructure	648 031 756	15 124 015	-	(3 316 246)	-	13 186 439	-	10 288 930	(16 427 368)	660 839 528	(287 448 781)	2 356 903	-	-	(296 444 654)	364 394 674	364 394 674
Community assets	266 599 154	880 697	-	(568 104)	-	2 930 282	-	7 792 913	(880 697)	266 911 748	(189 431 723)	(1 882 971)	-	-	(186 783 311)	70 128 436	70 128 436
Electrical Infrastructure	98 683 288	6 066 400	-	-	-	3 746 242	-	6 685 418	(6 066 400)	104 949 688	(82 621 045)	(2 137 450)	-	-	(84 958 471)	39 989 217	39 989 217
Stormwater Network	29 387 478	13 587 753	-	-	-	-	-	-	-	42 975 231	(18 887 242)	-	-	-	(20 564 682)	22 920 549	22 920 549
Solid Waste Infrastructure	357 679	-	-	-	-	-	-	-	-	357 679	(272 286)	-	(19 744)	-	(292 030)	65 648	65 648
Work in progress	30 389 491	38 873 862	-	(35 658 867)	-	4 430 037	-	889 598	-	33 575 485	(86 621 415)	622 181	(5 064 940)	-	(91 696 355)	33 575 485	33 575 485
Sanitation Infrastructure	227 025 414	-	-	-	-	9 876 564	-	10 497 528	-	227 025 414	(124 284 977)	52 452	(7 289 042)	-	(134 284 977)	163 738 679	163 738 679
Water Infrastructure	298 021 656	-	-	-	-	-	-	-	-	298 021 656	(126 995 935)	-	-	-	(134 284 977)	163 738 679	163 738 679
Total	1 628 578 271	81 713 817	(8 436 437)	(35 658 867)	30 369 491	-	38 873 862	(35 658 867)	1 666 194 784	(788 892 424)	-	(38 081 190)	7 329 573	-	(819 644 041)	846 558 743	846 558 743

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.
Repairs and maintenance to property plant and equipment are included in note 31.
There are no other moving WIP projects.
There are no restrictions to any of the Municipality's property plant and equipment.
During the current financial year, there was a change in the remaining estimated useful lives of the above assets.

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. No assets were identified with remaining useful life that required to be changed. As a result, no 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.

	2023
Maintenance of Buildings and Facilities	14 150
Maintenance of Equipment	20 541 354
Maintenance of Unspecified Assets	-
	<u>20 555 504</u>
	2022
Maintenance of Buildings and Facilities	-
Maintenance of Equipment	22 585 323
Maintenance of Unspecified Assets	-
	<u>22 585 323</u>

THABAZIMBI LOCAL MUNICIPALITY

Note 4 Biological assets

2023			
Cost/Valuation	Fair value adjustment	Carrying value	
Biological assets	773 100	62 500	835 600

2022			
Cost/Valuation	Fair value adjustment	Carrying value	
Biological assets	482 100	291 000	773 100

Reconciliation of biological assets

2023				
Cost/Valuation	Transfers	Fair value adjustments	Carrying value	
Biological assets	773 100	-	62 500	835 600

2022				
Cost/Valuation	Transfers	Fair value adjustments	Carrying value	
Biological assets	482 100	-	291 000	773 100

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued):

Note 5 - Intangible assets

	2023			2022		
	Cost	Accumulated Amortisation and Impairment	Carrying value	Cost	Accumulated Amortisation and Impairment	Carrying value
Computer Software	-	-	-	462 285	462 285	-
Total	-	-	-	462 285	462 285	-

Reconciliation of intangible assets - 2023

	Cost			Accumulated amortisation			Carrying value
	Opening balance	Additions	Closing balance	Opening balance	Amortisation	Impairment	
Computer Software	462 285	-	462 285	462 285	-	-	-
Total	462 285	-	462 285	462 285	-	-	-

Reconciliation of intangible assets - 2022

	Cost			Accumulated amortisation			Carrying value
	Opening balance	Additions	Closing balance	Opening balance	Amortisation	Impairment	
Computer Software	462 285	-	462 285	462 285	-	-	-
Total	462 285	-	462 285	462 285	-	-	-

	2023			2022		
	Cost	Accumulated depreciation & impairment	Carrying value	Cost	Accumulated depreciation & impairment	Carrying value
Investment property	-	-	-	-	-	-
Total	-	-	-	-	-	-

Reconciliation of investment properties - 2023

	Cost				Accumulated Depreciation & Impairment			Carrying value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Impairment	
Investment property	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Reconciliation of investment properties - 2022

	Cost				Accumulated Depreciation & Impairment			Carrying value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Depreciation on disposal	
Investment property	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

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. There are no restrictions on the title and nor the disposal of the investment properties. There are no investment properties pledged as securities for liabilities. Repairs and maintenance to investment properties was Rnil (2022: Rnil).

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

Bank Guarantee

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

The municipality had the following 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 158000009
ABSA Bank Limited: Account Number 4058303004
ABSA Bank Limited: Account Number 4094737590
Petty cash

Total

The municipality had the following cash books

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 158000009
ABSA Bank Limited: Account Number 4058303004
ABSA Bank Limited: Account Number 4094737590
Petty cash

Total

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

2023
Restated 2022

606 969	3 330 307
1 454 675.00	7 457 231
127 579	119 659
2 189 223	10 907 197

-	-
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Bank accounts

30-Jun-23 30-Jun-22

1 363 701	7 365 775
91 793	91 455
-	-
557 589	807 479
49 380	2 522 828
2 062 463	10 787 539

Cash book

30-Jun-23 30-Jun-22

1 363 701	7 365 775
91 793	91 455
-	-
557 589	807 479
-	-
49 380	2 522 828
2 062 463	10 787 538

11 935 028	6 864 009
4 396 835	1 147 376
8 030 124	2 864 094
16 694 961	12 023 352
717 960	654 565
41 774 908	23 553 395

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Net other receivables

Other receivables comprise:

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

5 726	7 316
1 231 049	4 813 761
2 048 527	1 881 837
8 785 757	8 785 757
12 071 060	15 488 671

Total

53 845 968	39 042 066
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Gross customer service debtors

Gross customer service debtors comprise:

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

41 598 668	34 180 389
85 414 587	71 050 591
132 414 748	111 238 426
197 766 904	181 803 353
3 184 236	3 055 954
460 379 142	401 328 713

Other gross receivables

Other receivables comprise:

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

235 453	249 356
77 872 332	80 676 225
5 315 281	4 746 155
8 785 757	8 785 757
92 208 823	94 457 493

Total

552 587 965	495 786 206
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

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

	2023	2022 Restated
Provision for customer service debtors		
Customer service debtors comprise:		
Electricity	(29 663 639)	(27 316 381)
Waste Management (Refuse)	(81 017 752)	(69 903 215)
Waste Water Management (Sewerage and sanitation charges)	(124 384 624)	(108 374 332)
Water	(181 071 942)	(169 780 001)
Service charges	(2 466 276)	(2 401 389)
	(418 604 234)	(377 775 318)
Provision for Other receivables		
Other receivables comprise:		
Land sale debtors	(229 727)	(242 040)
Merchandising Jobbing and Contracts	(76 641 283)	(75 862 464)
Property rental debtors	(3 266 754)	(2 864 319)
Other debtors		
	(80 137 764)	(78 968 822)
Total	(498 741 998)	(456 744 140)

Aging of trade and other receivables from exchange transactions gross debtors - 2023

