



Chief Albert Luthuli Local Municipality
(Registration number MP301)
Annual Financial Statements
for the year ended 30 June 2024

Audited
By

2024 -11- 3 0

Auditor General South Africa
Mpumalanga Business Unit

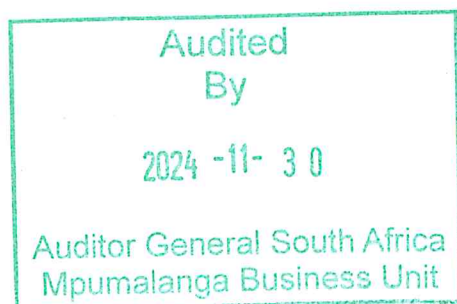
Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	Local Municipality
Municipal Demarcation Code	MP301
Executive Mayor	Nkosi D.P
Speaker	Gininda S.V
Chief Whip	Sidu L.L
Mayoral Committee	Zulu G.G
	Mathebula J.T
	Dhlamini E.S
	Nkosi S.P
	Dube S.N
	Thomo N.G
MPAC Chairperson	Motuang R.M
Councillors	Nkumane M.J
	Khumalo S .P
	Dlamini N.E
	Mabuza V.B
	Nkosi N.P
	Manana B.L
	Methula Z.C
	Nkambule K.V
	Lulane S.K
	Makene J
	Shiba X.S.G
	Hlatshwayo P.T
	Mauku B.M
	Mncina L.M
	Maisela S.J
	Gininda O
	Masuku B.M
	Mbokane P.S
	Jele D
	Nkosi A.J
	Thwala S.J
	Nkosi A.J
	Mbuli T.G
	Sikhakhane N.B
	Adams P.P
	Phakathi F.D.M
	Thomo G.P
	Matshaba K.A
	Nkosi D.S
	Van der Walt L
	Ndebele J.C.H
	Mbatha M.E
	Thambekwayo M.T
	Sithole B.I
	Nkosi L.N.P



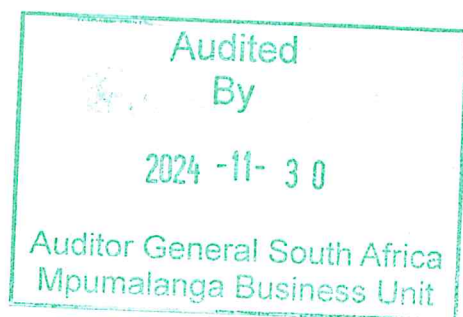
Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

General Information

	Hlophe M.P Nkambule T.P Hlatshwayo C.S Zwane F.C Mnisi T.J
Grading of local authority	Grade 4
Chief Finance Officer (CFO)	Sekgobela Matshemo Margaret
Accounting Officer	Thabethe Mgijima Ephraim
Registered office	28 Kerk Street Carolina 1185
Postal address	P.O Box 24 Carolina 1185
Bankers	Standard Bank of South Africa Limited
Auditors	Auditor-General of South Africa Registered Auditors
Attorneys	Mohlala Attorneys Mokoena Khulani Attorneys L Guzana Attorneys Mohale Inc Lusenga Attorneys Mkhonto & Ngwenya Inc Phambane Mokone Inc Mohuba Inc Noko Maimela Inc



Chief Albert Luthuli Local Municipality

(Registration number MP301)

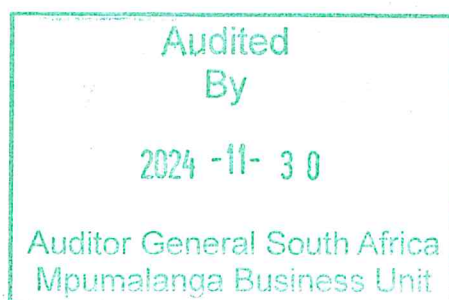
Annual Financial Statements for the year ended 30 June 2024

Index

	Page
Accounting Officer's Responsibilities and Approval	4
Audit Committee Report	5 - 6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 15
Significant Accounting Policies	16 - 34
Notes to the Annual Financial Statements	34 - 86

Abbreviations used:

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
RBIG	Regional Bulk Infrastructure Grant
INEP	Integrated National Electrification Programme
WSIG	Water Services Infrastructure Grant
EPWP	Expanded Public Works Programme
FMG	Financial Management Grant
MIG	Municipal Infrastructure Grant
LG Seta	Local Government Sector Education and Training Authority
AGSA	Auditor-General of South Africa



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

The 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 7.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Thabethe Mgijima Ephraim
(Pr. Tech. Eng)



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2024.

Audit committee members and attendance

The audit committee, consisting of independent outside members, meets at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises..

Name of member	Number of meetings attended
Mokgope Phetego Nommie (BCOM HONS, CTA, Professional Accountants (SA)	8
Boitumelo Vilankulu (BCOM HONS)	7
Obed Thenga (BCOM HONS, CGAP, MFMP)	8
Anil Singh (RGFP, ICMA, MFMP)	8

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The effectiveness of internal control

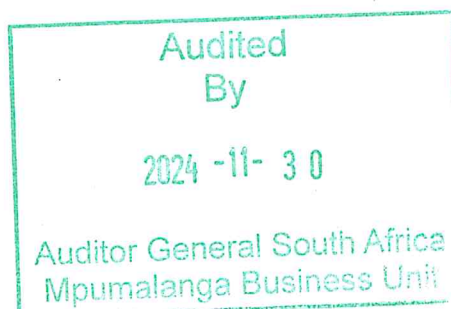
Our review of the internal control environment revealed that there has been a room for improvement in the system of internal control of the municipality and reducing matters of emphasis and none compliance issues of previous year. Furthermore, there are several deficiencies in the system of internal control and/or deviations there were reported by the internal auditors and the Auditor-General. However, the audit committee notes management's commitment and action plan to correct deficiencies.

In-year management and monthly/quarterly report

The municipality does have an effective monthly and quarterly reporting system to the council as required by the Municipal Finance Management Act (MFMA).

Performance management

The audit committee reviewed functionality of the performance management system and it appears to be functional, however there is a room for improvement in so far as achievement of planned targets is concerned and management identifying reasons for not achieving their targets as well as the corrective measures to be taken.



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Audit Committee Report

Risk management

The audit committee is of the opinion that municipality's risk management appears to be effective, and the municipality did implement a comprehensive risk management strategy and related policies. Management's sound and effective approach has been followed in developing strategic risk management plans and there is a sense of appreciation of the impact of the municipality's risk management framework on the control environment. There is a room for improvement in so far as fraud prevention

Compliance with laws and regulations

A number of non-compliance with the enabling laws and regulations were revealed by audit committee, AGSA, and internal audit during the year. Thus there is a room for improvement in so far as establishing an effective system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

Internal audit

The audit committee is satisfied with the effectiveness of internal audit and recommend that management and council should capacitate this unit.

Progress in implementation of AGSA findings from prior year

AGSA recommendations were not fully implemented by management at the time of this report, the progress was sitting at 94% in terms of implementation. There is a room for improvement in this regard and the AC recommended to the municipality to prioritise the implementation of recommendations by AGSA.

Progress on implementations of internal audit recommendations

A material number of internal audit recommendations were implemented by management. There is a room for improvement in this regard and thus, audit committee recommended to municipality to prioritise the implementation of recommendations by internal audit

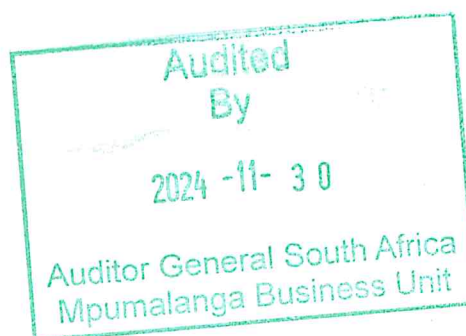
Implementations of audit committee recommendations by management

A material number of audit committee recommendations to management were implemented the progress was sitting at 92% in terms of implementation. There is a room for improvement in this regard and thus, audit committee recommended to the municipality to fast track the implementation of recommendations by audit committee.

Conclusion

The audit and performance committee wishes to acknowledge the commitment from council, management and staff of the municipality. The stability in terms of the political and administrative leadership of the municipality has contributed to these improvements report above. We would also like to thank the Executive Mayor for his support, Councillors, Senior Management for their efforts and internal audit for their contribution.

Chairperson of the Audit Committee
Mokgope Phethego



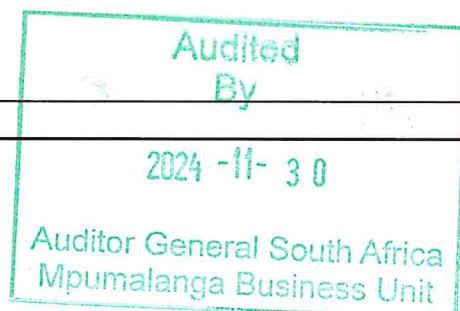
Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	16,228,109	4,083,119
Receivables from exchange transactions	4	28,299,178	17,522,883
Statutory receivables	5	38,899,538	56,009,655
Other receivables from non-exchange transactions		309,717	309,717
Inventories	6	15,920,267	4,938,648
Investments	7	5,108,226	4,470,413
Operating lease asset	8	4,069	14,520
		104,769,104	87,348,955
Non-Current Assets			
Operating lease asset	8	34,418	38,487
Investments	7	516,077	477,997
Investment property	9	47,760,625	41,948,000
Property, plant and equipment	10	2,657,507,940	2,284,925,810
		2,705,819,060	2,327,390,294
Total Assets		2,810,588,164	2,414,739,249
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	167,551,145	177,756,129
Finance lease obligation	12	3,689,091	1,155,349
Unspent conditional grants	13	11,922,000	4,050,000
Employee benefit obligation	15	1,048,001	958,001
Long service award	16	1,069,000	1,675,000
		185,279,237	185,594,479
Non-Current Liabilities			
Finance lease obligation	12	7,022,235	226,551
Employee benefit obligation	15	8,699,000	8,406,000
Provisions	14	93,815,659	84,733,958
Long service award	16	11,136,000	9,722,000
		120,672,894	103,088,509
Total Liabilities		305,952,131	288,682,988
Net Assets		2,504,636,033	2,126,056,261
Social responsibility		16,091,570	9,363,638
Reserves			
Revaluation reserve		84,700,463	84,700,463
Accumulated surplus		2,403,844,002	2,031,992,153
Total Net Assets		2,504,636,035	2,126,056,254



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	17	81,733,478	60,834,755
Rental income- facilities		533,109	542,029
Interest received from exchange transactions- consumers	18	14,395,937	17,446,357
Licences and permits		24,502	18,982
Other income	19	5,990,424	4,449,231
Interest received - investment		16,400,632	9,546,487
Fair value adjustments		-	1,280,241
Total revenue from exchange transactions		119,078,082	94,118,082
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	21	68,190,627	62,118,479
Interest received from non-exchange transactions- consumers	18	16,609,236	18,586,380
Transfer revenue			
Government grants & subsidies	22	925,037,501	759,759,706
Donations	23	7,776,143	4,291,350
Traffic fines		6,090,460	5,377,250
Total revenue from non-exchange transactions		1,023,703,967	850,133,165
Total revenue		1,142,782,049	944,251,247
Expenditure			
Employee related costs	24	(249,566,259)	(234,000,459)
Remuneration of councillors	25	(23,401,578)	(21,751,896)
Depreciation and amortisation		(66,396,041)	(55,777,409)
Impairment loss		(4,204,539)	(17,621,726)
Finance costs	26	(14,044,490)	(11,266,058)
Debt Impairment		(41,201,783)	(79,633,472)
Bad debts written off		-	(3,644,058)
Bulk purchases	27	(117,294,553)	(95,267,852)
Contracted services	28	(128,567,791)	(158,366,391)
Grants and subsidies expenditure		(8,709,362)	(13,541,310)
Loss on disposal of assets and liabilities		(5,955,294)	(537,642)
General Expenses	29	(110,936,414)	(105,833,695)
Fair value adjustments	20	(385,766)	-
Financial loss	30	(266,336)	-
Total expenditure		(770,930,206)	(797,241,968)
Surplus for the year		371,851,843	147,009,279

Audited
By
2024 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Social Responsibility	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2022	7,307,614	84,700,463	1,884,982,874	1,976,990,951
Changes in net assets				
Surplus for the year	-	-	147,009,279	147,009,279
Contributions	2,056,024	-	-	2,056,024
Total changes	2,056,024	-	147,009,279	149,065,303
Restated* Balance at 01 July 2023	9,363,638	84,700,463	2,031,992,159	2,126,056,260
Changes in net assets				
Contributions	6,727,932	-	-	6,727,932
Net income (losses) recognised directly in net assets	6,727,932	-	-	6,727,932
Surplus for the year	-	-	371,851,843	371,851,843
Total recognised income and expenses for the year	6,727,932	-	371,851,843	378,579,775
Total changes	6,727,932	-	371,851,843	378,579,775
Balance at 30 June 2024	16,091,570	84,700,463	2,403,844,002	2,504,636,035

Note(s)



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

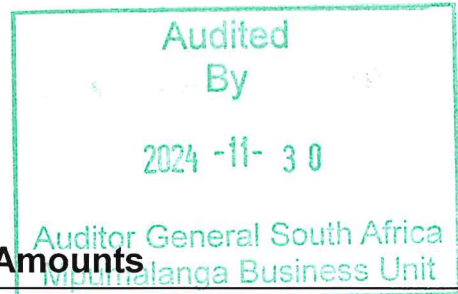
Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Taxation and fines		108,000,439	84,902,892
Sales of goods services		101,962,356	61,991,858
Government grants and subsidies		932,979,501	756,394,970
Interest income		16,400,632	9,546,487
Other receipts		6,502,425	5,010,242
		1,165,845,353	917,846,449
Payments			
Employee costs		(269,846,015)	(255,186,194)
Suppliers		(423,935,269)	(352,843,078)
Finance costs		(13,058,490)	(11,266,058)
		(706,839,774)	(619,295,330)
Net cash flows from operating activities	31	459,005,579	298,551,119
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(445,514,166)	(309,946,949)
Purchase of other receivables from non-exchange transactions		-	(309,717)
Movement in investment		(675,893)	(346,395)
Net cash flows from investing activities		(456,190,059)	(310,603,061)
Cash flows from financing activities			
Finance lease payments		9,329,426	10,424,390
Net increase/(decrease) in cash and cash equivalents		12,144,990	(22,166,617)
Cash and cash equivalents at the beginning of the year		4,083,119	26,249,736
Cash and cash equivalents at the end of the year	3	16,228,109	4,083,119

Audited
By
2024 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024



Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--	-----------------	-------------	--------------	------------------------------------	--	-----------

Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	135,399,765	(61,828,202)	73,571,563	81,733,478	8,161,915
Rental income	1,137,240	-	1,137,240	533,109	(604,131)
Interest received- customers	35,121,740	(10,000,001)	25,121,739	14,395,937	(10,725,802)
Licences and permits	-	25,000	25,000	24,502	(498)
Other income	1,687,747	76,178,300	77,866,047	5,990,424	(71,875,623)
Interest received - investment	2,512,976	10,949,915	13,462,891	16,400,632	2,937,741
Total revenue from exchange transactions	175,859,468	15,325,012	191,184,480	119,078,082	(72,106,398)

Revenue from non-exchange transactions

Taxation revenue

Property rates	124,725,921	(27,999,989)	96,725,932	68,190,627	(28,535,305)
Interest received - consumers	-	18,000,000	18,000,000	16,609,236	(1,390,764)

Transfer revenue

Government grants & subsidies	944,527,000	(30,139,000)	914,388,000	925,037,501	10,649,501
Donations	-	-	-	7,776,143	7,776,143
Traffic fines	751,457	-	751,457	6,090,460	5,339,003

Total revenue from non-exchange transactions	1,070,004,378	(40,138,989)	1,029,865,389	1,023,703,967	(6,161,422)
---	----------------------	---------------------	----------------------	----------------------	--------------------

Total revenue	1,245,863,846	(24,813,977)	1,221,049,869	1,142,782,049	(78,267,820)
----------------------	----------------------	---------------------	----------------------	----------------------	---------------------

Expenditure

Employee related costs	(260,000,000)	-	(260,000,000)	(249,566,259)	10,433,741
Remuneration of councillors	(26,325,001)	-	(26,325,001)	(23,401,578)	2,923,423
Depreciation and amortisation	(53,453,016)	450,000	(53,003,016)	(66,396,041)	(13,393,025)
Impairment loss	-	-	-	(4,204,539)	(4,204,539)
Finance costs	(1,889,510)	-	(1,889,510)	(14,044,490)	(12,154,980)
Debt Impairment	(18,902,260)	2,999,998	(15,902,262)	(41,201,783)	(25,299,521)
Bulk purchases	(120,272,715)	2,000,000	(118,272,715)	(117,294,553)	978,162
Contracted Services including repairs and maintenance	(169,028,300)	39,997,166	(129,031,134)	(128,567,791)	463,343
Transfers and Subsidies	(22,000,000)	-	(22,000,000)	(8,709,362)	13,290,638
Capital projects	(521,432,000)	29,985,000	(491,447,000)	(502,375,000)	(10,928,000)
General Expenses including indigent relief	(72,119,005)	(48,400,000)	(120,519,005)	(110,936,414)	9,582,591
Total expenditure	(1,265,421,807)	27,032,164	(1,238,389,643)	(1,266,697,810)	(28,308,167)