	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Electricity	5 271 962	2 420 039	1 990 303	31 916 363
Merchandising Jobbing and Contracts	180 112	101 221	95 058	77 491 997
Property Rental Debtors	64 253	63 487	62 696	5 124 846
Service charges	152 309	55 844	25 174	2 950 908
Waste Management	2 140 621	1 754 144	1 557 174	79 964 693
Waste Water Management	3 352 473	2 770 180	2 351 984	123 938 288
Water	5 006 202	4 120 850	2 756 360	185 789 162
Land Sale Debtors	1 085	1 085	1 097	232 186
Other debtors	8 785 757			
	24 954 775	11 286 850	8 839 846	507 408 444

Aging of trade and other receivables from exchange transactions gross debtors - 2022

	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Electricity	4 291 954	1 959 678	2 428 814	25 499 944
Merchandising Jobbing and Contracts	1 051	1 051	1 051	246 203
Property Rental Debtors	116 872	84 368	89 168	80 385 817
Service charges	53 966	53 230	52 349	4 586 611
Waste Management	20 039	131 469	66 954	2 837 492
Waste Water Management	1 949 316	1 435 105	1 386 508	66 279 662
Water	2 834 365	2 326 256	2 162 850	103 914 955
Land Sale Debtors	5 813 223	3 988 890	3 321 652	168 679 588
Other debtors	8 897 334			
	23 978 119	9 980 047	9 509 346	452 430 272

Reconciliation of the provision for impairment

Balance at the beginning of the year	(456 744 140)	(398 519 312)
Impairment losses recognised	(36 519 876)	(50 630 285)
Impairment losses reversed		
Impairment VAT	(5 477 981)	(7 594 543)
Amounts written off as irrecoverable	-	-
	(498 741 998)	(456 744 140)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

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

Note 8 Trade and other receivables from non-exchange transactions

Trade and other receivables from non-exchange transactions consist of:

Property rates debtors
Traffic fines debtors

2023

2022
Restated

44 029 747	14 200 697
4 504 523	4 173 167
48 534 270	18 373 864

Gross debtors

Property rates debtors
Traffic fines debtors

176 595 440	132 921 895
4 504 523	4 173 167
181 099 963	137 095 062

Less: Provision for impairment

Property rates debtors
Traffic fines debtors

(132 565 693)	(118 721 199)
-	-
(132 565 693)	(118 721 199)

Net debtors

Property rates debtors
Traffic fines debtors

44 029 747	14 200 697
4 504 523	4 173 167
48 534 270	18 373 864

Ageing of property rates gross debtors - 2023

	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Business and Commercial	1 904 035	16 584 115	798 882	16 452 264
Agricultural Purposes	1 176 119	1 017 721	904 670	31 123 296
Industrial Properties	129 127	46 706	39 725	807 216
Mining Properties	1 320 625	933 312	926 933	14 285 613
Public Benefit Organisations	878	873	869	46 889
Residential Properties	3 957 089	3 424 339	2 302 682	74 198 818
State-owned Properties	285 335	162 254	159 647	3 349 504
	8 773 207	22 169 320	5 133 408	140 263 600

Ageing of property rates gross debtors - 2022

	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Business and Commercial	1 392 495	832 080	755 446	14 001 217
Agricultural Purposes	851 750	717 720	665 826	24 020 085
Industrial Properties	120 287	58 722	44 652	820 032
Public Benefit Organisations	763	760	756	37 307
Residential Developed	4 848 102	2 184 281	2 016 498	62 911 499
Residential Vacant Land				
State owned properties	267 785	121 460	119 924	1 856 553
Mining Properties	1 391 446	941 981	939 710	11 002 759
	8 872 627	4 857 004	4 542 813	114 649 452

Reconciliation of the provision for impairment

Balance at the beginning of the year
Impairment losses recognised
Impairment losses reversed
Impairment VAT
Amounts written off as irrecoverable

(118 721 199)	(97 419 186)
(12 038 691)	(18 523 489)
(1 805 804)	(2 778 523)
(132 565 693)	(118 721 199)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

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

Ageing of traffic fine debtors-2023	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Traffic fine debtors	38 400	31 450	40 050	4 394 623

Ageing of traffic fine debtors-2022	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Traffic fine debtors	45 100	53 750	58 000	4 016 317

Note 9 Inventories

Consumables	3 750 602	1 396 294
Finished goods	322 249	
Materials and Supplies	7 548 574	1 166 342
Water	218 182	143 898
	11 839 606	2 706 534

Gross inventory

Consumables	3 959 351	1 612 544
Finished goods	322 249	
Materials and Supplies	7 548 574	1 166 342
Water	218 182	143 898
	12 048 355	2 922 784

Provision for redundant obsolete and slow moving stock

Opening balance	216 250	82 409
Consumables	208 749	133 841
Materials and Supplies	-	-
Water	-	-
	424 999	216 250

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 42,000,826.26 (2021: R 41,947,987)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 10 Borrowings

Development Bank of South Africa

Split as follows:

Non-current portion

Current portion (payable in the next 12 months)

2023

2022
Restated

		-
-	-	

Note 11 Provisions

Environmental rehabilitation provision (Landfill sites)

Opening balance

Change in landfill closure provision

Interest cost

Correction of error

52 498 653	61 956 274
(742 548)	(14 430 294)
5 426 900	4 972 673
-	-
57 183 005	52 498 653

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

Non-current portion

Current portion

54 980 318	50 539 735
2 202 685	1 958 917
57 183 003	52 498 652

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

For Northam (old) landfill site

Consumer price inflation (CPI)

Discount rate

Net effective discount rate

6.171%	6.609%
10.672%	9.359%
4.50%	2.75%

For Northam (new) landfill site

Consumer price inflation (CPI)

Discount rate

Net effective discount rate

6.171%	6.609%
11.422%	10.609%
5.25%	4.00%

For Donkerpoort Leeupoort and Rooiberg landfill

Consumer price inflation (CPI)

Discount rate

Net effective discount rate

6.171%	6.609%
11.422%	10.609%
5.25%	4.00%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 12 Employee benefit obligations

Post-Retirement Medical Obligation
 Long Service Awards
Total employee benefit obligations

34 311 000	36 692 000
11 368 000	11 143 000
45 679 000	47 835 000

Non-current portion
 Post-Retirement Medical Obligation
 Long Service Awards

33 684 000	36 027 000
9 630 000	9 573 000
43 314 000	45 600 000

Current portion
 Post-Retirement Medical Obligation
 Long Service Awards

627 000	665 000
1 738 000	1 570 000
2 365 000	2 235 000

12.1 Post-Retirement Medical Obligation

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

36 692 000	32 782 000
1 372 000	1 162 000
4 310 000	3 378 000
(8 063 000)	(630 000)
34 311 000	36 692 000

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 2023 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)
 In-service Non-members (Employees)
 Continuation Members (Retirees widowers and orphans)
Total members

190	189
121	127
16	16
327	332

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

In-service Members (Employees)
 In-service Non-members (Employees)
 Continuation Members (Retirees widowers and orphans)
Total liability

24 123 000	25 459 000
3 125 000	3 389 000
6 973 000	7 844 000
34 221 000	36 692 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

12.1 Post-Retirement Medical Obligation (continued):

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) Sizwe Hosmed

The Current-service Cost for the year ending 30 June 2023 is R1,372,000 (2022: R1,162,000) whereas the cost for the ensuing year is estimated to be R1,124,000

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

2023

**2022
Restated**

12.58%	11.85%
8.18%	8.46%
4.07%	3.13%
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

36 692 000	32 782 000
1 372 000	1 162 000
4 310 000	3 378 000
(8 063 000)	(630 000)
34 311 000	36 692 000