Operating deficit	(19,557,961)	2,218,187	(17,339,774)	(123,915,761)	(106,575,987)
--------------------------	---------------------	------------------	---------------------	----------------------	----------------------

Loss on disposal of assets and liabilities	-	-	-	(5,955,294)	(5,955,294)
--	---	---	---	-------------	-------------

Fair value adjustments	-	-	-	(385,766)	(385,766)
------------------------	---	---	---	-----------	-----------

Actuarial gains/losses	-	-	-	(266,336)	(266,336)
------------------------	---	---	---	-----------	-----------

	-	-	-	(6,607,396)	(6,607,396)
--	---	---	---	-------------	-------------

Chief Albert Luthuli Local Municipality

(Registration number MP301)

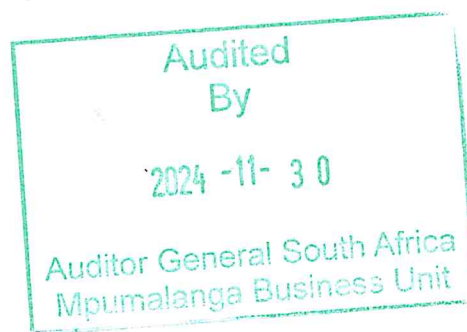
Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Deficit before taxation	(19,557,961)	2,218,187	(17,339,774)	(130,523,157)	(113,183,383)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(19,557,961)	2,218,187	(17,339,774)	(130,523,157)	(113,183,383)	

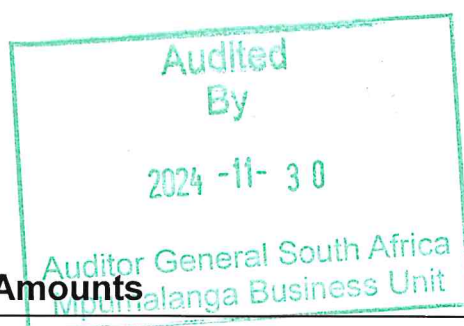
Reconciliation



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024



Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--	-----------------	-------------	--------------	------------------------------------	--	-----------

Figures in Rand

Statement of Financial Position

Assets

Current Assets

Cash and cash equivalents	19,792,000	(5,933,766)	13,858,234	16,228,109	2,369,875
Receivables from exchange transactions	83,060,000	16,664,223	99,724,223	28,299,178	(71,425,045)
Statutory receivables	94,340,000	10,591,555	104,931,555	38,899,538	(66,032,017)
Other receivables from non-exchange transactions	309,717	-	309,717	309,717	-
Inventories	4,975,000	(735,976)	4,239,024	15,920,267	11,681,243
Investments	-	3,734,940	3,734,940	5,108,226	1,373,286
Operating lease asset	6,000	-	6,000	4,069	(1,931)
	202,482,717	24,320,976	226,803,693	104,769,104	(122,034,589)

Non-Current Assets

Operating lease asset	45,000	-	45,000	34,418	(10,582)
Investments	773,000	-	773,000	516,077	(256,923)
Investment property	41,948,342	-	41,948,342	47,760,625	5,812,283
Property, plant and equipment	2,781,567,000	(28,868,000)	2,752,699,000	2,657,507,940	(95,191,060)
	2,824,333,342	(28,868,000)	2,795,465,342	2,705,819,060	(89,646,282)

Total Assets	3,026,816,059	(4,547,024)	3,022,269,035	2,810,588,164	(211,680,871)
---------------------	----------------------	--------------------	----------------------	----------------------	----------------------

Liabilities

Current Liabilities

Payables from exchange transactions	169,756,432	(59,748,432)	110,008,000	167,551,145	57,543,145
Finance lease obligation	-	-	-	3,689,091	3,689,091
Unspent conditional grants	4,050,000	(3,343,000)	707,000	11,922,000	11,215,000
Employee benefit obligation	488,000	(488,000)	-	1,048,001	1,048,001
Long service award	9,364,000	-	9,364,000	1,069,000	(8,295,000)
	183,658,432	(63,579,432)	120,079,000	185,279,237	65,200,237

Non-Current Liabilities

Finance lease obligation	-	-	-	7,022,235	7,022,235
Employee benefit obligation	-	-	-	8,699,000	8,699,000
Provisions	-	-	-	93,815,659	93,815,659
Long service award	-	-	-	11,136,000	11,136,000
	-	-	-	120,672,894	120,672,894

Total Liabilities	183,658,432	(63,579,432)	120,079,000	305,952,131	185,873,131
--------------------------	--------------------	---------------------	--------------------	--------------------	--------------------

Net Assets	2,843,157,627	59,032,408	2,902,190,035	2,504,636,033	(397,554,002)
-------------------	----------------------	-------------------	----------------------	----------------------	----------------------

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Social responsibility	-	-	-	16,091,570	16,091,570
-----------------------	---	---	---	------------	------------

Chief Albert Luthuli Local Municipality

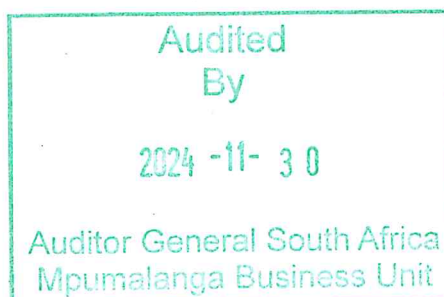
(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Reserves						
Revaluation reserve	84,700,464	-	84,700,464	84,700,463	(1)	
Accumulated surplus	2,635,594,324	-	2,635,594,324	2,403,844,000	(231,750,324)	
Total Net Assets	2,720,294,788	-	2,720,294,788	2,504,636,033	(215,658,755)	



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--	--------------------	-------------	--------------	--	---	-----------

Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Taxation and fines	115,379,067	(32,679,067)	82,700,000	-	(82,700,000)
Sale of goods and services	86,699,822	(63,811,822)	22,888,000	-	(22,888,000)
Government grants and subsidies	944,527,444	(6,089,000)	938,438,444	-	(938,438,444)
Interest income	2,513,000	10,950,000	13,463,000	-	(13,463,000)
Other receipts	18,088,667	157,602,333	175,691,000	-	(175,691,000)
	1,167,208,000	65,972,444	1,233,180,444	-	(1,233,180,444)

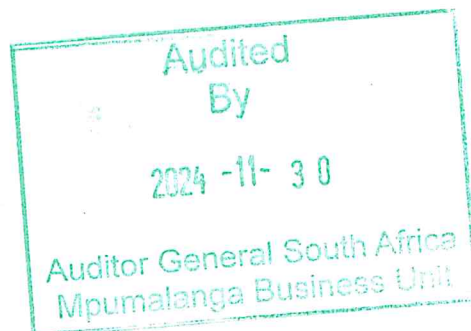
Payments

Employees	(260,000,000)	-	(260,000,000)	-	260,000,000
Suppliers	(383,794,889)	(63,393,111)	(447,188,000)	-	447,188,000
Finance costs	(1,889,000)	-	(1,889,000)	-	1,889,000
	(645,683,889)	(63,393,111)	(709,077,000)	-	709,077,000

Net cash flows from operating activities	521,524,111	2,579,333	524,103,444	-	(524,103,444)
---	--------------------	------------------	--------------------	----------	----------------------

Cash flows from investing activities

Purchase of property, plant and equipment	(549,574,000)	31,069,000	(518,505,000)	-	518,505,000
Net increase/(decrease) in cash and cash equivalents	(28,049,889)	33,648,333	5,598,444	-	(5,598,444)
Cash and cash equivalents at the end of the year	(28,049,889)	33,648,333	5,598,444	-	(5,598,444)



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023
-----------------	---------	------	------

1. Significant account policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Distribution losses

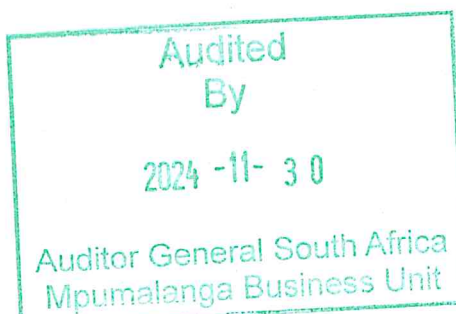
Distribution losses were assessed and management determined the estimate after consultation with management experts. The adjustment was based on available information. Additional disclosure has been included in note 27

Provisions

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

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

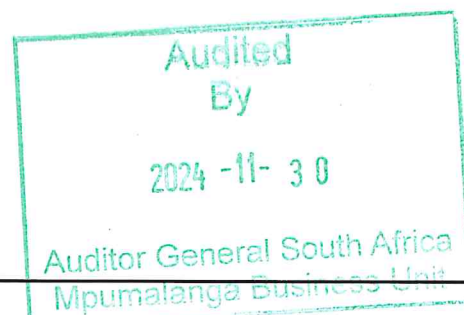


Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.3 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Effective interest rate

The municipality used the CPI to discount future cash flows except where stated otherwise..

Allowance for impairments

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

1.4 Investment property

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

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

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value. Refer to note 9

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

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

1.5 Property, plant and equipment

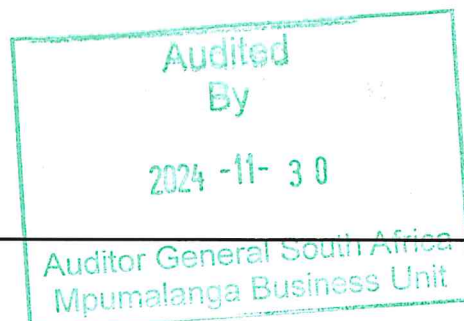
Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.5 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	10-50 years
Landfill site	Straight-line	0-100 years
Infrastructure	Straight-line	15-80 years
Community	Straight-line	10-50 years
Other assets	Straight-line	2-35 years

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

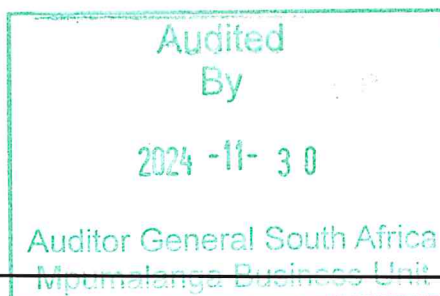
The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.5 Property, plant and equipment (continued)

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 10).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

1.6 Financial instruments

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost
Investments	Financial asset measured at fair value

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

Class	Category
Trade payables	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

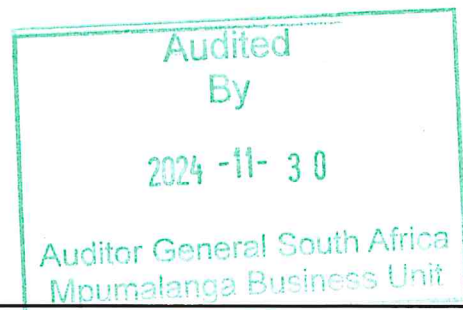
The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Gains and losses

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

Financial liabilities

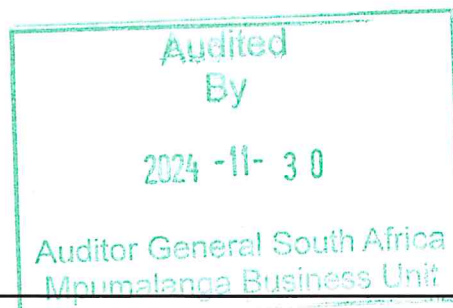
The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.6 Financial instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.7 Statutory receivables

Identification

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

Classification

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

Class	Legislation
Property rates	Municipal Property Rates Act 6 of 2004
Traffic fines	National Road Traffic Act 93 of 1996
VAT	VAT Act 89 of 1991

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

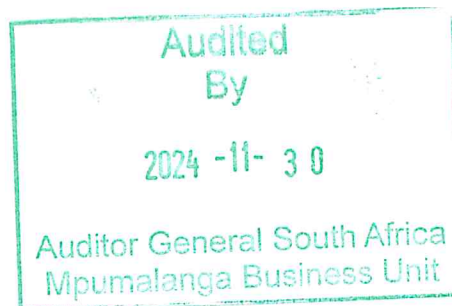
Impairment losses

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.7 Statutory receivables (continued)

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

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

1.8 Leases

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

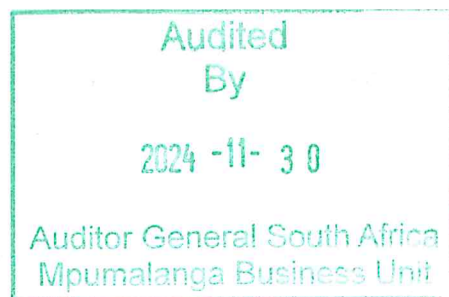
When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.8 Leases (continued)

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

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

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

Operating leases - lessor

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

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

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

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

Operating leases - lessee

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

1.9 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

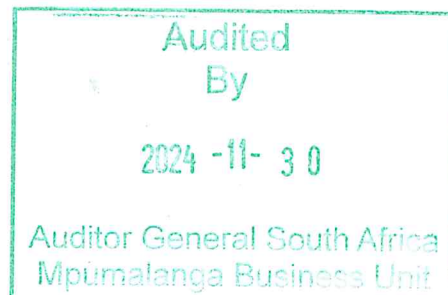
The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.9 Inventories (continued)

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

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

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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

Value in use

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

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

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

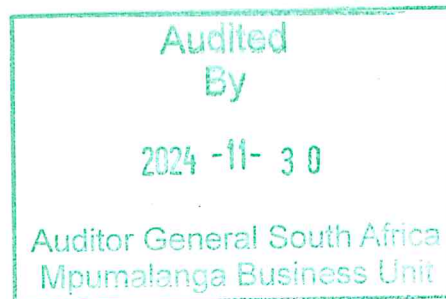
After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.10 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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

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

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

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

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

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

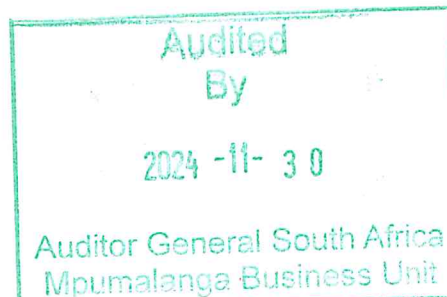
The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.11 Impairment of non-cash-generating assets (continued)

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Reversal of an impairment loss

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

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

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

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

1.12 Social responsibility

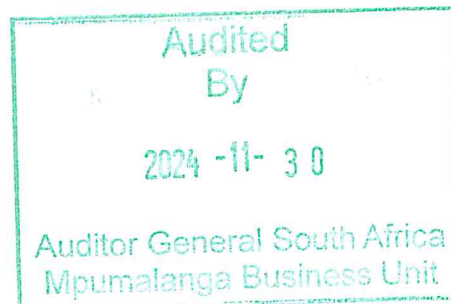
An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.13 Employee benefits

Identification

Employee benefits

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Short-term employee benefits

Recognition and measurement

Bonus, incentive and performance related payments

The municipality recognises the expected cost of bonus, incentive and performance related payments when, and only when:

- (a) the municipality has a present legal or constructive obligation to make such payments as a result of past events; and
- (b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the municipality has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Post-employment benefits: Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period

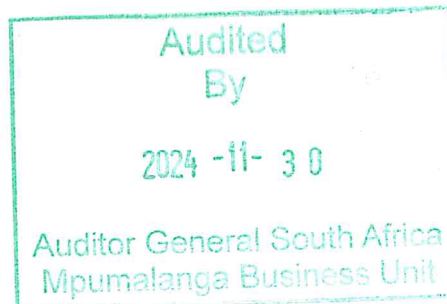
The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

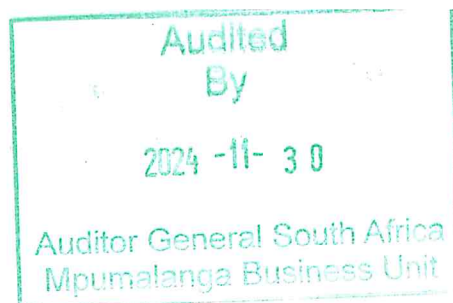
Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.14 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.10 and 1.11.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

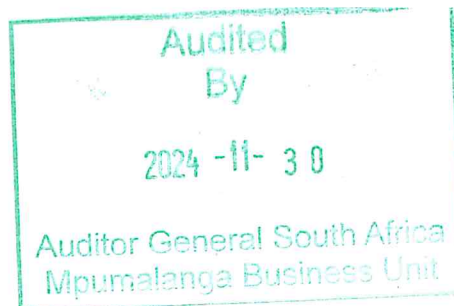
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment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

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.16 Revenue from exchange transactions

Measurement

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

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

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

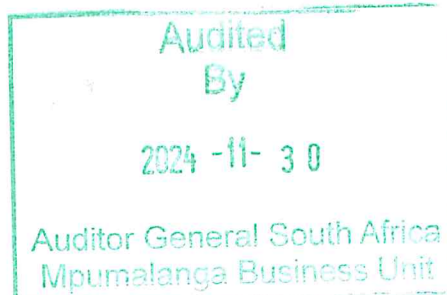
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

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

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024



Significant Accounting Policies

1.17 Revenue from non-exchange transactions

Property rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transactions will flow to the municipality
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier. When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

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

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transactions will flow to the municipality.
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

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

1.20 Unauthorised expenditure

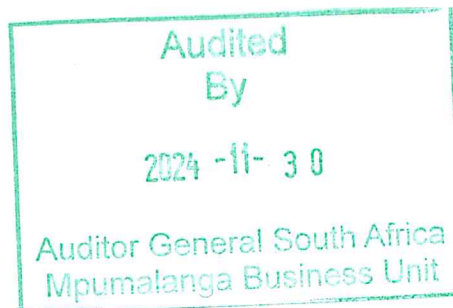
Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.20 Unauthorised expenditure (continued)

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose.
- 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 with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.
- 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.

1.21 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

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.

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.

1.23 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.24 Segment information

A segment is an activity of an entity:

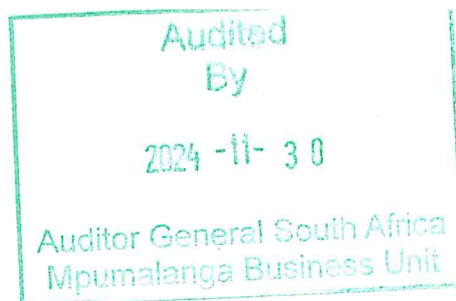
- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing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

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

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024



Significant Accounting Policies

1.24 Segment information (continued)

Measurement

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

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

1.25 Budget information

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

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

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

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

1.26 Related parties

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

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.27 Subsequent events

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

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

1.28 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

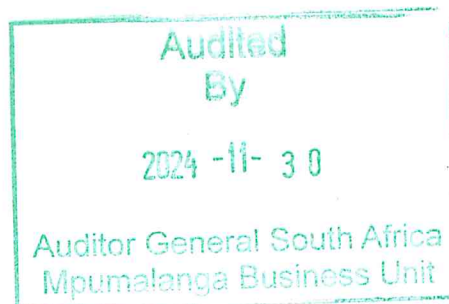
- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies



1.28 Grants in aid (continued)

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

1.29 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence's of liabilities that result in decreases in net assets, other than those relating to distributions to owners

Expenses are recognised as when they satisfy the definitions and recognition criteria for those elements in the Framework for the Preparation and Presentation of Financial Statement

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact of the is not material.
• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the is not material.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the is not material.
• GRAP 2020: Improvements to the Standards of GRAP 2020	01 April 2023	The impact of the is not material.
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	The impact of the is not material.
• GRAP 1 (amended): Presentation of Financial Statements (Materiality)	01 April 2023	The impact of the is not material.

2.2 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 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	To be determined	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	To be determined	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed

3. Cash and cash equivalents

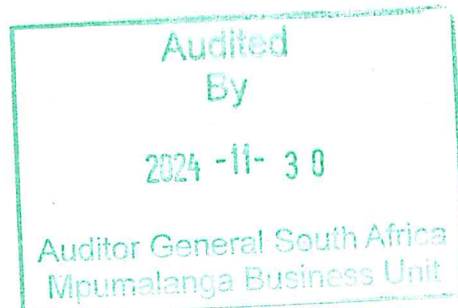
Cash and cash equivalents consist of:

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand 2024 2023

3. Cash and cash equivalents (continued)

Main bank account	4,109,860	(1,450,937)
Traffic bank account	66,664	116,055
Call accounts	12,051,585	5,418,001
	16,228,109	4,083,119

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Standard Bank - Current Account- 033255954	4,109,913	782,497	1,943,126	4,109,860	(1,450,937)	1,980,360
Standard bank-Current account-31686648	66,561	116,052	162,634	66,561	116,055	162,632
Standard Bank-InvestmentAccount-308654552-001	61,850	39,063	553,668	61,850	39,060	553,668
Standard Bank-Investment Account-038478668-002	51,510	221,700	4,013,503	51,510	221,700	4,013,503
Standard Bank - InvestmentAccount-038478668-003	50,000	3,156,312	148,780	50,000	3,156,313	148,780
Standard Bank-InvestmentAccount-038478668-004	372,513	346,785	14,255,365	372,513	346,785	14,255,365
Standard Bank-InvestmentAccounts-034878668-005	11,481,199	924,146	5,119,123	11,481,199	924,146	5,119,123
Standard Bank-InvestmentAccount-038478668-006	34,515	729,997	16,303	34,515	729,997	16,303
Total	16,228,061	6,316,552	26,212,502	16,228,008	4,083,119	26,249,734

Call accounts summary

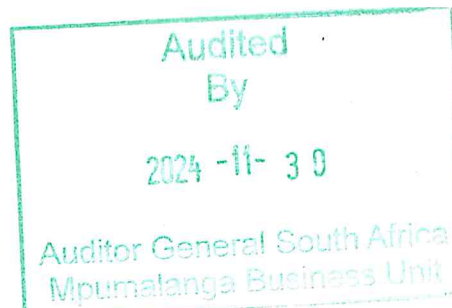
Standard Bank-InvestmentAccount-308654552-001	61,850	39,063
Standard Bank-Investment Account-038478668-002	51,510	221,700
Standard Bank-Investment Account-038478668-003	50,000	3,156,312
Standard Bank-Investment Account-038478668-004	372,513	346,785
Standard Bank-Investment Account-038478668-005	11,481,199	924,146
Standard Bank-Investment Account-038478668-006	34,515	729,997
	12,051,587	5,418,003

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



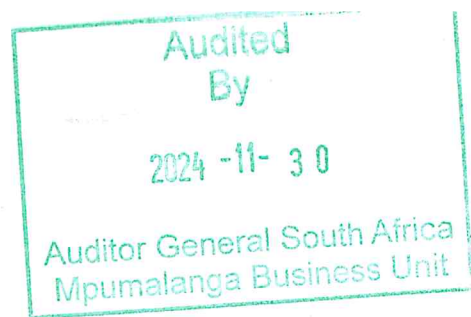
Figures in Rand	2024	2023
4. Receivables from exchange transactions		
Gross balances		
Electricity	19,458,387	17,331,165
Water	59,886,265	42,001,023
Sewerage	103,394,814	92,954,016
Refuse	90,787,592	80,129,125
Auctioneer	918,659	918,659
Prepaid electricity vendor	1,485,294	1,485,294
Other	1,533,378	1,340,296
Other receivable	3,053,170	-
	280,517,559	236,159,578
Less: Allowance for impairment		
Electricity	(14,529,375)	(12,574,128)
Water	(53,096,030)	(39,848,202)
Sewerage	(98,245,143)	(89,037,034)
Refuse	(84,942,783)	(76,004,771)
Other	(1,405,050)	(1,172,560)
	(252,218,381)	(218,636,695)
Net balance		
Electricity	4,929,012	4,757,037
Water	6,790,235	2,152,821
Sewerage	5,149,671	3,916,982
Refuse	5,844,809	4,124,354
Auctioneer	918,659	918,659
Prepaid electricity vendor	1,485,294	1,485,294
Other	128,328	167,736
Other receivable	3,053,170	-
	28,299,178	17,522,883
Electricity		
Current (0 -30 days)	2,405,629	701,220
31 - 60 days	851,500	961,879
61 - 90 days	509,750	634,496
> 90 days	15,691,507	15,033,570
Less allowance for impairment	(14,529,374)	(12,574,128)
	4,929,012	4,757,037
Water		
Current (0 -30 days)	3,011,450	1,639,414
31 - 60 days	2,217,566	1,393,714
61 - 90 days	1,701,449	1,239,533
> 90 days	52,955,799	37,728,361
Less allowance for impairment	(53,096,029)	(39,848,201)
	6,790,235	2,152,821

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

4. Receivables from exchange transactions (continued)

Sewerage

Current (0 -30 days)	1,711,411	1,443,012
31-60 days	1,434,182	1,572,290
61 - 90 days	1,409,215	1,455,267
>90 days	98,840,007	88,483,447
Less allowance for impairment	(98,245,144)	(89,037,034)
	5,149,671	3,916,982

Refuse

Current (0 -30 days)	1,685,059	1,405,782
31 - 60 days	1,289,691	1,425,382
61 - 90 days	1,251,228	1,336,007
> 90 days	86,561,615	75,961,954
Less allowance for impairment	(84,942,784)	(76,004,771)
	5,844,809	4,124,354

Auctioneer

> 365 days	918,659	918,659
------------	---------	---------

Prepaid Electricity Vendor

> 365 days	1,485,294	1,485,294
------------	-----------	-----------

Other

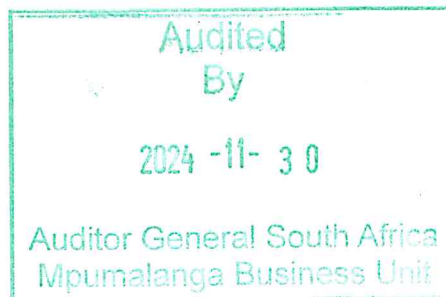
Current (0 -30 days)	504,297	26,712
31 - 60 days	24,586	24,982
61 - 90 days	24,172	32,807
> 90 days	980,324	1,255,795
Less allowance for impairment	(1,405,051)	(1,172,560)
	128,328	167,736

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand	2024	2023
4. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Residential		
Current (0 -30 days)	6,008,555	4,275,364
31 - 60 days	4,620,327	4,373,419
61 - 90 days	4,000,755	4,093,477
> 90 days	213,507,661	202,091,739
	228,137,298	214,833,999
Less: Allowance for impairment	(225,654,259)	(196,771,978)
	2,483,039	18,062,021
Industrial/ commercial		
Current (0 -30 days)	1,687,022	752,254
31 - 60 days	763,394	861,792
61 - 90 days	499,354	496,863
> 90 days	15,809,476	12,543,663
	18,759,246	14,654,572
Less: Allowance for impairment	(12,682,901)	(10,834,566)
	6,076,345	3,820,006
National and provincial government		
Current (0 -30 days)	1,622,268	188,523
31 - 60 days	433,805	143,036
61 - 90 days	395,704	107,770
> 90 days	25,712,113	3,827,733
	28,163,890	4,267,062
Total		
Current (0 -30 days)	9,317,846	5,216,140
31 - 60 days	5,817,526	5,378,247
61 - 90 days	4,895,814	4,698,109
> 90 days	255,029,250	218,463,135
	275,060,436	233,755,631
Less: Allowance for impairment	(238,337,160)	(207,606,545)
	36,723,276	26,149,086

Consumer debtors pledged as security

None of the consumers receivables were pledged as security.

Credit quality of consumer debtors

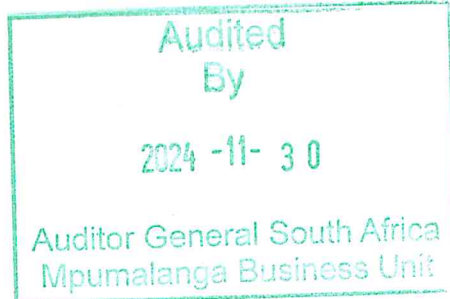
None of the financial assets that are fully performing have been renegotiated in the last year.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand	2024	2023
-----------------	------	------

4. Receivables from exchange transactions (continued)

Revised debt impairment methodology

The municipality's revised impairment methodology focuses on assessing receivables to determine their collectibility. The process includes the following steps:

Assessment Timing: The municipality reviews receivables at the end of each financial year to identify any potential impairment.

Exclusions: Certain accounts, such as those with credit balances or government-owned accounts, and accounts outstanding for less than 30 days, are excluded from impairment assessment.

Calculation of Impairment:

Individual Impairment: Identifies individual receivables that are overdue beyond the credit term and calculates impairment based on historical collection rates.

Impairment amount: Uses collection rates and applying an average collection rate, a default rate is used to determine the impairment loss.

Recognition and recording: Impairment losses are recognized in the financial statements, reducing the receivables' carrying amount to reflect the estimated collectible amount.

Interest and discounting: Receivables overdue beyond 30 days accrue interest, which is factored into the carrying amount, negating the need for further discounting.

This methodology ensures accurate representation of receivables in the financial statements, aligning them with realistic expectations of recover

Reconciliation of allowance for impairment of consumer debtors

Opening balance	(218,636,695)	(159,074,374)
Allowance for impairment	(33,581,686)	(59,562,321)
	(252,218,381)	(218,636,695)

5. Statutory receivables

Gross balances

Property rates	246,576,671	252,668,292
Traffic fines	16,089,832	10,198,335
VAT	11,970,570	21,260,465
	274,637,073	284,127,092

Less: Allowance for impairment

Property rates	(219,846,666)	(218,746,834)
Traffic fines	(15,890,869)	(9,370,603)
	(235,737,535)	(228,117,437)

Net balance

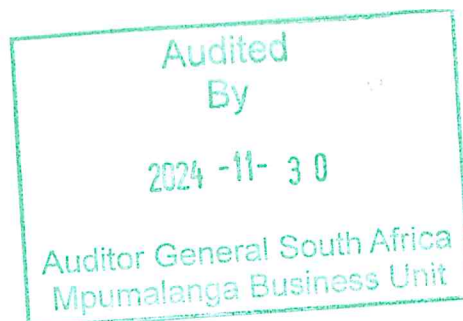
Property rates	26,730,005	33,921,458
Traffic fines	198,963	827,732
VAT	11,970,570	21,260,465
	38,899,538	56,009,655

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

5. Statutory receivables (continued)

Property rates

Current (0 -30 days)	7,702,123	16,647,121
31 - 60 days	5,215,684	5,169,198
61 - 90 days	4,760,993	4,391,178
> 90 days	228,897,871	226,460,795
Less allowance for impairment	(219,846,665)	(218,746,834)
	26,730,006	33,921,458

Traffic fines

Current (0 -30 days)	528,753	478,387
31 - 60 days	514,977	774,236
61 - 90 days	526,133	643,641
> 90 days	14,519,969	8,302,070
Less allowance for impairment	(15,890,869)	(9,370,603)
	198,963	827,731

Revised debt impairment policy

The municipality's revised impairment methodology focuses on assessing receivables to determine their collectibility. The process includes the following steps:

Assessment Timing: The municipality reviews receivables at the end of each financial year to identify any potential impairment.

Exclusions: Certain accounts, such as those with credit balances or government-owned accounts, and accounts outstanding for less than 30 days, are excluded from impairment assessment.

Calculation of Impairment:

Individual Impairment: Identifies individual receivables that are overdue beyond the credit term and calculates impairment based on historical collection rates.

Impairment amount: Uses collection rates and applying an average collection rate, a default rate is used to determine the impairment loss.

Recognition and recording: Impairment losses are recognized in the financial statements, reducing the receivables' carrying amount to reflect the estimated collectible amount.

Interest and discounting: Receivables overdue beyond 30 days accrue interest, which is factored into the carrying amount, negating the need for further discounting.