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

Present value of fund obligations
Unfunded Accrued Liability

34 311 000	36 692 000
34 311 000	36 692 000

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

Current service cost
Interest cost
Actuarial losses / (gains)

1 372 000	889 000
4 310 000	2 929 000
(8 063 000)	1 737 000
(2 381 000)	5 555 000

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

Increase:

Health care inflation rate
Discount rate

40 657 000 43 905 000
29 430 000 31 162 000

Decrease:

Health care inflation rate
Discount rate

29 212 000 30 962 000
40 442 000 43 729 000

The history of experienced adjustments is as follows:

	2023	2022	2021	2020
Present Value of Defined Benefit Obligation	34 311 000	36 692 000	32 782 000	27 227 000
Fair value of plan assets	-	-	-	-
Experience adjustments	(1 137 000)	(368 000)	(1 573 000)	1 038 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

12.2 Long Service Awards

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

2023	2022 Restated
11 143 000	10 718 000
933 000	942 000
1 134 000	908 000
(1 842 000)	(1 425 000)
11 368 000	11 143 000

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 2023 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 311 (2022: 316) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2023 is estimated to be R933,000 (2022: R942,000) whereas the cost for the ensuing year is estimated to be R 928,000

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

Discount Rate
 General earnings inflation rate (long-term)
 Net Effective Discount Rate
 Average retirement age

11.15%	10.93%
6.50%	7.34%
4.36%	3.34%
62	62

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

Balance at the beginning of the year
 Current service costs
 Interest cost
 Actuarial (gains) / losses

11 143 000	10 718 000
933 000	942 000
1 134 000	908 000
(1 842 000)	(1 425 000)
11 368 000	11 143 000

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

Present value of fund obligations
 Unfunded Accrued Liability

11 368 000	11 143 000
11 368 000	11 143 000

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

Current service cost
 Interest cost
 Actuarial (gains) / losses

933 000	870 000
1 134 000	674 000
(1 842 000)	(401 000)
225 000	1 143 000

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

Increase:

General earnings inflation rate
 Discount rate

11 996 000	2 206 000
10 781 000	1 942 000

Decrease:

General earnings inflation rate
 Discount rate

10 792 000	2 044 000
12 017 000	2 092 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

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

	2023	2022	2021	2020
Present Value of Defined Benefit Obligation	11 368 000	11 143 000	10 718 000	9 575 000
Fair value of plan assets		-	-	-
Experience adjustments	400 000	211 000	449 000	(855 841)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 13 Consumer deposits

	2023	2022 Restated
Consumer deposits	4 795 679	4 575 658
	<u>4 795 679</u>	<u>4 575 658</u>

Note 14 Trade and other payables from exchange transactions

Current portion of trade and other payables from exchange transactions

Trade payables	290 202 868	159 548 055
Accrued interest		
Advance payments	19 018 902	10 204 530
Agency fees payable	5 719 455	10 526 384
Payroll clearing and control accounts	6 478 122	432 888
Inventory clearing and control account	650 411	650 411
Leave accrual	13 525 868	13 710 833
Bonus accrual	3 801 213	3 574 875
Unallocated deposits	16 232 524	11 101 524
Income received in advance		4 243 655
Retention	14 346 939	16 111 669
	<u>369 976 303</u>	<u>230 104 824</u>

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

Trade payables	152 160 974	200 515 242
	<u>522 137 276</u>	<u>430 620 066</u>

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.

Below is the creditors that the municipality has entered into payment arrangement with:

1. Eskom
2. Magalies water
3. Auditor General South Africa
4. South African Revenue Service

Note 15 Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Integrated National Electrification Programme (INEP)		4 418 554
Human Settlements Development Grant	-	403 638
Municipal infrastructure grant (MIG)	3 128 642	13 959 998
Municipal water infrastructure grant (WSIG)	-	-
	<u>3 128 642</u>	<u>18 782 191</u>

See note 19 for a reconciliation of grants and receipts from National/Provincial Government.

Note 16 Property rates

Agricultural Property	11 570 748	8 908 265
Business and Commercial Properties	30 166 086	9 362 272
Industrial Properties	1 337 788	1 493 131
Mining Properties	15 615 220	22 620 110
Residential Properties	39 865 159	47 414 968
Correct of Error		
State-owned Properties	1 574 909	642 545
	<u>100 129 911</u>	<u>90 441 290</u>

Valuations

Residential Properties	4 775 732 918	4 775 732 918
------------------------	---------------	---------------

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

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

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
16 211 542 855	16 211 542 855

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

680 850	774 300
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Note 18 Licence and permits

Licence and permits revenue comprise:
Trading licences
Drivers Licence Certificate

25 308	27 990
25 308	27 990

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)

2023	2022 Restated
126 494 142	111 953 000
3 100 000	3 100 000
-	-
1 256 000	1 256 000
130 850 142	116 309 000

Capital grants

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

18 288 158	22 553 556
25 000 000	2 780 495
23 187 028	12 302 327
403 638	-
66 878 824	37 636 377

Total Government grants and subsidies

197 728 965	153 945 377
--------------------	--------------------

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

-	-
3 100 000	3 100 000
(3 100 000)	(3 100 000)
-	-
-	-

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

-	-
-	-
-	-
-	-
-	-

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

-	-
1 256 000	1 256 000
(1 256 000)	(1 256 000)
-	-
-	-

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
 Disallowed roll-over
 Current-year receipts
 Conditions met - transferred to revenue
 Transfer from Waterberg District
Unspent amount at year end

13 959 998	6 837 902
(13 959 998)	(5 284 348)
22 544 000	34 960 000
(19 415 358)	(22 553 556)
3 128 642	13 959 998

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

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
 Disallowed roll-over
 Current-year receipts
 Conditions met - transferred to revenue
 Prior period error

Unspent amount at year end

4 418 554	5 214 701
(4 418 554)	-5 015 652
25 000 000	7 000 000
(25 000 000)	(2 780 495)
	-
0	4 418 554

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

-	(984 805)
23 187 028	12 302 327
(23 187 028)	(11 317 523)
-	-
-	-

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
 Disallowed roll-over
 Conditions met - transferred to revenue
 Prior period error

Unspent amount at year end

403 638	403 638
-	-
-	-
(403 638)	-
-	-
-	403 638

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.

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

2023	2022 Restated
63 804 218	84 362 184
18 139 840	17 096 316
27 442 014	28 397 211
42 927 430	49 858 504
152 313 503	179 714 216

Note 21 Rental of facilities and equipment

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

507 818	431 791
44 206	10 981
-	-
552 024	442 772

Note 22 Licences and permits

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

-	-
4 470 165	4 674 106
-	-
4 470 165	4 674 106

Note 23 Other operational revenue

Collection Charges
 Commission
 Discounts and Early Settlements
 Membership 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

-	275
2 196	57 343
69 666	35 602
-	-
2 212	5 455
790	13 608
5 739	594 510
452 795	260 457
316 027	319 826
192	7 094
-	-
273	262
9 367	39 210
171 643	33 449
152 740	36 313
1 183 640	1 403 404

Note 24 Interest income

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

428 801	501 686
10 163 830	6 744 061
22 138 189	20 800 307
32 730 819	28 046 053

Note 25 Employee related costs

Basic salaries
 Bonuses
 Medical contributions
 Pension contributions
 Unemployment Insurance contributions
 Bargaining Council

89 613 429	86 522 145
6 429 517	6 519 138
6 607 361	6 430 899
16 970 071	16 529 792
2 071 283	1 865 151
41 882	40 456