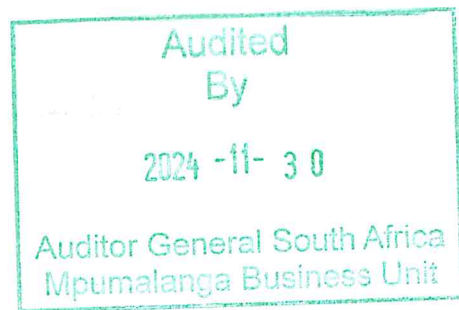
This methodology ensures accurate representation of receivables in the financial statements, aligning them with realistic expectations of recover

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

5. Statutory receivables (continued)

Summary of debtors by customer classification

Residential

Current (0 -30 days)	2,764,438	3,618,054
31 - 60 days	2,386,716	2,385,464
61 - 90 days	2,275,078	2,111,176
> 90 days	129,858,920	123,539,616
	137,285,152	131,654,310
Less: Allowance for impairment	(127,894,964)	(116,049,877)
	9,390,188	15,604,433

Industrial/ commercial

Current (0 -30 days)	2,198,407	2,537,142
31 - 60 days	1,502,781	2,074,296
61 - 90 days	1,424,432	1,697,738
> 90 days	77,835,907	82,042,526
	82,961,527	88,351,702
Less: Allowance for impairment	(72,876,488)	(79,962,629)
	10,085,039	8,389,073

National and provincial government

Current (0 -30 days)	3,347,842	10,491,925
31 - 60 days	1,816,708	709,438
61 - 90 days	1,528,474	582,265
> 90 days	49,515,172	20,878,715
	56,208,196	32,662,343

Total

Current (0 -30 days)	8,310,687	16,647,121
31 - 60 days	5,706,204	5,169,198
61 - 90 days	5,227,984	4,391,178
> 90 days	257,209,998	226,460,857
	276,454,873	252,668,354
Less: Allowance for impairment	(200,771,452)	(196,012,507)
	75,683,421	56,655,847

Reconciliation of allowance for impairment

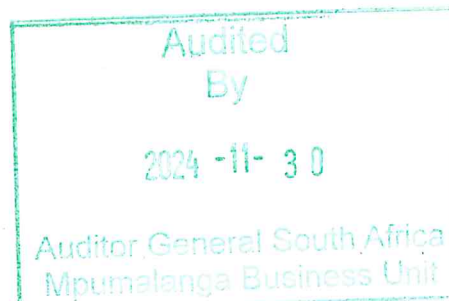
Balance at beginning of the year	(228,117,437)	(198,871,925)
Contributions to allowance	(7,620,097)	(29,245,512)
	(235,737,534)	(228,117,437)

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand	2024	2023
6. Inventories		
Consumable stores	15,810,571	4,834,385
Water for distribution	109,696	104,263
	15,920,267	4,938,648
Reconciliation of inventory movement		
Opening balance	4,834,386	4,360,616
Purchased	27,175,721	1,439,122
Utilised	(16,199,534)	(965,352)
	15,810,573	4,834,386
Recociliation of water stock movement		
Opening balance	104,263	135,126
Produced	5,432	(30,863)
Closing balance	109,695	104,263
7. Investments		
Designated at fair value		
Listed shares	1,071,543	772,671
At amortised cost		
Sanlam: Guarantee Capital Fund - Policy number 9921774X7	145,350	136,677
RMB Momentum - Account number RU 500434741	370,727	341,320
Stanlib Extra Income Fund	3,129,247	2,873,158
Stanlib Classic Investment Plan	907,436	824,584
	4,552,760	4,175,739
Total other financial assets	5,624,303	4,948,410
Non-current assets		
At amortised cost	516,077	477,997
Current assets		
Designated at fair value	1,071,543	772,671
At amortised cost	4,036,683	3,697,742
	5,108,226	4,470,413

Financial assets at fair value

Listed shares are carried at fair value:

The municipality owns 13 242 shares in Sanlam Limited which was trading at R80.92 (2023: R58.35) per share at the end of the reporting period

None of the financial assets that are fully performing have been renegotiated in the last year.

The municipality has not reclassified any financial assets from assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

Credit quality of investments

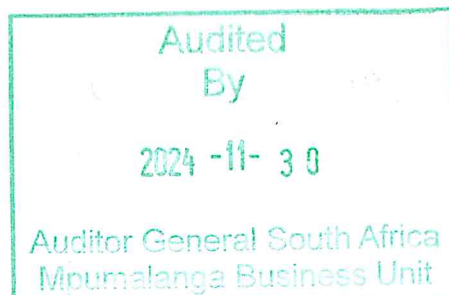
The credit quality of financial assets neither past nor impaired can be by reference to external credit ratings (If available) or to historical information about counterparty default rates.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

8. Operating lease asset

Non-current portion	34,418	38,487
Current portion	4,069	14,520
	38,487	53,007

At the reporting date the municipality has outstanding commitments under operating leases which fall due as follows:

Operating leased as a lessor

Within one year	55,228	128,764
In the second to the fifth year	165,685	220,913
	220,913	349,677

Operating lease asset represents rentals receivable by the municipality for the premises/properties rented out.

The lease was negotiated for periods ranging from 12 months to 119 months. The rentals escalate on average between 6% and 10% per annum

Chief Albert Luthuli Local Municipality
(Registration number MP301)
Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

9. Investment property

	2024		2023	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
				Accumulated depreciation and accumulated impairment
				Carrying value
Investment property	47,760,625	-	47,760,625	41,948,000
				-
				41,948,000

Reconciliation of investment property - 2024

	Opening balance	Transfers received	Fair value adjustments	Total
Investment property	41,948,000	6,376,165	(563,540)	47,760,625

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	40,750,400	1,197,600	41,948,000

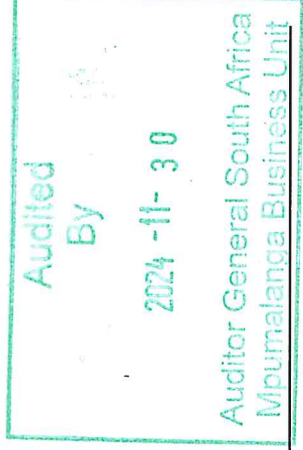
Pledged as security

At year end no investment property has been pledged as security.

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.

Valuations were performed by an independent valuer, DDP Valuers who are not connected to the municipality. DDP Valuers are registered with the South African Council for the Property Valuers Profession, and the South African Institute of Valuers

The valuation was based on open market value for existing use



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
9. Investment property (continued)		
Rental revenue in surplus for the year	533,109	542,029



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

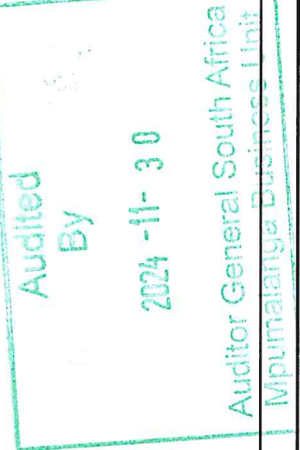
Figures in Rand

10. Property, plant and equipment

	2024		2023	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Land	114,447,700	-	114,447,700	114,447,700
Buildings	27,704,256	(6,232,692)	21,471,564	24,546,525
Community	139,549,789	(36,819,156)	102,730,633	139,499,389
Infrastructure	3,248,214,175	(898,848,160)	2,349,366,015	2,822,008,931
Landfill site	36,605,711	(21,813,573)	14,792,138	35,255,568
Furniture and fixtures	14,878,769	(8,474,106)	6,404,663	13,553,185
Motor vehicles	46,028,885	(12,801,490)	33,227,395	40,785,680
IT equipment	12,497,578	(7,101,183)	5,396,395	11,187,097
Machinery and equipment	20,329,488	(10,658,051)	9,671,437	20,823,154
Total	3,660,256,351	(1,002,748,411)	2,657,507,940	3,222,107,229
				(937,181,419)
				2,284,925,810

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	114,447,700	-	-	-	-	-	114,447,700
Buildings	19,180,852	3,157,731	-	-	(867,019)	-	21,471,564
Community	106,592,683	50,400	-	-	(3,912,450)	-	102,730,633
Infrastructure	1,977,482,473	426,205,244	(3,114,483)	-	(47,122,308)	(4,084,911)	2,349,366,015
Landfill site	16,030,553	1,350,143	-	-	(2,588,558)	-	14,792,138
Furniture and fixtures	6,803,894	1,459,174	(6,680)	-	(1,835,158)	(16,567)	6,404,663
Motor vehicles	26,989,547	13,316,952	(2,668,037)	1,399,978	(5,811,045)	-	33,227,395
IT equipment	5,042,731	2,085,234	(69,392)	-	(1,599,841)	(62,337)	5,396,395
Machinery and Equipment	12,355,377	113,146	(96,712)	-	(2,659,662)	(40,712)	9,671,437
	2,284,925,810	447,738,024	(5,955,304)	1,399,978	(66,396,041)	(4,204,527)	2,657,507,940



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Impairment loss	Total
Land	114,447,700	-	-	-	-	-	114,447,700
Buildings	9,877,604	9,709,331	(2,625)	-	(355,475)	(47,983)	19,180,852
Infrastructure	1,744,461,775	289,342,998	-	63,547	(42,463,181)	(13,922,666)	1,977,482,473
Landfill site	25,179,132	-	(4,152,007)	(3,916,359)	(1,080,213)	-	16,030,553
Furniture and fixtures	7,483,531	1,051,575	(4,950)	-	(1,718,422)	(7,840)	6,803,894
Motor vehicles	19,324,176	11,146,520	(487,803)	-	(2,993,346)	-	26,989,547
IT equipment	4,098,768	2,278,696	(42,264)	-	(1,256,306)	(36,163)	5,042,731
Community	113,394,942	783,543	-	-	(3,982,027)	(3,603,775)	106,592,683
Machinery and Equipment	13,288,083	999,031	-	-	(1,928,439)	(3,298)	12,355,377
	2,051,555,711	315,311,694	(4,689,649)	(3,852,812)	(55,777,409)	(17,621,725)	2,284,925,810

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.

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Adjustments	Included within Community	Included within Other PPE	Total
Opening balance	464,901,737	(17,378,648)	-	783,543	448,306,632
Additions	417,768,960	-	1,731,071	823,226	420,323,257
Completed	(362,338,228)	-	-	-	(362,338,228)
	520,332,469	(17,378,648)	1,731,071	1,606,769	506,291,661

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within infrastructure	Adjustments	Included within Community	Included within Other PPE	Total
Opening balance	511,654,489	-	3,603,774	3,252,553	518,510,816
Additions/capital expenditure	289,342,998	(17,378,822)	783,543	9,730,116	282,477,835
Impairment	(9,552,384)	-	-	(12,982,669)	(22,535,053)
Completed	(326,543,195)	-	(3,603,774)	-	(330,146,969)
	464,901,908	(17,378,822)	783,543	-	448,306,629

Expenditure incurred to repair and maintain property, plant and equipment

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

Maintenance of equipment	38,411,431	44,569,638
Maintenance of other assets	9,084,711	4,197,215
Maintenance of buildings	1,490,484	3,223,551
	48,986,626	51,990,404

11. Payables from exchange transactions

Trade payables	46,061,786	33,599,267
Unallocated deposits	531,395	2,372,716
Prepaid electricity	244,934	472,056
Consumer deposits	442,430	488,040
Income received in advance	33,299,670	61,221,573
Payroll accruals - 13th Cheque	4,791,017	4,313,493
Leave	20,249,516	18,480,412
Retention	59,267,605	54,030,742
Payroll provision	2,662,792	2,777,830
	167,551,145	177,756,129



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
12. Finance lease obligation		
Minimum lease payments due		
- within one year	4,514,367	1,339,139
- in second to fifth year inclusive	7,583,791	220,692
	12,098,158	1,559,831
less: future finance charges	(1,386,832)	(177,931)
Present value of minimum lease payments	10,711,326	1,381,900
Present value of minimum lease payments due		
- within one year	3,689,091	1,155,749
- in second to fifth year inclusive	7,022,235	226,151
	10,711,326	1,381,900
Non-current liabilities	7,022,235	226,551
Current liabilities	3,689,091	1,155,349
	10,711,326	1,381,900

The average lease term is 3 years and the average effective borrowing rate is 9%.

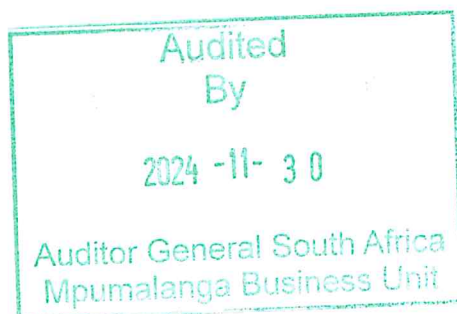
Interest rates are fixed at the contract date.

Some leases have fixed repayment terms and others escalate between 0% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

13. Unspent conditional grants

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Disaster relief grant	11,922,000	4,050,000
Movement during the year		
Balance at the beginning of the year	4,050,000	7,414,728
Additions during the year	514,804,501	756,394,974
Income recognition during the year	(506,932,501)	(759,759,702)
	11,922,000	4,050,000



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

14. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Reversed during the year	Total
Provision for rehabilitation	84,733,958	9,155,252	(73,551)	93,815,659

Reconciliation of provisions - 2023

	Opening Balance	Additions	Total
Provision for rehabilitation	82,049,138	2,684,820	84,733,958

Provision for rehabilitation

This report consolidates the provision of the final rehabilitation and closure costs for the landfills controlled by Chief Albert Luthuli Local Municipality for inclusion in the annual financial statements for the period ending 30 June 2024.

The following landfills are included in this consolidated report:

- Carolina (old)
- Empuluzi
- Ekulindeni
- Elukwatini
- eManzana
- Carolina (new)

General Landfill Closure Costing Model

ESS has developed a General Landfill Closure Costing Model (GLCCM) to estimate the final rehabilitation and closure costs for general landfills. The GLCCM is being updated in cooperation with Jones and Wagener Consulting Civil Engineers (Pty) Ltd, a company that is actively involved in rehabilitation and closure of landfill sites. The GLCCM standardises the determination of landfill closure costs between different landfills and for the same landfill over time. The GLCCM is based on the Minimum Requirements for Waste Disposal by Landfill of the Department of Water Affairs (1998), as amended by more recent regulations. The GLCCM provides a reliable best possible estimate of closure costs in terms of paragraph .49 of GRAP 19 or paragraph 36 of IAS 37

The liability calculated using the GLCCM includes costs associated with:

- Pre-closure planning and approvals (four cost elements)
- Final rehabilitation and closure (seven cost elements)
- 30 years1 post-closure monitoring (seven costs elements)

Financial Assumptions used

Unit Costs

Unit costs for each of the cost elements are obtained annually by means of a commercial quotation. Details of this are provided separately.

CPI

The CPI2 is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last quarter amounted to 5.1704%.

Discount Rate

GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material.

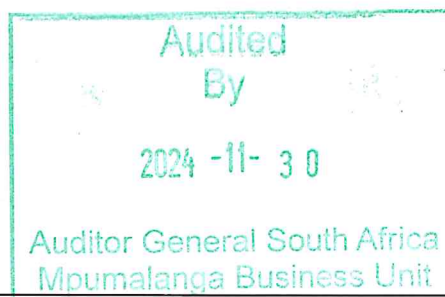
Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand



2024

2023

14. Provisions (continued)

GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans, government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality).

Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used

The rate most consistent with the remaining life of the landfills published at the end of the quarter that includes the financial year-end date was used.

- For landfills with an expected remaining life of three years or less, the rate associated with a maximum period of 3 years is used.
- For landfills with an expected remaining life of four of five years, the rate associated with a maximum period of 5 years is used.
- For landfills with an expected remaining life of more than five years, the rate associated with a maximum period of 10 years is used.

Additional text

Key financial assumptions

	For Carolina (old), Empuluzi, Ekulindeni and eManzana landfills	For Elukwatini landfill	For Carolina (new) landfill
CPI	5.107%	5.107%	5.107%
Discount rate	10.1704%	10.4204%	10.6704%
Net effective discount rate	5%	5.25%	5.5%
	20	21	21

Discounting of Closure Costs

The discounted value of the liability for the closure of the landfills is shown in the table below:

Landfill closure provision	93,815,658	84,733,958
Interest charge	9,155,252	7,880,664
	102,970,910	92,614,622

The landfill closure provision is calculated as the net present value of future cash flows.

The interest charge is calculated as the product of the provision calculated in the previous year and the discount rate used in the previous year for each landfill.

Current and non-current discounted liability for landfill closure costs:

Non-current liability	93,815,659	84,733,958
-----------------------	------------	------------

Disclosures

Disclosure in the Statement of Financial performance or the notes thereto

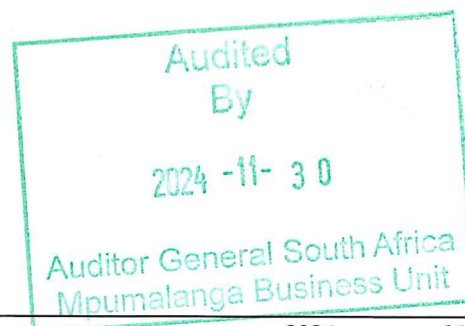
Change in landfill closure provision	(73,552)	(5,195,844)
Interest charge	9,155,252	7,880,664
	9,081,700	2,684,820

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

14. Provisions (continued)

Disclosure in the statement of financial Position or the notes thereto

Opening balance	84,733,958	82,049,138
Change in landfill closure provision	(73,552)	(5,195,844)
Interest charge	9,155,252	7,880,664
	93,815,658	84,733,958

15. Employee benefit obligations

Defined benefit plans - General information

Defined benefit obligation

No further employees are entitled to a post-employment medical aid subsidy

Continuation members and their eligible dependants receive a subsidy of 100%, except for two members who receive a 70% subsidy

The post-employment subsidies are not limited to a maximum Rand value/subsidy.

Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Notable benefit plan risks faced by the municipality can be summarised as follows:

Inflation

The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.

Longevity

The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.

Volatility of open-ended, long-term defined benefit obligation

The risk that the defined benefit obligation may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules

The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the municipality.