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Travel or motor vehicle allowance	15 258 200	11 133 919
Standby allowance	3 162 378	3 016 548
Overtime	12 036 964	9 632 015
Leave pay	6 097 926	4 984 397
Change in leave accrual	184 965	222 352
Housing Benefits	258 002	209 299
Cellular and Telephone allowance	765 648	616 902
Other	165 452	
Post retirement benefits: Long service award: current service costs	933 000	942 000
Post retirement benefits: Medical: current service costs	1 372 000	1 162 000
Post retirement benefits: long service awards: actuarial (gains) / losses	(1 842 000)	(1 425 000)
Post retirement benefits: Medical: actuarial (gains) / losses	(8 063 000)	(630 000)
	152 063 078	147 772 013

Remuneration of senior managers

Municipal Manager

Annual Remuneration	469 146	
Travel allowance	117 287	
Other	22 511	
Bargain council and SDL	5 813	
Cellphone allowance	7 500	
	622 256	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 25 Employee related costs (continued):

Chief Financial Officer

Annual Remuneration
 Car allowance
 Acting Allowance
 Bargain council and SDL
 Rural allowance
 Cellphone allowance

2023	2022 Restated
84 455	1 014 463
10 000	122 171
-	178 954
2 143	13 037
3 778	45 339
1 500	15 300
101 877	1 389 264

Director: Technical services

Annual Remuneration
 Car allowance
 Cellphone allowance
 Other
 Travel allowance

The position remained vacant for 12 months for the period under review

-	-
---	---

Director: Corporate Services

Annual Remuneration
 Acting Allowance
 Cellphone allowance
 Other
 Travel allowance

444 113	842 226
-	15 300
9 000	51 904
49 637	222 890
90 000	-
592 749	1 132 321

Director: Planning and Development

Annual Remuneration
 Acting Allowance
 Car allowance
 Cellphone allowance
 Other
 Travel allowance

825 281	798 447
243 064	124 058
18 000	15 300
172 971	45 135
96 000	98 937
1 355 315	1 081 877

Director: Director Community Services

Annual Remuneration
 Acting allowance
 Cellphone allowance
 Other
 Travel allowance

866 128	774 447
67 259	15 300
18 000	38 867
268 019	120 000
120 000	-
1 339 407	948 614

Note 26 Remuneration of councillors

Mayor
 Speaker
 Chief whip
 Other councillors

1 043 232	875 436
874 824	725 349
422 009	337 276
7 743 422	7 458 297
10 083 487	9 396 359

Mayor

Basic Salary
 Cell phone Allowance
 Motor Vehicle Allowance
 Pension Fund Contributions

880 819	716 878
41 300	44 400
121 113	114 159
1 043 232	875 436

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Speaker

Basic Salary	
Cell phone Allowance	
Motor Vehicle Allowance	
Pension Fund and Medical Contributions	

548 400	464 223
40 800	43 413
210 220	170 015
75 405	47 699
874 824	725 349

Chief whip

Basic Salary	
Cell phone Allowance	
Motor Vehicle Allowance	
Pension Fund Contributions	

335 129	247 080
40 800	34 374
	17 356
46 080	38 466
422 009	337 276

Other councillors

Basic Salary	
Cell phone Allowance	
Motor Vehicle Allowance	
Pension Fund Contributions	

5 285 835	4 876 367
779 703	891 573
922 584	915 358
755 299	774 999
7 743 422	7 458 297

Note 27 Impairment loss

Impairment loss on property plant and equipment	
Impairment loss on Intangible Assets	
Inventory impairment: contributions to inventory impairment provision	
Debt impairment: contributions to debt impairment provision	

-	-
-	-
208 749	133 841
48 558 567	69 153 775
48 767 317	69 287 615

Note 28 Depreciation and amortisation

Property plant and equipment	
Impact of change in estimated useful lives of asset***	
Intangible assets	

36 126 332	38 081 190
(16 741 619)	-
	-
19 384 713	38 081 190

***During the current financial year the remaining useful lives of the Municipality's infrastructure 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 29 Finance costs

Current borrowings (DBSA loan)
 Landfill site interest
 Interest cost on post-retirement benefits: Long service awards
 Interest cost on post-retirement benefits: Medical
 Finance lease interest cost
 Interest on late payment to suppliers

2023	2022 Restated
-	23 646
5 426 900	4 972 673
1 134 000	908 000
4 310 000	3 378 000
	238 707
14 332 346	10 397 318
25 203 246	19 918 344

Note 30 Bulk purchases

Electricity
 Water

83 121 079	84 755 954
83 121 079	84 755 954

Note 31 Contracted services

Consultants and Professional Services

Business and Advisory services
 Infrastructure and Planning services (Architectural)
 Legal Advice and Litigation

5 658 689	6 802 556
-	
5 499 686	4 719 009
11 158 376	11 521 564

Contractors

Gas
 Maintenance of Buildings and Facilities
 Maintenance of Equipment
 Maintenance of Unspecified Assets
 Safeguard and Security
 Sewerage Services
 Medical Services

1 683 784	-
14 150	-
21 627 966	25 691 298
4 098 508	3 745 264
198 497	1 450 529
27 622 905	30 887 091

Outsourced Services

Research and Advisory
 Business and Advisory
 Water Connection/Dis-connection
 Professional Staff
 Refuse Removal

	-
3 110 419	2 212 872
(13 553)	(9 048)
	119 584
1 018 865	-
4 115 731	2 323 408

Total contracted services

42 897 011	44 732 063
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Note 32 Operational costs

Advertising Publicity and Marketing
 Registration fees
 Prepaid vendor Commission
 Bank Charges Facility and Card Fees
 Contribution to provisions: Landfill site
 Telephone Fax Telegraph and Telex
 Postage/Stamps/Franking Machines
 Entertainment
 External Audit Fees
 External Computer Service
 Indigent Relief
 Insurance Underwriting premiums
 Learnerships and Internships

226 160	481 881
398 082	
5 670	12 423 018
291 722	317 574
89 114	(14 430 294)
1 527 282	1 906 552
1 998	14 282
5 857 571	5 221 969
652 418	2 869 757
76 225	409 541

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Municipal Services
 Printing Publications and Books
 Remuneration to Section 79 Committee Members
 Professional Bodies Membership and Subscription
 Skills Development Fund Levy
 Travel and Subsistence
 Uniform and Protective Clothing
 Workmen's Compensation Fund

169 040	14 282
84 671	
473 940	263 925
1 842 783	1 635 571
608 360	
3 350 706	713 179
418 093	183 182
2 657	699 793
16 076 490	12 724 209

Note 33 Cash generated from operations

Surplus/(Deficit) for the year

Adjustments for non cash items:

Depreciation and amortisation
 Impairment loss
 Employee related costs provisions (Movement)
 Donation in kind
 Contribution to provisions: Landfill site
 Bad debts
 Indigent relief
 Loss on disposal of assets
 Fair value adjustment
 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
 Landfill site interest
 Interest cost on post-retirement benefits: Long service awards
 Interest cost on post-retirement benefits: Medical
 Finance cost

Changes in working capital:

Inventories
 Trade and other receivables
 Unspent grant
 Consumer deposits
 VAT payable
 Trade and other payables

46 077 729	7 656 996
52 291 908	38 081 190
48 767 317	69 287 615
(41 373)	6 698 000
-	
(742 548)	
-	
652 418	
698 743	
(62 500)	
933 000	
1 372 000	
(1 842 000)	
(8 063 000)	
5 426 900	
1 134 000	
4 310 000	
25 203 246	
(9 133 072)	1 305 419
(44 964 308)	(33 259 894)
(6 325 950)	
220 020	
(12 770 982)	(581 390)
(91 517 210)	28 319 278
45 302 347	117 507 214

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

2023	2022 Restated
68 298 543	127 856 271
-	-
68 298 543	127 856 271

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:

Property

Erf 361 Thabazimbi Ext 3

Erf 369 Thabazimbi Ext 3

Rental of printing machines

Current Monthly rental	Yearly rental
20 453	245 436.12
37 141	445 696.08
-	-

34.3 Other operational commitments

The operational commitment related to the security contract that the Municipality has. The amount charged is R18902.40 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

143 452 017	133 036 231
14 326 275	10 415 786
-	-
-	-
157 778 292	143 452 017

Details of fruitless and wasteful expenditure

Interest and penalties

14 332 346 10 415 786

Cases under investigations

As at 30 June 2023 there were no investigation conducted by the council

Amount written off

Fruitless and wasteful expenditure written-off during the year under review is R0 (2022: R0)

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

407 175 197	384 492 659
26 163 147	22 682 538
-	-
433 338 344	407 175 197

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

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

	Reason for non compliance	Legislation contravened	
Competitive bidding	Contract expired	SCM ReG 36 & MFMA 116(3)	16 830 177
Competitive bidding	Evaluation reports not approved	SCM ReG 28	1 288 632
Competitive bidding	No declaration of interests by suppliers	SCM ReG 13 (c)	1 124 796
Competitive bidding	Competitive bidding process not followed	SCM ReG 36 & MFMA 116(3)	6 919 543
			26 163 148

Amount written off

Irregular amount written-off during the year under review is R0 (2022: R0)

The Municipality will report irregular expenditure to Council MEC for Local Government Treasury and AGSA.

36.2 Unauthorised expenditure

Opening balance	628 041 665	554 137 169
Current year unauthorised	26 324 049	73 904 496
Correction of error		
Unauthorised expenditure awaiting condonement	654 365 714	628 041 665

The over expenditure incurred by the municipal departments during the year is attributable to the following categories

Non cash items	16 945 317	
cash items	9 378 733	
	26 324 049.43	-

Analysed as follows: non-cash items

Depreciation and amortisation	-	
Provision for impairment	16 945 316.65	
	16 945 316.65	-

Analysed as follows: cash items

Finance charges	9 303 245.68	
Remuneration of councillors	75 487.10	
	9 378 732.78	-

Cases under investigations

As at 30 June 2023 there were no investigation conducted by the council

Amount written off

Fruitless and wasteful expenditure written-off during the year under review is R0 (2022: R...)

The Municipality will report unauthorised expenditure to Council MEC for Local Government Treasury and AGSA.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

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 2022/23 financial year in terms of the Supply Chain Management Regulations amounted to R1,131,109 (2022: R373,700)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

36.3 Deviations from supply chain management regulations (continued):

Description and reason of deviation	2023
<p>DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES –APPOINTMENT AND PAYMENT TO A SERVICE PROVIDER FOR SERVICE AND REPAIR OF REFUSE TRUCK CTS 492 L (SOLE PROVIDER). On the 14th of July 2023, The Refuse Truck CTS 491 L (Mercedes-Benz) went for servicing at Maemo Motors Commercial Vehicle which is a franchised Dealer that deals with Mercedes-Benz,smart and FUSO Vehicles (for servicing the refuse truck).</p>	81 723
<p>DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – PAYMENT TO PLATINUM PUBLISHERS FOR RENDERING ADVERTISING SERVICES (LOCAL NEWSPAPER). SOLE PROVIDER. On the 14th of July 2023, payments (invoices) for services rendered by in the Local Newspaper (PLATINUM PUBLISHERS). Such goods and/or services are produced or available from this single provider around the Thabazimbi (PLATINUM PUBLISHERS). REG 36(a)(ii).</p>	62 972
<p>DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – MAKE APPOINTMENT OF A SERVICE PROVIDER FOR REPLACING TWO TRANSFORMER, SCM REGULATION 36 (i). On the 8 August 2023, Apiesdoring and Regorogile Ext 6 are left without electricity due to leaking of oil and smoke coming out of the old transformers. Such disaster should be solved immediately as it will affect the affected community.</p>	198 526
<p>DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – IN REPAIRING A PHOTOCOPY MACHINE FROM BATSIBI TECHNOLOGIES DUE TO CUSTOMER DAMAGE (MODEL NO: IMC4500 SERIAL NO. 3121M210943), SCM REGULATION 36. On the 24 January 2023, A letter from RICOH (Batsibi Technologies) informing the municipality the that in the event of their engineer doing maintenance, there engineer found that the photocopy machine was damaged resulting to been non-functional for daily duties(letter attached). On the 18th October 2022, Corporate Services issued a Memo to SCM department requesting for a photocopy machine to be repaired.(Both Reports attached). Batsibi Technologies and Thabazimbi Local Municipality entered into agreement (SLA) on 24/08/2021. And as investigated, in the SLA does not cover any of the customer damage to such</p>	159 515
<p>DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR SERVICING THE REFUSE TRUCK CTS 492 L, SCM REGULATION 36. On the 6 February 2023, The Refuse Truck CTS 492 L (Mercedes-Benz) went for servicing 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 extension for servicing the Refuse Truck CTS 492 L vehicle is currently at Maemo Motors in Rustenburg waiting for payment.</p>	120 119
<p>DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES - APPOINTMENT TO A SERVICE PROVIDER IN APPLYING MEMBERSHIP AT THE INSTITUTE OF TRAFFIC LICENSING AND METRO POLICE OFFICERS (ITLMPO). REGULATION 36(ii).On the 12 June 2023, The Traffic Department (Community Services) applied Membership at the Institute of Traffic Licensing and Metro Police Officers (ITLMPO) for Traffic Officers with the responsibility to render service such as:</p> <ul style="list-style-type: none"> • Attend cases in court • Enforce by-law • Execute protection service duties • Stage K-78 Roadblocks for Law Enforcement 	5 100
<p>DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER IN REPAIRING THE BRAKE TESTER COMPUTER MACHINE, SCM REGULATION 36. On the 2 May 2023, Community Services department requested the approval for payment to the service provider assisting in calibration of vehicle Testing Station. Its recommend that WORKSHOP ELECTRONICS should to be awarded as our supplier in calibration of vehicle testing station 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. They are the only company that can calibrate and set these equipment's.</p>	54 877
<p>DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR SERVICING THE REFUSE TRUCK CTS 492 L, SCM REGULATION 36(ii). On the 9 May 2023, The Refuse Truck CTS 492 L (Mercedes-Benz) is due for servicing 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 extension for servicing the Refuse Truck CTS 492 L vehicle.</p>	8 735
<p>DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER (LEXIS NEXIS) FOR PURCHASING</p>	3 409
<p>DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR REPAIRING HYDRAULICS CYLINDER, ARM BRACKET OF REFUSE TRUCK FSZ 468 L AND HYDRAULIC PRESSURE WATER PUMP AND FITMENT (REPAIRING OF GRIND CONTAINER) FOR HS 53 WV GP , REGULATION 36: (a)(1)(v). On the 3 March 2023, the Refuse Truck was damaged while they were dumping waste at the Landfill where the hydraulic cylinder and bin holder bracket got damaged. Refuse Truck FSZ 468 L is no functional due to cylinder and dustbin holder. Secondly the water truck (HS 53 WV GP) hydraulic pressure pump and hydraulic pipes are damaged due to overload of the water pressure. It push water in a high speed on the high steep slope houses at Regorogile filling JOJO tanks.The water truck (HS 53 WV GP) and Refuse Truck (FSZ 468 L) been non-functional, both trucks won't be able to supply the whole community of THABAZIMBI with service delivery in the removal of garbage (clean environment) and supply of water (without pressure pump water, cannot supply water to the community).</p>	133 665