Future changes in legislation

The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the defined benefit obligation for the Municipality.

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

Non-current liabilities	(8,699,000)	(8,406,000)
Current liabilities	(1,048,001)	(958,001)
	(9,747,001)	(9,364,001)

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

Opening balance	9,364,000	9,787,000
Interest costs	986,000	1,022,000
Actuarial loss/ (gain)	315,806	(509,160)
Benefits paid	(918,806)	(935,840)
	9,747,000	9,364,000

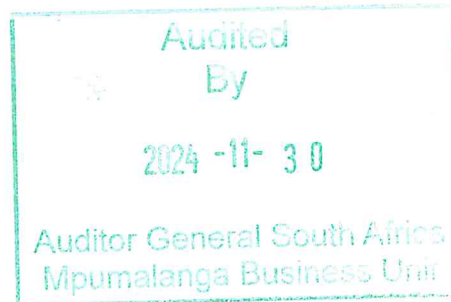
Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
15. Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance are as follows:		
Interest Cost	986,000	1,022,000
Actuarial loss / (gain)	315,806	(509,160)
	1,301,806	512,840



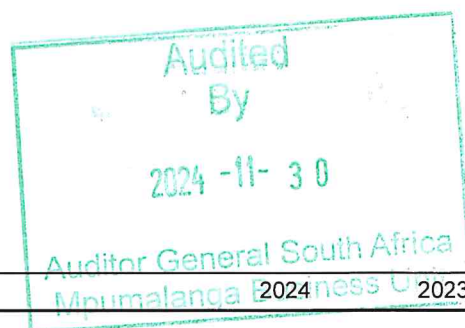
Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand



15. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.83 %	11.08 %
CPI inflation rate	4.98 %	5.47 %
Medical aid contribution inflation rate	6.48 %	6.97 %
Net discount rate	4.09 %	3.84 %

Financial assumptions

It is difficult to predict future investment returns and inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at this valuation for the period over which the defined benefit obligation is to be settled.

Discount rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment DBO. However, where there is no deep market in government bonds with sufficiently long maturity to match the estimated term of the benefit payments, current market rates of appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 10.83% per annum has been used. The corresponding index-linked yield at this term is 5.10%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 28 June 2024.

Medical aid contribution inflation rate

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A medical aid contribution inflation rate of 6.48% per annum has been assumed. This is 1.50% in excess of expected consumer price index (CPI) inflation over the expected term of the defined benefit obligation, namely 4.98% per annum. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 4.09% per annum which derives from $((1+10.83\%)/(1+6.48\%))-1$.

The CPI inflation assumption of 4.98% per annum was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the DBO (5.10%) and those of fixed interest bonds (10.83%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was thus determined as follows: $((1+10.83\%-0.50\%)/(1+5.10\%))-1$.

Demographic assumptions

Demographic assumptions are required to estimate the changing profile of retirees who are eligible for the post-employment medical aid subsidy.

Post-employment mortality

PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010. This means that we expect 1% fewer people to die next year. In the year thereafter, we expect 1.99% fewer people to die, i.e. 1.99% is derived from $[1 - (1 - 1\%)^2]$, and so on.

Family profile

It has been assumed that female spouses will be five years younger than their male counterparts. Actual subsidised spouse dependants were used and the potential for remarriage was ignored.

Medical scheme option

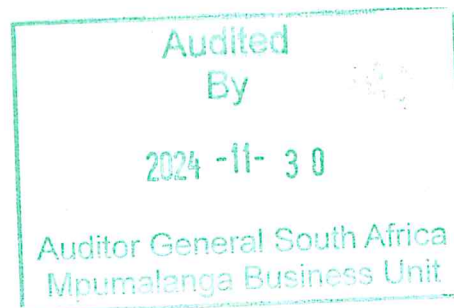
It has been assumed that continuation members will remain on the same medical scheme and option.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

15. Employee benefit obligations (continued)

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

Plan assets

Management has indicated that there are no long-term assets set aside off balance-sheet in respect of the municipality's post-employment health care defined benefit obligation.

Other assumptions

It was assumed that the municipality's health care arrangements and subsidy policy would remain as outlined in Section 3. Furthermore, it was assumed that the level of benefits receivable, and the contributions payable in respect of such, would remain unchanged, with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable and will continue.

Sensitivity analysis

The defined benefit obligation at this valuation was recalculated to show the effect of:

- (i) a one percentage point increase and decrease in the assumed medical aid contribution inflation rate;
- (ii) a one percentage point increase and decrease in the discount rate; and
- (iii) a one-year age increase and decrease in the assumed rates of post-employment mortality.

Sensitivity analysis on the defined benefit obligation

2024

	One percentage point increase	One percentage point decrease
Medical aid contribution inflation rate	10,478,000	9,093,000
Discount rate	9,123,000	10,454,000
Post-employment mortality	9,365,000	10,132,000

2023

One year age increase	One year age decrease
--------------------------	--------------------------

The methods and assumptions used in preparing the sensitivity analyses and the limitations of those methods are [Provide details]

Changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses, and the reasons for such changes are [Provide details]

Sensitivity analysis on interest cost

2024

	One percentage point increase	One percentage point decrease
Medical aid contribution inflation rate	1,066,000	914,000
Discount rate	1,000,000	968,000
Post-employment mortality	946,000	1,026,000

The following figures show the defined benefit obligation's maturity analysis for the next 40 years:

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

16. Long service award

As per government gazette an employee shall qualify for long service rewards in terms of leave days credits for the various periods of continuous service completed at the employer as follows:

- After 5 years of service - 5 working days
- After 10 years of service - 10 working days
- After 15 years of service - 20 working days
- After 20 years of service - 30 working days
- After 25 years of service - 30 working days
- After 30 years of service - 30 working days
- After 35 years of service - 30 working days
- After 40 years of service - 30 working days
- After 45 years of service - 30 working days

Long service benefits are awarded in the form of a number leave days awarded once the employee completes a certain number of years in service.

Valuation of assets

The long service award liability of the municipality is unfunded. No dedicated assets had been set aside to meet this liability

Notable benefit plan risks faced by the municipality can be summarised as follows:

Inflation

The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.

Termination of service

The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.

Volatility of open-ended, long-term defined benefit obligation

The risk that the defined benefit obligation may be volatile which is exacerbated by its long-term nature.

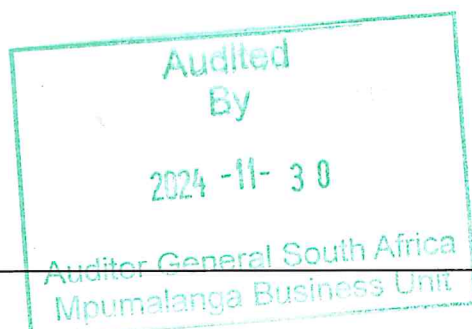
Enforcement of eligibility criteria and rules

The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the municipality.

Future changes in legislation

The risk that changes to legislation with respect to long service awards may increase the defined benefit obligation for the municipality.

Present value	12,205,000	11,397,000
Changes in present value		
Opening balance	11,397,000	10,917,000
Current service cost	1,072,000	1,000,000
Interest cost	1,197,000	1,131,000
Benefits paid	(1,627,619)	(1,516,109)
Actuarial loss/ (gain)	166,619	(392,891)
Change in policy valued	-	258,000
	12,205,000	11,397,000



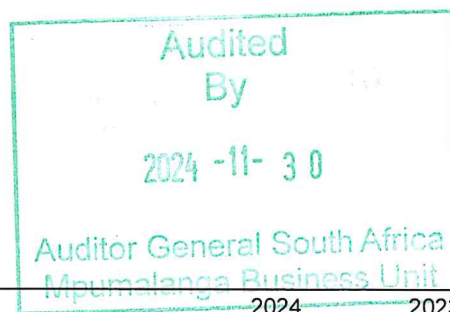
Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand



16. Long service award (continued)

Net expense recognised in the statement of financial performance

Current service cost	1,072,000	1,000,000
Interest cost	1,197,000	1,131,000
Actuarial loss/ (gain)	166,619	(392,891)
	2,435,619	1,738,109

Key assumptions

Discount rate:	11.13%
CPI inflation rate:	5.28%
General earnings inflation rate:	6.28%
Net effective discount rate:	4.57%

Average retirement age	62
------------------------	----

Financial assumptions

It is difficult to predict future investment returns and inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at this valuation for the period over which the defined benefit obligation is to be settled.

Discount rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the DBO. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve

Consequently, a discount rate of 11.13% per annum has been used. The corresponding index-linked yield is 5.09%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2024.

Earnings inflation rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely general earnings inflation and promotional earnings escalation. The latter is considered under demographic assumptions.

General earnings inflation rate

This assumption is more stable relative to the growth in consumer price index (CPI) than in absolute terms. In most industries, experience has shown that over the long term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The CPI inflation assumption of 5.28% per annum was obtained from the differential between market yields on index-linked bonds (5.09%) consistent with the estimated term of the DBO and those of nominal bonds (11.13%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected CPI inflation is determined as $((1+11.13\%-0.50\%)/(1+5.09\%))-1$.

Thus, a general earnings inflation rate of 6.28% per annum over the expected term of the defined benefit obligation has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 4.57%.

Demographic assumptions

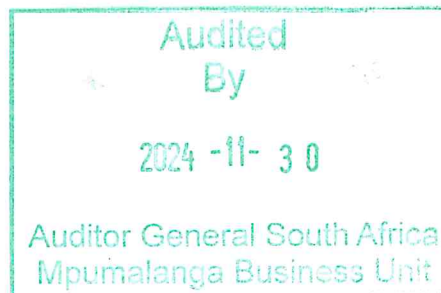
Demographic assumptions are required about the future characteristics of current employees who are eligible for long service awards

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

16. Long service award (continued)

Promotional Earnings Scale

The annual escalation rates below are in addition to the general earnings inflation assumption of 6.28% per annum for all employees.

Age Band	Additional Promotional Scale
20-24	5.0%
25-29	4.0%
30-34	3.0%
35-39	2.0%
40-44	1.0%
45+	0.0%

Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

Termination of Service

If an eligible employee leaves due to resignation or retrenchment, the employer's defined benefit obligation in respect of that employee ceases. It is therefore important not to overstate termination rates.

Plan Assets

Management has indicated that there are currently no long-term assets set aside off-balance sheet in respect of the long service award defined benefit obligation.

Long service award arrangement assumptions

The municipality offers employees long service awards for every five years of service completed, from five years of service to forty five years of service, inclusive.

It was assumed that the employer's long service award arrangements would remain as outlined above, and that the level of benefits in respect of such, would remain unchanged, with the exception of allowing for inflationary adjustments.

Sensitivity analysis on the defined benefit obligation

	One percentage point increase	One percentage point decrease		
General earnings inflation rate	12,925,000	11,546,000	-	-
Discount rate	11,539,000	12,944,000	-	-
Average retirement age	1,274,000	1,128,000	-	-
Rates of termination of service	9,782,000	13,808,000	-	-

Sensitivity analysis on current service cost

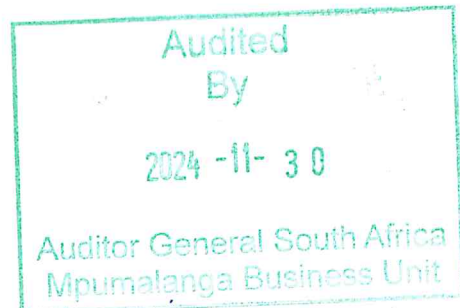
	One percentage point increase	One percentage point decrease
General earnings inflation rate	1,149,000	1,002,000
Discount rate	1,010,000	1,141,000
Average retirement age	1,147,000	987,000
Rates of terminations	797,000	1,266,000

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

16. Long service award (continued)

Sensitivity analysis on interest cost

	One percentage point increase	One percentage point decrease
General earnings inflation rate	1,274,000	1,128,000
Discount rate	1,227,000	1,163,000
Average retirement age	1,313,000	1,069,000
Rates of termination service	937,000	1,372,000
Current portion	1,069,000	1,675,000
Non-current portion	11,136,000	9,722,000
	12,205,000	11,397,000

17. Service charges

Sale of electricity	42,113,796	35,072,357
Sale of water	17,478,827	9,750,198
Solid waste	12,495,298	7,386,782
Refuse removal	9,622,743	8,458,125
Other service charges	22,814	167,293
	81,733,478	60,834,755

18. Interest received- consumers

Interest received from exchange transactions- consumers	14,395,937	17,446,357
Interest received from non-exchange transactions- consumers	16,609,236	18,586,380
	31,005,173	36,032,737

19. Other income

Building plans	659,817	379,079
Burial service fees	229,043	182,318
Clearance certificates	66,962	30,936
Connection fees	9,600	79,072
Fire brigade fees	357,799	271,859
Proof of residence	727,202	746,616
Sale of stands	93,652	96,496
Tender deposits	161,338	49,573
Administration and handling fees	1,074,637	122,386
Advertising	2,582	785
Valuation certificates	764	38
Cleaning and removal	68,486	53,581
Insurance claim	1,253,350	1,025,847
Proceeds from auction	1,259,442	-
Cleanest town award	25,000	-
Discounts	750	-
Landfill site - change in accounting estimate	-	1,410,007
Cash surplus	-	638
	5,990,424	4,449,231

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

20. Fair value adjustments

Investment property (Fair value model)	(563,540)	1,197,600
• Investments	177,774	82,641
	(385,766)	1,280,241

21. Property rates

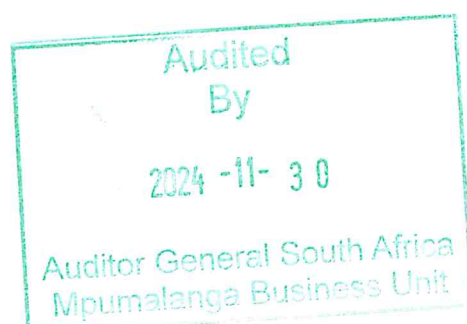
Rates received

Residential	13,832,044	14,900,644
Commercial	19,113,342	17,803,909
State	35,245,241	29,413,926
	68,190,627	62,118,479

Valuations

Residential	2,457,415,700	2,455,625,801
Commercial	898,347,600	894,547,600
State	940,581,900	938,081,800
Municipal	556,951,100	557,221,100
Small holdings and farms	4,886,288,993	4,906,852,100
Other	147,073,300	147,473,302
	9,886,658,593	9,899,801,703

Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2020. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

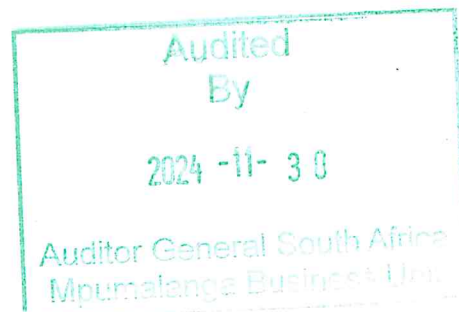


Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand	2024	2023
22. Government grants & subsidies		
Operating grants		
Equitable share	418,105,000	388,235,000
Data cleansing	-	7,414,736
FMG	2,000,000	2,000,000
EPWP	2,103,000	2,227,000
LG Seta	454,501	389,970
Disaster relief	7,928,000	4,100,000
	430,590,501	404,366,706
Capital grants		
RBIG	282,793,000	165,142,000
MIG	97,257,000	99,706,000
WSIG	104,937,000	72,745,000
INEP	9,460,000	17,800,000
	494,447,000	355,393,000
	925,037,501	759,759,706

Equitable Share

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

Financial Management Grant

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

The grant was intended to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

LG Seta Grant

Current-year receipts	454,501	389,970
Conditions met - transferred to revenue	(454,501)	(389,970)
	-	-

The grant is intended for sending staff of the municipality for training by corporate services.

Expanded Public Works Programme

Current-year receipts	2,103,000	2,227,000
Conditions met - transferred to revenue	(2,103,000)	(2,227,000)
	-	-

The Expanded Public Works Programme is one of government's key programmes aimed at providing poverty and income relief through temporary work for the unemployed. The EPWP integrated grant for municipalities is intended to act as a supplementary source of funding for labour-intensive projects.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand	2024	2023
-----------------	------	------

22. Government grants & subsidies (continued)

Water Services Infrastructure Grant

Current-year receipts	104,937,000	72,745,000
Conditions met - transferred to revenue	(104,937,000)	(72,745,000)
	-	-

The grant was intended to fund bulk, connector and internal infrastructure of water services at a basic service level of service

Municipal Infrastructure Grant

Current-year receipts	97,257,000	99,706,000
Conditions met - transferred to revenue	(97,257,000)	(99,706,000)
	-	-

The grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Integrated National Electrification Programme

Current-year receipts	9,460,000	17,800,000
Conditions met - transferred to revenue	(9,460,000)	(17,800,000)
	-	-

The grant is intended to fund energy efficient lighting technologies in municipal buildings, streets and traffic lighting infrastructure.

Regional Bulk Infrastructure Grants

Current-year receipts	282,793,000	165,142,000
Conditions met - transferred to revenue	(282,793,000)	(165,142,000)
	-	-

The grant is intended for fund bulk, connector and internal infrastructure of water services at a basic level of service .

Disaster Relief Grant

Balance unspent at beginning of year	4,050,000	-
Current-year receipts	15,800,000	8,150,000
Conditions met - transferred to revenue	(7,928,000)	(4,100,000)
	11,922,000	4,050,000

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

The grant is intended to augment the resources of the municipality with regard to certain projects as per the request of the municipality supported by the provincial disaster management centre municipality.

Data cleansing grant

Balance unspent at beginning of year	-	7,414,736
Conditions met - transferred to revenue	-	(7,414,736)
	-	-

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

22. Government grants & subsidies (continued)

This grant is intended to assist the municipality to conduct data cleansing and a reconciliation of the valuation roll and billing system.

The municipality did not receive a data cleansing grant allocation for the 2023/2024 financial year.

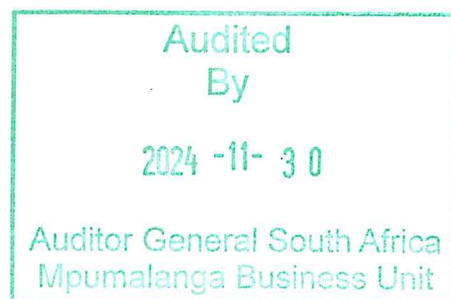
23. Donations

Creative Minds Day and After Care Centre	3,631,166	-
Silobela Market Stalls	2,744,999	-
ISUZU Fire Truck	1,399,978	2,791,350
GSDM Installation of boreholes	-	1,500,000
	7,776,143	4,291,350

Creative Minds Day and After Care- Investment property donated by Northern Coal

Silobela Market Stalls- Investment property donated by Northern Coal.

Isuzu Fire Truck- Property, plant and equipment donated by The Department of Co-operative Governance and Traditional Affairs

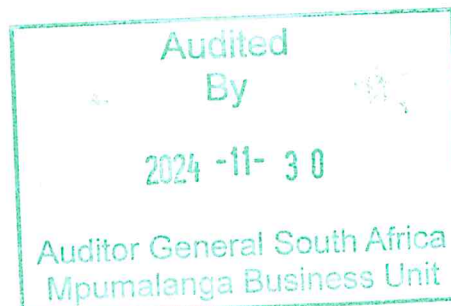


Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand	2024	2023
24. Employee related costs		
Basic	141,851,318	132,736,964
Bonus	11,599,420	10,990,543
Medical aid - company contributions	13,724,467	12,602,876
UIF	1,009,721	1,002,304
Bargaining council	64,139	61,323
SDL	1,966,459	1,836,300
Pension Fund	27,014,220	25,176,289
Interest cost on actuarial valuations	986,000	1,022,000
Provident fund	1,697,387	1,463,986
Travel, motor car, accommodation, subsistence and other allowances	15,606,696	13,389,331
Overtime payments	13,738,473	11,949,871
Long-service awards	1,627,619	1,516,109
Acting allowances	3,121,088	3,473,492
Housing benefits and allowances	1,484,465	1,473,456
Telephone allowances	840,680	812,057
Standby allowances	10,341,198	9,530,635
Pension payout	-	3,916,390
Long service award- service cost	641,381	872,891
Actuarial loss/ (gain)	482,425	(902,051)
Employee benefits- leave provisions	1,769,103	1,075,693
	249,566,259	234,000,459

Remuneration of Municipal Manager: Thabethe M.E

Annual remuneration	1,028,424	907,688
Car allowance	180,000	180,000
Performance bonuses	149,462	133,763
Contributions to UIF, SDL, medical and pension funds	180,890	172,420
Cellphone allowance	24,000	24,000
Rural allowance	49,191	51,944
	1,611,967	1,469,815

Remuneration of Chief Finance Officer: Sekgobela M.M

Annual remuneration	730,240	276,901
Car allowance	180,000	75,000
Performance bonuses	83,005	121,489
Contributions to UIF, SDL, medical and pension funds	211,903	84,880
Cellphone allowance	12,000	5,000
Rural allowance	43,266	17,293
	1,260,414	580,563

Remuneration of Director Corporate Services: Sibeko S.S

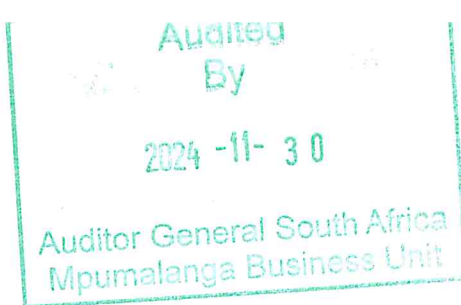
Annual remuneration	764,251	490,065
Car allowance	186,000	115,000
Performance bonuses	142,786	85,042
Contributions to UIF, SDL, medical and pension funds	208,723	146,851
Cellphone allowance	12,000	8,000
Rural allowance	43,606	29,477
Leave paidout	-	217,633
Re-imbursement of S&Ts	24,939	-
	1,382,305	1,092,068

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

	2024	2023
--	------	------

24. Employee related costs (continued)

Remuneration of Director Community Services and Public Safety: Malaza S.I

Annual remuneration	904,089	733,884
Car allowance	96,000	88,000
Performance bonuses	114,131	98,610
Contributions to UIF,SDL, medical and pension funds	159,908	140,469
Cellphone allowance	12,000	11,000
Rural allowance	43,889	38,095
Acting allowance	5,141	4,159
Re-imbursement of S&T	17,842	-
	1,353,000	1,114,217

Remuneration of Director Technical Services: Magubane M.P

Annual remuneration	750,204	710,274
Car allowance	165,000	180,000
Performance bonuses	197,136	98,610
Contributions to UIF,SDL, medical and pension funds	187,856	186,932
Cellphone allowance	11,000	12,000
Rural allowance	32,226	47,985
Acting allowance	-	18,746
Leave Paid Out	205,196	-
	1,548,618	1,254,547

Remuneration of Acting Director Technical Services: Thela B.P

Annual Remuneration	902,180	-
Travel allowance	226,154	-
13th Cheques	57,118	-
Cellphone allowance	12,800	-
Acting allowance	27,600	-
Contributions to UIF, SDL, medical and pension funds	238,206	-
	1,464,058	-

Remuneration of Director Planning and Economic Development : Motlounge L

Annual remuneration	670,843	582,083
Car allowance	180,000	165,000
Performance bonuses	103,542	98,610
Contributions to UIF, SDL, medical and pension funds	189,946	118,966
Cellphone allowance	12,000	11,000
Housing allowance	120,000	110,000
Rural allowance	43,889	38,095
Re-imbursement of S&T	27,510	-
	1,347,730	1,123,754

Remuneration of Acting Chief Finance Officer: Hlophe O.G (September 2022- January 2023)

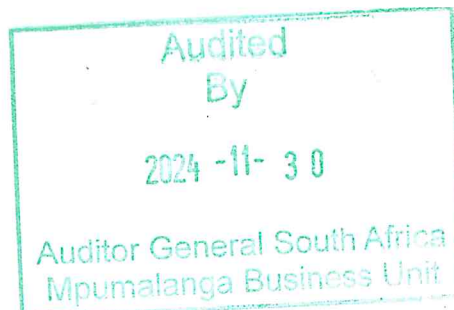
Annual remuneration	-	270,958
Car allowance	-	67,922
Contributions to UIF, SDL, medical and pension funds	-	89,393
Acting allowance	-	126,401
Cellphone allowance	-	4,800
	-	559,474

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand	2024	2023
-----------------	------	------

24. Employee related costs (continued)

Remuneration of Acting Director Corporate Services: Nkosi M.S (October 2022- January 2023)

Annual remuneration	-	216,766
Car allowance	-	54,338
Cellphone allowance	-	3,800
Acting allowance	-	100,889
	-	375,793

Remuneration of Acting Director Community Services and Public Safety: Thabethe N.P (July 2022)

Annual remuneration	-	54,191
Car allowance	-	13,584
Contributions to UIF, SDL, medical and pension funds	-	15,136
Cellphone allowance	-	800
Acting allowance	-	18,746
	-	102,457

Remuneration of Acting Director Planning and Economic Development: Thwala A.N (July 2022)

Annual remuneration	-	54,192
Car allowance	-	13,584
Contributions to UIF, SDL, medical and pension funds	-	14,384
Cellphone allowance	-	800
Acting allowance	-	18,746
	-	101,706

Remuneration of Former Municipal Manager: Dlamini M.S - Backpayment (Contract ended April 2022)

Annual remuneration	16,950	17,333
Performance bonus	126,669	-
Contributions to UIF, SDL, medical and pension funds	1,783	1,366
Rural allowance	-	693
	145,402	19,392

Remuneration of Former Chief Finance Officer: Mnisi M.G.T - Backpayment (Resigned August 2022)

Annual remuneration	32,787	166,430
Car allowance	-	27,657
Performance Bonuses	115,047	-
Contributions to UIF, SDL, medical and pension funds	1,928	20,678
Cellphone allowance	-	2,000
Rural allowance	227	8,350
Leave payout	-	217,633
	149,989	442,748

Remuneration of Former Director Community Services and Public Safety: Shabangu J.W - Backpayment (Contract ended March 2022)

Annual remuneration	15,255	11,500
Performance bonuses	134,883	142,436
Contributions to UIF, SDL, medical and pension funds	1,501	1,336
Rural allowance	-	460
	151,639	155,732

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

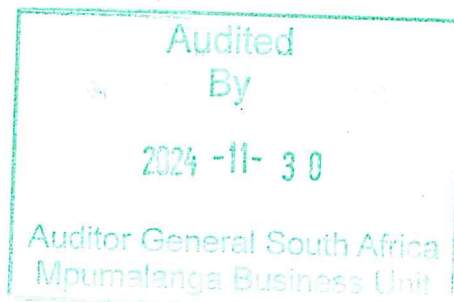
24. Employee related costs (continued)

Remuneration of Former Director Planning and Economic Development: Lukhele T.A. - Backpayment (Contract ended March 2022)

Annual remuneration	3,390	2,834
Contributions to UIF, SDL, medical and pension funds	68	59
Rural allowance	-	113
	3,458	3,006

25. Remuneration of councillors

Executive Major	976,267	995,843
Speaker	848,891	813,414
Chief whip	823,724	758,005
Mayoral Committee Members	4,874,139	4,535,787
Councillors	15,878,557	14,648,847
	23,401,578	21,751,896

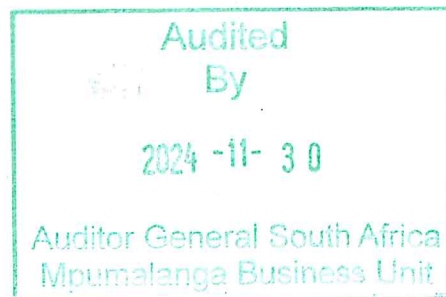


Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

25. Remuneration of councillors (continued)

In-kind benefits

The Executive Mayor is provided with a vehicle, driver, aid, secretary and chief of staff at the cost of the council.

The Chief Whip is provided with a personal assistant.

The Speaker is provided with a vehicle, secretarial support, personal assistant and a manager.

Members of municipal council should be remunerated within the upper limits as determined by the Department of Cooperative Governance and Traditional Affairs. Any deviations are disclosed as irregular expenditure.

Remuneration of Councillors:

The remuneration of the political office bearers and councillors are within the upper limits as determined by the framework envisaged section 219 of the Constitution.

2024	Basic Salary	Subsistence & Travel allowance	Cellphone allowance	Pension & Medical	SDL	Total
Executive Mayor Nkosi D.P	-	-	-	-	-	-
	809,832	300	45,379	113,121	7,635	976,267
	809,832	300	45,379	113,121	7,635	976,267

2024	Basic Salary	Subsistence & Travel allowance	Cellphone allowance	Pension & Medical	SDL	Total
Speaker Gininda S.V	-	-	-	-	-	-
	465,182	198,126	48,708	130,033	6,841	848,890
	465,182	198,126	48,708	130,033	6,841	848,890

2024	Basic Salary	Subsistence & Travel allowance	Cellphone allowance	Pension and Medical	SDL	Total
Chief Whip Sidu L.L	-	-	-	-	-	-
	447,923	211,614	48,708	109,078	6,401	823,724
	447,923	211,614	48,708	109,078	6,401	823,724

2024	Basic Salary	Subsistence & Travel allowance	Cellphone allowance	Pension and Medical	SDL	Total
Mayoral Committee Members	-	-	-	-	-	-
Thomo N.G	451,960	213,739	48,708	101,079	6,314	821,800
Nkosi S.P	480,415	194,926	48,708	68,416	6,195	798,660
Zulu G.G	457,222	197,350	48,708	95,816	6,300	805,396
Dube S.N	480,415	228,685	48,708	68,416	6,195	832,419
Mathebula J.	480,415	211,459	48,708	68,416	6,230	815,228
Dlamini E.S	607,335	14,904	48,708	123,442	6,246	800,635
	2,957,762	1,061,063	292,248	525,585	37,480	4,874,138

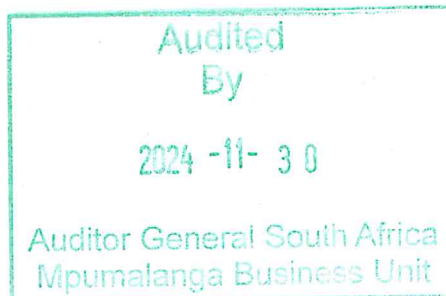
2024	Basic Salary	Subsistence & Travel allowance	Cellphone allowance	Pension and Medical	SDL	Total
MPAC Chairperson Motaung R.M	-	-	-	-	-	-
	631,266	-	48,708	89,915	6,089	775,978
	631,266	-	48,708	89,915	6,089	775,978

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

25. Remuneration of councillors (continued)

2024	Basic Salary	Subsistence & Travel allowance	Cellphone allowance	Pension and Medical	SDL	Total
S.79 Chairpersons	-	-	-	-	-	-
Thomo G.P	264,123	104,897	48,708	37,620	3,628	458,976
Jele D	207,397	110,994	48,708	102,135	3,793	473,027
Lulane S.K	352,163	150	48,708	50,161	3,607	454,789
Nkumane M.J	352,163	7,134	48,708	50,161	3,607	461,773
Khumalo S.P	352,163	3,265	48,708	50,161	3,607	457,904
Nkosi P.Z	264,123	109,060	48,708	37,620	3,628	463,139
Hlatshwayo P.T	352,163	4,107	48,708	50,161	3,607	458,746
	2,144,295	339,607	340,956	378,019	25,477	3,228,354

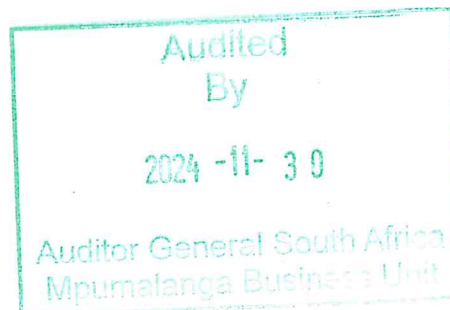
2024	Basic Salary	Subsistence & Travel allowance	Cellphone allowance	Pension and Medical	SDL	Total
Councillors	-	-	-	-	-	-
Sikhakhane NB	208,810	91,200	48,708	29,315	2,962	380,995
L. Van Der Walt	170,614	86,454	48,708	60,491	2,984	369,251
Matshaba KA	186,197	86,175	48,708	48,928	2,984	372,992
Zwane FC	174,683	82,139	48,708	60,440	3,015	368,985
Hadebe JCH	205,810	86,982	48,708	29,315	2,932	373,747
Mbuli TG	205,810	84,310	48,708	29,315	2,932	371,075
Nkosi DS	166,048	-	29,310	22,650	1,746	219,754
Masuku BM	205,810	81,807	48,708	29,315	2,932	368,572
Mbokane PS	225,105	76,379	48,708	31,690	2,930	384,812
Gininda O	274,414	4,759	48,708	39,086	2,915	369,882
Shiba XSG	274,414	-	48,708	39,086	2,915	365,123
Nkambule KV	274,414	7,591	48,708	39,086	2,915	372,714
Maisela SJ	274,414	850	48,708	39,086	2,915	365,973
Adams PP	205,810	88,542	48,708	29,315	2,932	375,307
Makene J	274,414	3,184	48,708	39,086	2,915	368,307
Mabuza VB	274,414	18,408	48,708	39,086	2,915	383,531
Nkosi AJ	274,414	850	48,708	39,086	2,915	365,973
Mauku BM	205,810	78,964	48,708	29,315	2,932	365,729
Manana BL	205,810	92,029	48,708	29,315	2,932	378,794
Phakathi FDM	274,414	4,381	48,708	39,086	2,915	369,504
Methula ZC	205,810	89,695	48,708	29,315	2,932	376,460
Nkosi NP	205,810	86,808	48,708	29,315	2,932	373,573
Mncina LM	274,414	4,180	48,708	39,086	2,915	369,303
Thwala SJ	274,414	-	48,708	39,086	2,915	365,123
Sithole BI	205,810	84,993	48,708	29,315	2,932	371,758
Hlophe MP	205,810	84,937	48,708	29,315	2,932	371,702
Nkambule T	205,810	79,938	48,708	29,315	2,932	366,703
Nkosi LNP	274,414	6,240	48,708	39,086	2,915	371,363
Hlatshwayo CS	205,810	81,571	48,708	29,315	2,932	368,336
Mbatha ME	205,810	88,245	48,708	29,315	2,932	375,010
Thambekwayo MT	211,089	76,478	48,708	30,106	2,929	369,310
Dlamini N	274,414	700	48,708	39,086	2,915	365,823
Mnisi TJ	103,314	350	18,466	15,497	1,118	138,745
	7,414,358	1,659,139	1,557,724	1,149,244	93,764	11,874,229