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR CALIBRATION OF D-CAM SPEED CAMERA, SCM REGULATION 36(ii). On the 7 March 2023, a request was made by Traffic Officers in calibrating the he D-CAM speed machine. The D-CAM speed machine was purchased and needs to be fixed for collection of outstanding revenue and outing traffic fines. The equipment has expired since August 2022. This Equipment is important for Law Enforcement daily duties to be compliance with the National Road Traffic Act 93 of 1996 and Criminal Procedure Act 51 of 1977.	5 263
APPOINTMENT TO A SERVICE PROVIDER FOR ADVERTISING ON THE LOCAL NEWSPAPER, SCM REGULATION 36.SOLE PROVIDER (LOCLALLY). There was a matter of publishing vacant post and the services rendered by in the Local Newspaper (PLATINUM PUBLISHERS). Such goods and/or services are produced or available from this single provider around the Thabazimbi (PLATINUM PUBLISHERS). REG 36(a)(ii).	83 588
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – MAKE APPOINTMENT OF A SERVICE PROVIDER FOR REPLACING BURNED TRANSFORMER, SCM REGULATION 36 (i). On the 09 May 2023, Rooiberg are left without electricity due to a burned transformer resulting in electrical interruptions. Such disaster should be solved immediately as it will affect the affected community.	189 000
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER (WORKSHOP ELECTRONICS) FOR SERVICE AND CALIBRATION FOR A-GRADE LANE AND QM ON A FLASH DRIVE. On the 5 June 2023, Community Services department requested the approval for payment to the service provider assisting in calibration of vehicle Testing Station. Its recommend that WORKSHOP ELECTRONICS should to be awarded as our supplier in calibration of vehicle testing station 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. They are the only company that can calibrate and set these equipment's. A payment for a service provider in calibration of vehicle testing station to remedy the situation.	21 903
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER (LEXIS NEXIS) FOR PURCHASING OF NEW AMENDED NATIONAL ROAD TRAFFIC ACT NO.23 OF 1996. On the 6 June 2023, Community Services department requested the approval for payment to the service provider in purchasing of new amended National Road Traffic Act No.23 Of 1996 1996 (issue 63 and 64) in order for Thabazimbi Local Municipality licensing Department to meet the terms required by the National Road Traffic Act relating to Issue 63 & 64 .Its recommend that LEXIS NEXIS should to be awarded as our supplier in for purchasing of new amended national road traffic act no.23 of 1996 in respect of Thabazimbi licensing Department to comply with National Traffic Act because such services are produced or available only from LEXIS NEXIS. They are the only company that issue 63 & 64 can be purchased from. A payment for a service provider for purchasing of a new amended national road traffic act no.23 of 1996 to remedy the situation.	2 714
	1 131 109

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 37 Prior period errors and reclassifications

2022

Property plant and equipment

1.1 During the year, the municipality identified misstatements on completed projects of 2021/22 Financial year. Components were not replaced with the new additions, which resulted in an overstatement of the cost of Road Infrastructure of R4 630 954,53 and R568 103,64 for Community assets. The Accumulated Depreciation of Road Infrastructure and Community Assets were overstated by R2 385 920,19 and R532 373,52 respectively.

1.2 Municipal Stormwater Infrastructure with a cost of R22 920 548,92 was incorrectly classified as Water Infrastructure. The net effect on PPE is R0.

1.3. 2021/22 Financial year invoices were incorrectly captured under the 2022/23 financial year. This has resulted in an understatement of prior year Work in Progress (WIP) by R 8 455 171.

The correction above impacted the following components:

	Previously reported-2022	Correction of error	Restated amount
Statement of financial position			
Property plant and equipment-Immovable Assets			
Land	8 809 712.00	0.00	8 809 712.00
Road Infrastructure	366 639 709.00	-2 245 034.00	364 394 675.00
Community assets	70 164 168.00	-35 732.00	70 128 436.00
Electrical Infrastructure	40 021 876.00	-30 659.00	39 991 217.00
Stormwater network	0.00	22 920 548.70	22 920 548.70
Solid Waste Infrastructure	65 650.00	-1.00	65 649.00
Work in progress	31 837 013.00	8 455 171.00	40 292 184.00
Sanitation Infrastructure	135 328 859.00	200.00	135 329 059.00
Water Infrastructure	179 397 659.00	-21 762 444.00	157 635 215.00
	832 264 646		839 566 696

2.The nature of the prior period error:

2.1 During the year the Municipality identified an error on the Fixed Asset Register, Leased Asset on the Fixed Asset Register were capitalised instead Operational leased that have a overstatement of Cost R3 996 139,03 and Accumulated Depreciation of R649 338,66.

2.2 During the year the Municipality discovered movable assets on the floor and were not recorded in the Fixed Asset Register, hence, understatement of movable assets with a cost of R 117 583 and Accumulated Depreciation of R 89 026,00

2.3 Items of plant and machinery with a cost of R126 000 and depreciation of R 89 026,00 were incorrectly classified as transport assets.

2.4 During the year the Municipality identified that the movable assets on the floor and were not recorded in the Fixed Asset Register, hence, understatement of movable assets with a cost of R499 400 and depreciation R1 001 147,43.

	Previously reported-2022	Correction of error	Restated amount
The correction above impacted the following components:			
Statement of Financial Position			
Property, Plant and Equipment-Movable Assets			
Furniture and Office Equipment	3 493 406	(3 372 355)	121 051
IT Equipment	1 349 109	(100 752)	1 248 357
Machinery and Equipment	176 515	82 519	259 034

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Transport Assets

6 472 589

(501 748)

5 970 841

11 491 619

7 599 283

Irregular Expenditure

The municipality erroneously omitted some suppliers in disclosing irregular expenditure,thus understating the 2021/22 irregular expenditure amount by R14 409 268.22

Competitive Bidding-Power C Metering Africa
Three Quotations (RFQ)-Nite Dream Development

Contract expired
Tax non-compliance

SCM ReG 36 & MFMA 116(3)
SCM Reg 43 & MFMA 112(1)

14 286 471
122 797

14 409 268

Overall impact on irregular expenditure

Opening Balance-2021

384 492 659

Previously reported

8 273 270

Correction of error

14 409 268

Restated balance

407 175 197

Investment property

Previously reported

2 248 683

Less: Land incorrectly classified as Investment Property

(2 248 683)

Restated

-

Municipal open spaces (land) worth R2,248,683 were incorrectly disclosed as Investment Property and the items had already been accounted for as land in compliance with GRAP 17.

Unauthorised Expenditure

Previously reported

554 137 169

Less current year unauthorised expenditure overstated

(101 998 015)

Restated

452 139 154

The municipality incorrectly overstated prior year unauthorised expenditure due to a casting error.

Material losses-Water

Previously reported

7 029 706.00

Add:material losses understated

10 088 043.11

Restated

17 117 749.11

Prior year material water losses were erroneously understated by R10 088 043.11.

Current portion of trade and other payables from exchange transactions

Current portion of trade and other payables from exchange transactions previously reported

Trade Payables

Previously reported

(22 838 702)

Less:creditors written off

Trade payables restated

During the year,the municipality has written off long outstanding creditors amounting to R22 838 702.08 in line with the law of prescription,whose balances could not be confirmed.