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

25. Remuneration of councillors (continued)

2023	Basic salary	Subsistence & Travel allowance	Cellphone allowance	Pension & medical aid	SDL	Total
Executive Mayor Nkosi D.P.	-	-	-	-	-	-
	827,376	-	40,800	120,086	7,581	995,843
	827,376	-	40,800	120,086	7,581	995,843

2023	Basic salary	Subsistence & Travel allowance	Cellphone allowance	Pension & medical aid	SDL	Total
Speaker Gininda S.V.	-	-	-	-	-	-
	444,954	189,335	40,800	124,722	6,385	806,196
Mngomezulu M.W. (Former)	5,363	1,788	-	-	68	7,219
	450,317	191,123	40,800	124,722	6,453	813,415

2023	Basic salary	Subsistence & Travel allowance	Cellphone allowance	Pension & medical aid	SDL	Total
Chief Whip Sidu L.L.	-	-	-	-	-	-
	428,632	177,807	40,800	104,790	5,976	758,005
	428,632	177,807	40,800	104,790	5,976	758,005

2023	Basic salary	Subsistence & Travel allowance	Cellphone allowance	Pension & medical aid	SDL	Total
Mayoral Committee Members	-	-	-	-	-	-
Thomo N.G.	433,466	176,815	40,800	96,977	5,916	753,974
Nkosi S.P.	462,113	176,564	40,800	67,579	5,822	752,878
Zulu G.G.	438,155	176,564	40,800	91,537	5,891	752,947
Dube S.N.	462,997	172,702	40,800	67,579	5,800	749,878
Mathebula J.T.	459,461	175,680	40,800	67,579	5,789	749,309
Dlamini E.S.	582,797	-	40,800	119,923	5,794	749,314
Nkosi S.Z. (Former)	5,105	1,702	-	-	65	6,872
Mathebula N.V. (Former)	5,105	1,702	-	-	65	6,872
Magagula P (Former)	5,105	1,702	-	-	65	6,872
Mnisi-Nkosi N (Former)	5,105	1,702	-	-	65	6,872
	2,859,409	885,133	244,800	511,174	35,272	4,535,788

2023	Basic salary	Subsistence & Travel allowance	Cellphone allowance	Pension & medical aid	SDL	Total
MPAC Chairperson Motaung R.M.	-	-	-	-	-	-
	598,663	-	40,800	87,423	5,593	732,479
	598,663	-	40,800	87,423	5,593	732,479

Chief Albert Luthuli Local Municipality

(Registration number MP301)

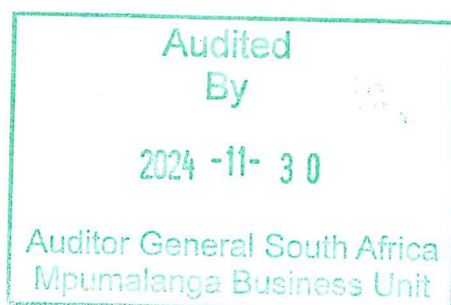
Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

25. Remuneration of councillors (continued)

2023	Basic salary	Subsistence & Travel allowance	Cellphone allowance	Pension & medical aid	SDL	Total
S79 Chairpersons	-	-	-	-	-	-
Thomo G.P.	248,618	95,065	40,800	36,578	3,319	424,380
Jele D	271,821	-	40,800	108,440	3,447	424,508
Lulane S.K.	331,490	-	40,800	48,771	3,276	424,337
Nkumane M.J.	331,490	-	40,800	48,771	3,276	424,337
Khumalo S.P.	331,490	-	40,800	48,771	3,276	424,337
Nkosi P.Z.	248,618	95,065	40,800	36,578	3,319	424,380
Mthombeni S.F. (Former)	2,723	908	-	-	34	3,665
Nkosi J.S. (Former)	2,723	908	-	-	34	3,665
Shabangu L.D. (Former)	2,723	908	-	-	34	3,665
Ngwenya R.D (Former)	2,829	-	-	-	28	2,857
	1,774,525	192,854	244,800	327,909	20,043	2,560,131



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

25. Remuneration of councillors (continued)

2023	Basic salary	Subsistence & Travel allowance	Cellphone allowance	Pension & medical aid	SDL	Total
Councillors	-	-	-	-	-	-
Sikhakhane N.B.	196,379	74,960	40,800	28,502	2,710	343,351
Van der Walt L.	166,587	74,960	40,800	58,293	2,795	343,435
Matshaba K.A.	176,978	74,960	40,800	47,902	2,765	343,405
Zwane F.C.	166,981	74,960	40,800	57,900	2,794	343,435
Ndebele J.C.H.	196,379	74,960	40,800	28,502	2,710	343,351
Mbuli T.G.	196,379	74,960	40,800	28,502	2,710	343,351
Nkosi D.S.	261,839	-	40,800	38,002	2,678	343,319
Masuku B.M.	194,257	74,253	40,800	28,502	2,494	340,306
Mbokane P.S.	259,010	-	40,800	38,002	2,649	340,461
Hlatshwayo P.T.	286,537	-	40,800	43,975	2,922	374,234
Gininda O.	259,010	-	40,800	38,002	2,649	340,461
Shiba X.S.G.	259,010	-	40,800	38,002	2,649	340,461
Nkambule K.V.	259,010	-	40,800	38,002	2,649	340,461
Maisela S.J.	259,010	-	40,800	38,002	2,649	340,461
Adams P.P.	237,897	24,279	40,800	34,836	2,661	340,473
Makene J.	259,010	-	40,800	38,002	2,649	340,461
Mabuza V.B.	259,010	-	40,800	38,002	2,649	340,461
Nkosi A.J.	259,010	-	40,800	38,002	2,649	340,461
Mauku B.M.	253,732	6,069	40,800	37,211	2,652	340,464
Manana B.L.	194,257	74,253	40,800	28,502	2,683	340,495
Phakathi F.D.M.	259,010	-	40,800	38,002	2,649	340,461
Methula Z.C.	195,672	72,839	40,800	28,502	2,686	340,499
Nkosi N.P.	194,257	74,253	40,800	28,502	2,683	340,495
Mncina L.M.	259,010	-	40,800	38,002	2,649	340,461
Thwala S.J.	259,010	-	40,800	38,002	2,649	340,461
Sithole B.I.	259,010	-	40,800	38,002	2,649	340,461
Hlophe M.P.	194,257	74,253	40,800	28,502	2,683	340,495
Nkambule T.P.	216,784	48,559	40,800	31,669	2,674	340,486
Nkosi L.N.P.	259,010	-	40,800	38,002	2,649	340,461
Hlatshwayo C.S.	194,257	74,253	40,800	28,502	2,683	340,495
Mbatha M.E.	206,228	60,699	40,800	30,085	2,680	340,492
Thambekwayo M.T.	259,010	-	40,800	38,002	2,649	340,461
Dlamini N.E.	253,353	-	40,800	38,002	2,593	334,748
Nkosi V.L. (Former)	2,121	707	-	-	27	2,855
Dludlu Z.M. (Former)	3,630	-	-	-	36	3,666
Nkosi A.D. (Former)	2,121	707	-	-	27	2,855
Lubhede E.J. (Former)	2,121	707	-	-	27	2,855
Ngubeni A. (Former)	2,121	707	-	-	27	2,855
Cindi N.R. (Former)	2,121	707	-	-	27	2,855
Nkosi G.J. (Former)	2,121	707	-	-	27	2,855
Mbhele J.S. (Former)	2,121	707	-	-	27	2,855
Mthembu M.S. (Former)	2,121	707	-	-	27	2,855
Malaza M.A. (Former)	2,121	707	-	-	27	2,855
Nkosi B.G. (Former)	2,121	707	-	-	27	2,855
Nkosi T.S. (Former)	2,121	707	-	-	27	2,855
Nkosi T.B. (Former)	2,121	707	-	-	27	2,855
Shongwe J.D. (Former)	2,121	707	-	-	27	2,855
Jele J.J. (Former)	2,121	707	-	-	27	2,855
Nkosi J.T. (Former)	2,828	-	-	-	28	2,856
Nhlabathi N.C. (Former)	2,121	707	-	-	27	2,855
Khumalo M.J. (Former)	2,121	707	-	-	27	2,855
Mkhwanazi H.L.Z. (Former)	2,121	707	-	-	27	2,855
Ngoma Z (Former)	2,121	707	-	-	27	2,855
Ntjana M.L. (Former)	2,121	707	-	-	27	2,855

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
25. Remuneration of councillors (continued)		
Hlabathi P.Z (Former)	2,121	707
Zulu W (Former)	2,829	-
Mnisi S.T. (Former)	2,121	707
Kgwedi T.H. (Former)	2,121	707
	7,665,099	1,049,024

26. Finance costs

Rehabilitation of landfill sites	7,731,558	7,880,664
Bulk purchases	45,415	10,701
Finance leases	346,038	549,111
Other interest paid	5,921,479	2,825,582
	14,044,490	11,266,058

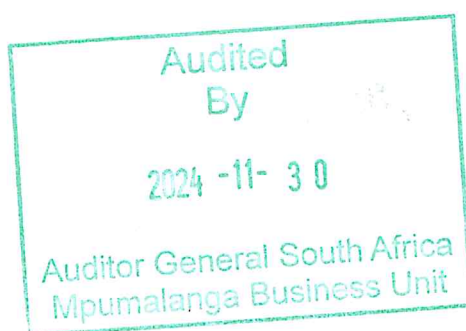
27. Bulk purchases

Electricity - Eskom	117,294,553	95,267,852
---------------------	-------------	------------

Electricity distribution losses are based on units per invoices received from Eskom and units sold per prepaid reports and conventional billing. The loss was determined to be R19 289 042.67 (2023: R26 794 427.78) and 17 743 008.67 units (2023: 16 364 069.70) which is 37.7% (2023: 46.52%) .

The losses are as a result of technical losses due to aging infrastructure.

Water distribution losses are based on the kilowaters of water produced 11 158 050kl (2023: 10 477 358kl) and total water distributed 9 031 633kl (2023: 6 857 384kl) and the estimated loss is 2 126 417kl (2023: 3 619 974kl) which is 19% (2023: 39.31%)



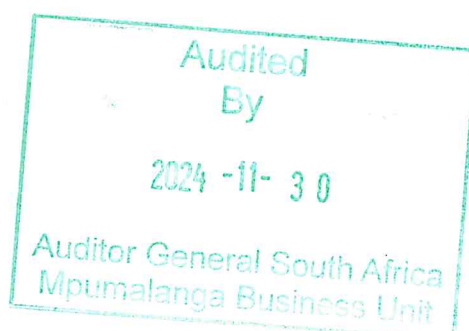
Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
28. Contracted services		
Outsourced Services		
Burial Services	6,500	6,000
Business and Advisory	874,857	15,445,538
Catering Services	591,805	410,144
Meter Management	259,638	1,366,239
Medical Services	227,931	92,016
Mini Dumping Sites	-	1,470,518
Research and advisory	2,867,616	1,382,990
Professional Staff	4,612,914	20,479,059
Researcher	35,147	-
Security Services	28,178,374	23,615,811
Consultants and Professional Services		
Business and Advisory	13,748,012	10,622,136
Infrastructure and Planning	7,024,082	4,892,844
Information and Communication Technology	6,502,339	4,806,906
Legal Cost	9,742,037	9,154,188
Audit Committee	345,268	287,824
Contractors		
Bore Waterhole Drilling	1,529,360	6,835,008
Event Promoters	1,167,603	3,182,678
Fire Protection	29,135	1,500,391
Repairs and maintenance	48,986,626	51,238,529
Removal of Hazardous Waste	1,838,547	1,577,572
	128,567,791	158,366,391
29. General expenses		
Advertising	7,866,064	4,038,148
Auditors remuneration	6,992,043	7,592,409
Bank charges	563,505	550,884
Commission paid	2,015,993	14,904,526
Consumables	36,049,603	18,851,077
Entertainment	141,057	26,220
Hire	829,650	-
Insurance	2,249,542	2,009,261
Levies	-	6,756
Motor vehicle expenses	14,746,981	14,962,551
Printing and stationery	3,532,452	3,815,951
Protective clothing	6,749,842	8,743,351
Indigent relief	7,023,430	3,943,804
Subscriptions and membership fees	2,855,984	2,355,905
Telephone and fax	3,996,089	3,975,516
Transport and freight	461,572	3,263,950
Training	1,566,978	2,872,303
Travel - local	1,666,472	2,402,922
EPWP Expenditure	3,449,609	2,688,200
Interview costs	3,003,781	2,890,264
Assets less than capitalisation threshold	1,613,267	519,612
Committee costs	3,562,500	4,355,100
Refunds	-	25,065
Other expenses	-	1,039,920
	110,936,414	105,833,695

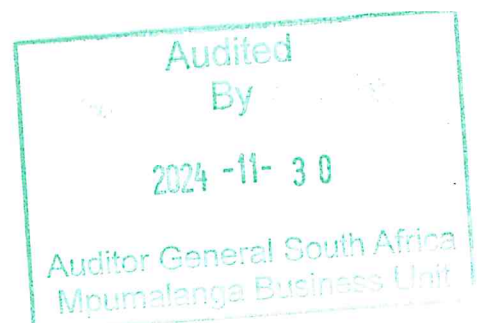


Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand	2024	2023
-----------------	------	------

30. Financial loss

Financial loss	(266,336)	-
----------------	-----------	---

During the 2023/2024 financial year, the municipality experienced a financial loss amounting to R266 336 as a result of invoices presented to the municipality for work done with fraudulent bank accounts. An investigation was conducted by an external service provider, and the findings and recommendations were presented to the Financial Disciplinary Board.

Internal disciplinary processes are currently underway and there is no conclusion on this matter.

31. Cash generated from operations

Surplus	371,851,843	147,009,279
Adjustments for:		
Depreciation and amortisation	66,396,041	55,777,409
Loss on disposal of property, plant and equipment	5,955,294	537,642
Fair value adjustments	385,766	(1,280,241)
Finance costs - Finance leases	346,038	549,111
Rehabilitation of landfill site	-	7,880,664
Actuarial gain	-	902,051
Net interest cost of employee benefit	-	1,022,000
Donations	7,776,143	(4,291,350)
Provision for leave	-	837,062
Long service award	-	1,131,000
Impairment loss	4,204,539	17,621,726
Debt impairment	41,201,783	79,633,472
Bad debts written off	-	3,644,058
Net current service cost	-	1,000,000
Movements in retirement benefit assets and liabilities	383,000	-
Movements in provisions	9,081,701	-
Inventories consumed	-	113,335
Changes in working capital:		
Inventories	(10,981,619)	(442,908)
Receivables from exchange transactions	(36,727,398)	(22,216,802)
Statutory receivables	13,438,211	8,660,618
Operating lease asset	10,451	32,396
Payables from exchange transactions	(10,204,984)	21,614,115
VAT	(11,377,230)	(8,576,783)
Unspent conditional grants	7,872,000	(3,364,736)
Long service award	(606,000)	(9,241,999)
	459,005,579	298,551,119

32. Commitments

Authorised capital expenditure

Already contracted for but not provided for

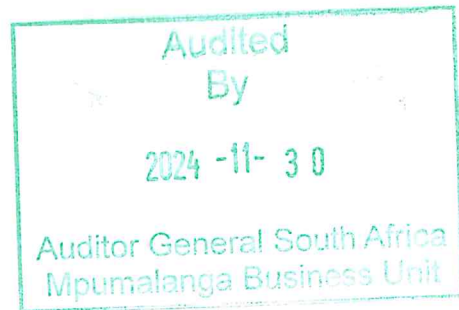
• Infrastructure	427,526,191	207,707,196
------------------	-------------	-------------

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

33. Contingencies

Litigations in the process against the municipality relating to civil claims include the following:

Sifiso Thela	232,384	232,384
Minister of Water and Sanitation	4,500,000	4,500,000
303 Security Services & Cleaning Services (PTY) LTD	78,984,550	-
303 Security Services & Cleaning Services (PTY) LTD	7,388,438	-
Tlou Consulting	812,949	-
	91,918,321	4,732,384

The figures disclosed above are actual amounts as per the court summons and not the best estimate as the municipality has never had any similar cases to the ones disclosed in this note.