Bonus Accrual

Previously reported

3 763 246

Less: bonus accrual overstated

- 188 372

Restated

3 574 874.60

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Senior managers were incorrectly included in the calculation of the 2021/22 financial year bonus provision, thereby overstating the provision by R188 372.29 and employee related costs(bonus) by the same amount.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Electricity Revenue

Previously stated	84 250 606.99
Add: prepaid electricity understated	111 577.01
Restated	84 362 184.00

Prepaid electricity revenue was understated by R111 577.01 during the 2021/22 Financial Year. Electricity debtors were also understated with the same amount.

Note 38 Additional disclosure in terms of Municipal Finance Management Act

38.1 Material losses

Material losses through the distribution of electricity

	2023	2022
Units purchased in KWh x Average price lost	(80 128 602)	(76 197 338)
Units sold during the year in KWh x Average price lost	76 670 148	69 990 271
	(3 458 454)	(6 207 068)
Percentage lost	4%	8%
Unit of lost in kWh	14 268 299	16 306 420

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 14 268 299 KWh (2022: 16 306 420 KWh).

Material losses through distribution of water losses

Units purchased in KL x Average price lost	(40 032 340)	(37 395 118)
Recorded billing during the year in KL x Average price lost	37 472 326	54 512 867
	(2 560 014)	17 117 749
Percentage lost	6%	-46%

Units lost during the year were 2 560 014 KL (2022: 17 117 749KL) at a price of R8.736 (2022: R7.639)

Material losses

Units purchased in KL	4 253 385
Units sold in KL	1 458 680
	2 794 705
	66%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

38.2 Contributions to organised local government

Opening balance	9 470 893	7 835 322
Current year fees	1 842 783	1 635 571
Amount paid - current year	-	-
Closing balance	11 313 676	9 470 893

38.3 Auditor's remuneration

Opening balance	16 734 833	14 302 337
Current year fees	5 975 995	7 074 424
Correction of error		
Write-offs		
Amount paid - current year	(7 082 211)	(4 641 928)
Closing balance	15 628 617	16 734 833

38.4 PAYE SDL and UIF

Opening balance	5 662 868	10 569 557
Current year subscription / fee	25 570 632	21 637 211
Amount paid - current year	(25 440 875)	(26 543 900)
Closing balance	5 792 625	5 662 868

The amounts represent PAYE SDL and UIF.

38.5 Pension and Medical Aid Deductions

Opening balance	420 716	920 526
Current year subscription / fee		23 936 013
Amount paid - current year	35 877 630	(24 435 823)
Closing balance	36 298 345	420 716

38.6 VAT

Statutory receivables from exchange transactions-VAT	1 510 473	613 357
Input VAT accrual	-210 206 798	-174 714 653
Output VAT Accrual	120 742 692	107 971 710
	87 953 632	66 129 586

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.Included in the VAT Receivable is the statutory receivables from exchange transactions of R1 510 473.05, which represent an amount owed to the municipality by SARS. Therefore, the balance is the VAT accrual.

38.7 Councillors' arrear consumer accounts

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

2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
KGOTLHANG RH	13 114	212 248	225 363
ERASMUS FJ		-	-
RAMOABI T	2 986	20 326	23 312
MAGETSE MK	2 245	18 622	20 867
KHALUNGA TN	1 653	14 577	16 230
SWANEPOEL JEA	5 235	10 754	15 989
MASILO JK	32 509	108 000	140 509
MOGAPI JM	7 854	103 689	111 543
SESOMA KA	4 124	136 716	140 840
SIKWANE CS	2 327	21 435	23 762

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

STEENKAMP C
MANYAMA R

1 057	-	1 057
532	26 037	26 569
73 636	672 404	746 040

2022

KGOTLHANG RH
ERASMUS FJ
RAMOABI T
MAGETSE MK
KHALUNGA TN
SWANEPOEL JEA
MASILO JK
MOGAPI JM
SESOMA KA
SIKWANE CS
STEENKAMP C
MANYAMA R

	Outstanding less than 90 days	Outstanding more than 90 days	Total
	10 765	174 765	185 530
	61	-	61
	3 045	32 779	35 824
	1 975	12 302	14 277
	1 451	9 926	11 377
	3 339	19 489	22 828
	27 409	69 618	97 027
	4 921	90 297	95 218
	3 600	125 016	128 616
	2 068	15 826	17 894
	884	-	884
	460	24 514	24 974
	59 978	574 532	634 510

38.8 Finance Lease Obligations

Minimum lease payments due:

- within one year
- in the second to fifth year inclusive

less: future finance lease charges

Present value of minimum lease payments

Present value of minimum lease payments due:

- within one year
- in the second to fifth year inclusive

Non-current liabilities

Current liabilities

	2023	2022
		1 499 016
		1 787 186
		3 286 202
	-	470 405
	-	2 815 797
		1 283 761
		1 532 036
	-	2 815 797
		1 532 036
		1 283 761
	-	2 815 797

The Municipality leases certain office equipment (printers) and these are classified as finance leases.

The lease term of these assets is three years.

The Municipality has used the incremental borrowing rate of 9.62% to amortise these finance leases

The carrying values of the leased assets are included under property plant and equipment.

No contingent rents have been expensed during the period.

The leasing arrangement has no terms of renewal or purchase options and escalation clauses

There are no restrictions imposed by lease arrangement.

Note 39 Explanation on material (above 10%) differences between the final budget and actuals for the year ended 30 June 2023

39.1 Rental of facilities and equipment - Rental variance is positive as more consumers made use of halls and other rental properties.

39.2 Fines Penalties and Forfeits - Increase in the number of road blocks done during the year. The traffic fines were higher than anticipated due to the increase in the spot fines.

39.3 Licences and permits - The increase on agency fees is due to the increase in the number of registrations on the vehicles and licences.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Transfers recognised -The variance was caused by the increase in capital and operational grants recognised in the 2022/23 Financial Year. Conditions for some of
39.4 the unspent conditional grants from the previous year were only met this financial year resulting grant revenue exceeding the budget

Other revenue - The variance was negative as this reflects mainly planning and approval, hawkers' fees and advertising fees are consumption driven. Therefore,
39.5 there was less consumption of services provided by the municipality.

39.6 Debt Impairment- The municipality do not budget form impairment assets as the indications of impairment of assets is not known during the budget.

Depreciation and asset impairment - Assets which were completed during prior year were fully utilised during year under review as well addition review of
39.7 estimated useful life in line with GRAP 3. This factors were not fully factored in during the budget

Finance charges - Interest charged for overdue payments from the municipality's main creditors, with Magalies Water contributing mainly to this amount with high
39.8 interest charges.

39.9 Bulk purchases - The variance was due to loadshedding, cable theft as less electricity will be purchased.

39.10 Contracted services - The difference is less than 10% hence no explanations provided.

39.11 Other expenditure-The decrease was due to cash flow restrictions on the vote to use for the related expenses.

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 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. LG Tloubatla	Municipal Manager
Mr. JJ 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.