Sifiso Thela

Plaintiff is suing council in respect of damages suffered as a result of a motor vehicle accident that occurred between his car and that of the council. The potential liability is estimated at R232,384.00.

Minister of Water and Sanitation

The council is sued for R4,500,000 plus mora interest at a rate of 10.5% per annum from the date of issuing summons to the date of payment thereof, in respect of water use charges.

303 Security Services & Cleaning Services (PTY) LTD

The plaintiff is suing the council for R78 984 549.65 for failure by the municipality to honour its obligation to pay the plaintiff at the PSIRA rate and, the refusal by the municipality to link the annual escalation percentage to the inflation rate plus 2% interest on the aforesaid amount at the prescribed rate of interest from date of summons until date of full payment. The matter is before the High Court of South Africa Mpumalanga Division.

303 Security Services & Cleaning Services (PTY) LTD

The plaintiff in this matter is suing the municipality for an amount of R7 388 438.48 for an extended employment contract of 74 security guards.

Tlou Consulting (PTY) LTD

The plaintiff in this matter is suing the municipality for an amount of R812 984.50 for work done under tender number ALMP12/2021.

34. Related parties

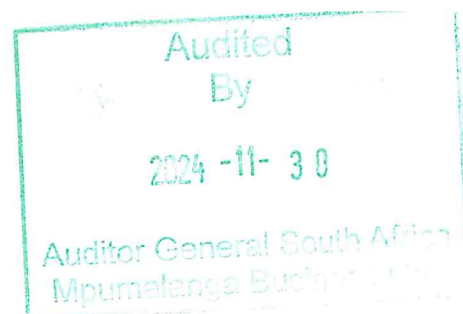
Relationships	
Accounting Officer	Refer to accounting officers' report note 24
Section 57 Senior Managers	Refer to accounting officers' report note 24
Executive Mayor	Refer to accounting officers' report note 25
Speaker	Refer to accounting officers' report note 25
Chief Whip	Refer to accounting officers' report note 25
Mayoral Committee Members	Refer to accounting officers' report note 25
Councillors	Refer to accounting officers' report note 25

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

35. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Liquidity risk

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

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	2024	2023
Cash and cash equivalents	16,228,109	4,083,119
Receivables from exchange transactions	28,299,178	17,522,883
Other receivables from non-exchange transactions	309,717	309,717
Investments	5,624,303	4,948,390

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality is exposed to equity securities market risk because of investments held by the municipality and classified on the statement of financial position as at fair value through surplus or deficit.

36. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of 2,403,844,002 and that the municipality's total liabilities exceed its assets by 2,504,636,035.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

37. Subsequent events

The investigation into irregular expenditure and fruitless and wasteful expenditure was concluded after 30 June 2024.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
38. Fruitless and wasteful expenditure		
Opening balance as previously reported	1,925	16,634
Eskom	7,830	10,701
SARS: Interest plus penalties	-	76
Less: Amount recovered - current	(7,228)	(25,486)
Closing balance	2,527	1,925

Council has investigated the fruitless and wasteful expenditure and recommended that fruitless and wasteful expenditure be written off after a comprehensive enquiry by MPAC.

39. Irregular expenditure

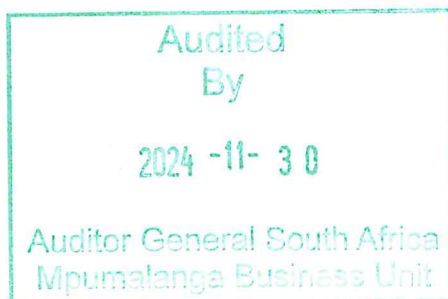
Opening balance as previously reported	2,493,298	273,244,582
Add: Irregular expenditure - current	1,907,634	42,672,831
Less: Amount written off - current	(3,487,641)	(313,424,115)
Closing balance	913,291	2,493,298

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

Bid adjudication committee not complying with Regulation 29(2)	-	290,528
Government employee	-	29,500
SCM process not followed	1,023,843	42,352,803
Invalid contract	883,792	-
	1,907,635	42,672,831

All amounts disclosed as irregular expenditure are VAT inclusive.

Council has investigated the irregular expenditure and recommended that irregular expenditure be written off after a comprehensive enquiry by MPAC.

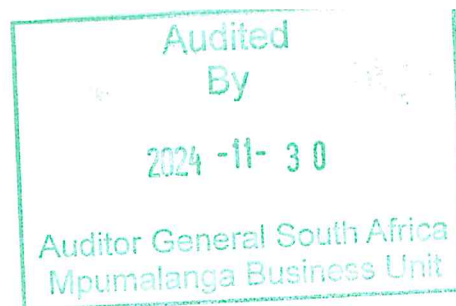


Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand	2024	2023
-----------------	------	------

40. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	128,288	122,645
Amount paid - current year	(128,288)	(122,645)

Audit fees

Opening balance	5,301	10,514
Current year subscription / fee	8,046,151	8,755,708
Amount paid - current year	(7,999,965)	(8,760,921)
	51,487	5,301

PAYE and UIF

Opening balance	(93,415)	8,228
Current year subscription / fee	42,887,867	39,040,535
Amount paid - current year	(42,888,867)	(39,048,764)
Unallocated receipt	-	(93,414)
	(94,415)	(93,415)

Pension and Medical Aid Deductions

Current year subscription / fee	69,879,272	64,737,359
Amount paid - current year	(69,879,272)	(64,737,359)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Van der Walt L	2,404	11,338	13,742

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Van der walt L	2,448	15,968	18,416

41. Deviation from supply chain management regulations

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

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

The municipality did not have any deviations during the year.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

42. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: Community and Public Services, Economic and Environmental Services and Trading Services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

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

Reportable segment

Community and Public Services

Economic and Environmental Services

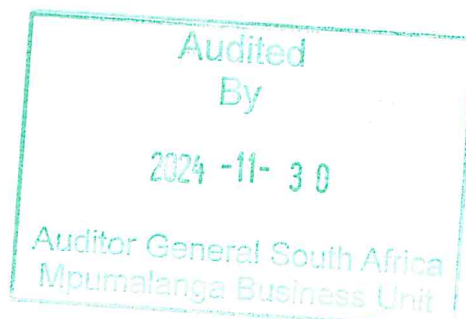
Trading Services

Goods and/or services

Sports and Recreation, Public Safety and Community and Social Services

Environmental Protection, Road Transport, Planning and Development

Water, Electricity, Waste Management and Waste Water Management



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

42. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Community and Public Services	Economic and Environmental Services	Trading Services	Total
Revenue				
Revenue from non-exchange transactions	21,035,143	18,069,148	1,846,057	40,950,348
Revenue from exchange transactions	636,344	645,297	81,549,807	82,831,448
Total segment revenue	21,671,487	18,714,445	83,395,864	123,781,796
Unallocated revenue/ non-segment				1,019,000,255
Entity's revenue				1,142,782,051
Expenditure				
Bulk purchases	-	-	117,294,553	117,294,553
Contracted services	28,796,544	10,016,939	42,922,641	81,736,124
Depreciation and amortisation	66,396,041	-	-	66,396,041
Impairment loss	4,204,539	-	-	4,204,539
Finance costs	346,038	-	-	346,038
Employee related costs	53,952,424	22,100,131	73,110,599	149,163,154
General expenses	8,025,411	15,866,443	21,694,803	45,586,657
Debt impairment	-	-	31,393,949	31,393,949
Loss on disposal of assets and liabilities	(79,998)	(40,954)	1,869,016	1,748,064
Total segment expenditure	161,640,999	47,942,559	288,285,561	497,869,119
Total segmental surplus/(deficit)	(139,969,512)	(29,228,114)	(204,889,697)	(374,087,323)
Unallocated expenditure/ non-segment				273,061,089
Total revenue reconciling items				1,019,000,255
Entity's surplus (deficit) for the period				1,292,061,344

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

	Community and Public Services	Economic and Environmental Services	Trading Services	Total
42. Segment information (continued)				
Assets				
Segment assets	(91,667,394)	(131,206)	984,046,021	892,247,421
Unallocated assets/ non-segment				1,917,562,672
Total assets as per Statement of financial Position				2,809,810,093
Liabilities				
Segment liabilities	6,137,564	8,312,324	(28,435,163)	(13,985,275)
Unallocated liabilities/ non-segment				(291,966,855)
Total liabilities as per Statement of financial Position				(305,952,130)

2023

	Community and Public Services	Economic and Environmental Services	Trading Services	Total
Revenue				
Revenue from exchange transactions	8,168,600	-	-	8,168,600
Revenue from non-exchange transactions	473,160	379,079	40,441,188	41,293,427
Total segment revenue	8,641,760	379,079	40,441,188	49,462,027
Unallocated revenue/non-segment				894,789,220
Entity's revenue				944,251,247

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

42. Segment information (continued)

Expenditure

Bulk purchases	-	28,567,863	-	95,267,852	95,267,852
Contracted services	-	-	9,371,308	71,658,309	109,597,480
Debt impairment	-	-	-	47,270,669	47,270,669
Depreciation and amortisation	(129,842)	-	-	-	(129,842)
Employee related costs	45,138,686	25,632,745	69,040,392	139,811,823	139,811,823
Finance costs	-	-	10,701	10,701	10,701
General expenses	6,363,328	3,157,986	14,691,889	24,213,203	24,213,203
Transfers and subsidies	-	13,541,310	-	13,541,310	13,541,310

Total segment expenditure

	79,940,035	51,703,349	297,939,812	429,583,196	429,583,196
--	------------	------------	-------------	-------------	-------------

Total segmental surplus/(deficit)

	(71,298,275)	(51,324,270)	(257,498,624)	(380,121,169)	(380,121,169)
--	--------------	--------------	---------------	---------------	---------------

Total revenue reconciling items

				894,789,220	894,789,220
--	--	--	--	-------------	-------------

Unallocated expenditure/ non-segment

				367,658,768	367,658,768
--	--	--	--	-------------	-------------

Entity's surplus (deficit) for the period

				1,262,447,988	1,262,447,988
--	--	--	--	---------------	---------------

Assets

Segment assets

	25,218,647	27,523,110	1,042,357,685	1,095,099,442	1,095,099,442
--	------------	------------	---------------	---------------	---------------

Unallocated assets/ non-segment

				1,318,856,262	1,318,856,262
--	--	--	--	---------------	---------------

Total assets as per Statement of financial Position

				2,413,955,704	2,413,955,704
--	--	--	--	---------------	---------------

Liabilities

Segment liabilities

	(1,201,008)	(9,257,278)	(1,800,407)	(12,258,693)	(12,258,693)
--	-------------	-------------	-------------	--------------	--------------

Unallocated liability/ non-segment

				(276,424,294)	(276,424,294)
--	--	--	--	---------------	---------------

Total liabilities as per Statement of financial Position

				(288,682,987)	(288,682,987)
--	--	--	--	---------------	---------------

During the review of management accounts, it was noted that segmented information was disclosed incorrectly. The disclosure has been updated to comply with the requirements of GRAP 18.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

43. Budget differences

Material differences between budget and actual amounts

Service charges

Higher than anticipated revenue as a result of increased revenue on prepaid electricity in the fourth quarter of the financial year.

Rental income

Lower than budgeted actual revenue on rental income due to poor payment levels.

Other income

Original budgeted figure included anticipated SARS VAT refunds which as per mSCOA are accounted in the secondary budget(balance sheet) as asset. The total actual amount of R 93 184 434,49 received from SARS VAT refunds.

License and permits

Higher than anticipated interest amounts received from call accounts investments of conditional grants allocations.

Property rates

Low revenue collection in respect of residential properties due to withdrawal of other credit control measures as per the approved credit control policy.

Donations

Unanticipated donations received: Fire truck, market stalls and building (Creche).

Remuneration of councillors

Budget estimated to ensure that it covers any adjustments that may be required as per upper limits directives

Depreciation and amortisation

Substantial PPE additions during the year amounting to R 427 000 000 causing the depreciation amounts to rise resulting in differences between budgeted and actual depreciation.

Debt impairment

Differences due to revision of the debt impairment policy which focuses on individual Impairment of accounts. It identifies individual receivables that are overdue beyond the credit term and calculates impairment based on historical collection rates.



Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand



2024

2023

44. Prior-year adjustments

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

Statement of financial position

2023

	As previously reported	Correction of error	Restated
Receivables from exchange transactions	58,625,538	(41,102,655)	17,522,883
Statutory receivables	85,205,259	(29,195,604)	56,009,655
Inventories	4,975,140	(36,492)	4,938,648
Operating lease asset	45,409	7,597	53,006
Property, plant and equipment	2,285,445,930	(520,120)	2,284,925,810
Payables from exchange transactions	168,773,450	8,982,679	177,756,129
	2,603,070,726	(61,864,595)	2,541,206,131

Statement of financial performance

2023

	As previously reported	Correction of error	Re-classification	Restated
Service charges	60,992,144	(157,389)	-	60,834,755
Rental income	534,971	7,058	-	542,029
Interest received from non-exchange transactions - consumers	18,672,000	(85,620)	-	18,586,380
Property rates	63,126,967	(1,008,488)	-	62,118,479
Debt impairment	13,367,620	66,265,852	-	79,633,472
Depreciation	55,907,251	(129,842)	-	55,777,409
Bulk purchases	98,790,469	421,187	(3,943,804)	95,267,852
Contracted services	159,301,408	(935,017)	-	158,366,391
General expenditure	101,889,891	-	3,943,804	105,833,695
Surplus for the year	572,582,721	64,377,741	-	636,960,462

Errors

The following prior period error adjustments occurred:

Receivables from Exchange Transactions and Statutory Receivables

During the review of management accounts, it was noted that receivables needed an adjustment due to errors in own billing which was subsequently reversed.

In addition, the impairment methodology was revised and the calculation is based on the restated debtors figures.

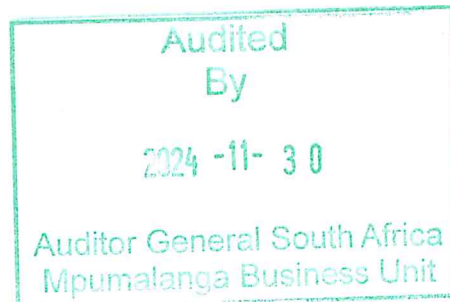
This resulted in decreases of R41 102 655 in receivables from exchange transactions and R29 195 604 in statutory receivables.

Chief Albert Luthuli Local Municipality

(Registration number MP301)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements



Figures in Rand

2024

2023

44. Prior-year adjustments (continued)

Inventories

During the review and assessment of management accounts it was noted that the water inventory calculation did not include all associated costs in line with GRAP 12 which states that specifies that inventory costs should include all costs of purchase, conversion and other costs incurred in bringing inventories to their present location and condition. The correction resulted in a reduction of R36 492 in inventories.

Operating lease asset

During the review and assessment of management accounts, it was noted that operating lease contracts that were 24 months were incorrectly recorded as 12 month contracts, as a result the lease income was not straightlined. This resulted in an increase of R7 597 in the operating lease asset and rental income.

Property, plant and equipment

During the review and assessment of management accounts, it was noted that VIP toilets were recorded at an inaccurate amount. The impairment was not aligned to the impairment methodology and there were assets that were not recorded in the asset register. This resulted in a decrease of R520 120 in property, plant and equipment.

Payables from exchange transactions

During conversion to Munsoft financial system, management carried out an exercise to confirm completeness of creditors through a manual reconciliation of purchase orders/invoices due at 30 June 2023, and it was noted that the balance as per stamped financial statements do not represent the actual payables as at 30 June 2023. Thus, payables were understated.

Management obtained all supplier invoices/statements that were due on 30 June 2023 and performed a test against the general ledger and age analysis that was converted, the variance that was noted was between the amount that was converted of R24 616 517 and the amount that was verified of R32 028 358.74

The error resulted in an adjustment to trade payables of R7 411 841.74

In addition, during the review and assessment of management accounts the following was noted that:

1. Bulk purchases expenditure had been captured in the incorrect financial year, which resulted in an increase of R421 187 in bulk purchases.
2. Contracted services expenditure had been incorrectly accounted for, which resulted in a decrease of R935 017 in contracted services (repairs and maintenance)

Reclassifications

The following reclassifications adjustment occurred:

Bulk purchases

A reclassification occurred between bulk purchases and general expenditure. Indigent relief expenditure had been recorded as bulk purchases. The reclassification resulted in a decrease of R3 943 804 in bulk purchases and an increase of the same amount in general expenditure.