The following employees acted in senior management positions during the year under review:

Names	Position	Duration
Mr. SE Tlhabadira	Acting Director Technical Services	01 July 2022 to 30 November 2022
Mr T Chetty	Acting Chief Finance Officer	01 July 2022 to 30 November 2022
Ms. R. Tshiswaise	Acting Director PED	01 July 2022 to 31 January 2023
Mr. T Maheso	Acting Director Corporate Services	01 December 2022 to 30 June 2023
Ms. L Modisenyane	Acting Director Technical Services	01 December 2022 to 30 June 2023
Mr. KJ Matlou	Acting Chief Finance Officer	01 December 2022 to 30 June 2023
Ms. MM Masoga	Acting Director PED	01 February 2023 to 30 June 2023

40.2 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

Financial liabilities at amortised cost

Borrowings
Consumer deposits
Trade and other payables from exchange transactions

2023

**2022
Restated**

53 845 968	39 042 066
48 534 270	18 373 864
2 189 223	10 907 197
104 569 461	68 323 127

210 206 798	174 714 653
4 795 679	4 575 658
522 137 276	430 620 066
737 139 753	609 910 378

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 42 Indigent debts written off

There were no indigent debts write off during the year (2022: Rnil).

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.

2023	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 1 Year	> 1 Year <= 5 Years	Total
Borrowings	-	-	-	-	-
Unspent grants	-	3 128 642	-	-	3 128 642
Consumer deposits	-	-	4 575 658	-	4 575 658
Retentions	-	-	14 346 939	-	14 346 939
Finance lease	-	-	-	-	-
Trade and other creditors	369 976 303	-	-	-	369 976 303
	369 976 303	3 128 642	18 922 597	-	392 027 542

2022	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 1 Year	> 1 Year <= 5 Years	Total
Borrowings	-	-	-	-	-
Unspent grants	-	18 782 191	-	-	18 782 191
Consumer deposits	-	-	-	-	-
Retentions	-	-	13 583 391	-	13 583 391
Trade and other creditors	-	-	-	176 878 214	176 878 214
	-	18 782 191	13 583 391	176 878 214	209 243 796

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	2023	2022 Restated
Call deposits	1 454 675	7 457 231
Current accounts	606 969	3 330 307
Marketable securities	127 579	119 659
Trade and other receivables	53 845 968	39 042 066
	56 035 191	49 949 263

Trade and other receivables for government department are not impaired.

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

	2023	2022 Restated
Trade and other receivables	33 727 982	32 850 746

Debtors are impaired based on the aging of the debt. Government/Public infrastructure debt is deemed 100% collectable and is not provided for. 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 43 Risk management (continued):

Trade and other receivables that are past due but not impaired as at year end are as follows:

	2023	2022 Restated
31 - 60 days	33 456 170	14 837 050
61 - 90 days	13 973 253	14 052 158
Greater than 91 days	647 672 044	567 079 724
	<u>695 101 467</u>	<u>595 968 932</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:

	2023	2022 Restated
Call deposits	1 454 675	7 457 231
Marketable securities	127 579	119 659
	<u>1 582 254</u>	<u>7 576 890</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:

Risk areas	Future plans to mitigate risk identified
i) Key management positions are currently vacant.	The municipal manager position was filled during the 2022/23 financial year. Other key management posts which are currently vacant have been advertised and will be filled in 2023/24 financial year.
ii) The municipality is net current liability position	The net current liability position is as a result of long outstanding creditors, however, there are payment arrangements in place to reduce and/or restructure the debts and they are currently being honoured. The municipality has a Funding Plan that is regularly updated. The management has entered into an arrangement with DBSA to assist in developing a revenue enhancement strategy. This strategy will assist in ensuring the debtors pay within the prescribed time. Management is also in the process of reviewing cost containment strategy. Upon approval of this policy, municipality will be able to reduce unnecessary cost and where possible, reduce the cost of consulting.
iii) key financial ratios are adverse (Debtors impairment as a percentage of accounts receivables, Creditors payment period, Debtors collection period)	
iv) The municipality is struggling to pay creditors on due dates	
v) Pending legal or regulatory proceedings against the municipality that may, if successful, result in claims that the municipality is unlikely to be able to satisfy.	

Additional future plans to mitigate risk identified

(i) During May 2023 the council adopted the 2023/2024 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.).

Taking the aforementioned into account, management has prepared the annual financial statements not 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 2023.

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 donations during the year under review.

Note 49 Contingent assets

(1) 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.

(2) 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. Application in the Magistrates court for the eviction of illegal squatters in Leeupoort. Application is opposed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Note 50 Contingent liabilities

Note 50.1 Court proceedings

2023 **2022**
Restated

(1) H JBadenhorst

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 2021 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

(2) Mminele Compensation (Pty) Ltd

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. Plaintiff did not take any further steps in finalizing the matter.

800 000 800 000

Other litigations and contingencies

(3) PM PLUS

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

2023 **2022**
Restated

(4) 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

(5) 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

(6) 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. Account rectified and matter to be settled.

313 195

(7) 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

(8) 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

MAOPENG ELECTRICAL (PTY) LTD

Electrification of 280 households at Meriting Village. Summons was served. Matter defended. Plaintiff did not comply with contractual obligations and the contract was terminated.

2 186 294

(10) 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

(11) ADONIA MUSHWANA

Urgent application-notice of motion was served on TLM whereafter the urgent application was opposed and served by email and filed. Answering affidavit was served and filed. Matter was set down 24/02/2022 whereafter it was removed from the roll due to the urgency and that the matter was not seen as urgent. Applicant served a notice of Motion on TLM 05/06/2022. Matter is ongoing.

91 717

(12) DEMAWUSA OBO S MOGALE & 64 OTHERS

Case was referred to the CCMA on 15 December 2021. There is no indication that the matter was set down for conciliation. Demawusa delivered a request for arbitration 21/01/2022, but no proof that it was set down. Matter is ongoing.

155 333 155 333

(13) NGWENYAMA INFRASTRUCTURE (PTY) LTD

Summons was served upon TLM.

29 442 29 442

(14) OORDRAG VAN ROERENDE EIENDOM

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Consultation were held 19/01/2022 and 19/02/2022 to discuss the possibility of registering a section 21 company. Matter is ongoing.	22 177	22 177
(15) SUMMIT PROPERTY 8976/2021		
Summons was served upon TLM and also a notice in terms of Rule 41(A), the TLM served and filed a notice of intention to defend. A notice of bar was served upon the Defendant. The Defendant served and filed notice in terms of Rule 23(1) and Head of argument. The Defendant served and filed a notice of set down for exception for the 26th of April 2023. The matters is ongoing.	17 428	17 428
(16) SUMMIT PROPERTY 3501/2022		
Summons was served upon TLM and also a notice in terms of Rule 41(A). The TLM served and filed a notice of intention to defend. A notice of bar was served upon the Defendant. The Defendant served and filed notice in terms of Rule 23(1) and Head of argument. The Defendant served and filed a notice of set down for exception for the 3rd of May 2023. The matter is ongoing.	20 938	20 938
(17) ODIRILE INVESTMENT & CONSTRUCTION		
Construction of new waste water treatment works at Northam.		5 937 334
VOLTEX (PTY)LTD		
Electrification 280 households at Meriting Village. Summons was served on TLM. Matter defended. Cession agreement with Maopeng Electrical(Pty) Ltd to provided material as Maopeng failed to deliver. Plaintiff failed to deliver to TLM.	840 788	
18) POLOKWANE SURFACING		
Summons was issued against TLM. Notice of intention to defend and plea was served and filed. Pretrial held. Ready for trial. Ongoing Litigation. Non Joinder of contractor.	2 910 728	2 910 728
Note 51 Inventory consumed		
<i>Inventory utilised for the period under review</i>	17 575 105	41 947 987
Note 52 Bad debts		73 663
Note 53 Lease on rental on operating leases		
Contractual amounts	4 246 514	2 278 986
Note 54 Contribution to provisions: Landfill site	742 548	14 430 294
Note 55 Inventory loss	24 425 721.70	