GOVAN MBEKI MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2023

General Information

Legal form of entity	Local Municipality
Executive Mayor	NG Zuma
Chief Whip of Council	MJ Mtsweni
Speaker of Council	FF Magagamela
Chairperson of MPAC	SI Sibanyoni
Councillors	SV Mahlangu
	JM Maseko
	MD Mnyukana
	S Sindelo
	M Chamberlain
	SI Sibanyoni
	SE Nkwanyana
	SM Masiteng
	P Vilakazi
	LP Ngwenya
	MS Sehlalo
	TC Makhado
	PJ Zwane
	ER Nkabinde
	J Tesner
	HE van Marle
	SJ Mazibuko
	MA Kubheka
	EJ van Rooyen
	NR Madonsela
	JM Maluka
	TP Mtsweni
	TE Mazibuko
	PD Mtshali
	D Erasmus
	AV Mbokazi
	T Kleynhans
	MM Masinga
	BE Mthembu
	EW Chauke
	GR de Vries
	JS Masango
	L Jonker
	D Khoza
	TM Mabizela
	NA Masina
	L Ziwele
	PN Ndwanyaza
	SB Mathebula
	SM Mkhwanazi
	ZA Mkwebane
	TS Mofokeng
	J Mahlangu

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General Information

	BD Moloto AN Mtahane JL Mtombeni CM Mntungwa TM Mazibuko AD Nel-Buitendag YT Ngxonono JB Nkabinde M Nkosi MM Nkuna ME Nsibande VL Petterson T Seimela GC Sierana KS Thukwane AC van Huyssteen W Masango TA Sekaledi
Grading of local authority	B4 High
Accounting Officer	EN Maseko
Chief Finance Officer (CFO)	M Moloto
Registered office	Secunda Civic Centre Horwood Street Secunda 2302
Postal address	Private Bag X1017 Secunda 2302
Bankers	Standard Bank
Auditors	Auditor-General of South Africa Registered Auditors
Attorneys	Cronje De Vaal & Skhosana Attorneys Mthimunye Attorneys TMN Kgomo Attorneys Ramathe MJ Inc Tau Phalane Inc Dikotope Attorneys JL Raphiri Inc Els Louw Serokolo Attorneys and Conveyancers S'busiso Simelane Attorneys Leepile Attorneys
Dermacation Code	MP307

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General Information

Legislation governing Municipality's operation	Local Government: Municipal Finance Management Act (Act No. 56 of 2003) Local Government: Municipal Systems Act (Act No. 32 of 2000) Local Government: Municipal Structures Act (Act no 117. of 1998) Constitution of the Republic of South Africa (Act no. 108 of 1996) Municipal Property Rates Act (Act no. 6 of 2004 Division of Revenue Act (Act No. 1 of 2007
Webpage	www.govanmbeki.gov.za
Email	callcentre@govanmbeki.gov.za

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

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Abbreviations used:

AGSA	Auditor General South Africa
COID	Compensation for Occupational Injuries and Diseases
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DDP	DDP Valuers (Pty) Ltd
EPWP	Extended Public Works Programme
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
LG Seta	Local Government Seta
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
SARS	South African Revenue Services
SCM	Supply Chain Management
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
UIFW	Unauthorised, Irregular, Fruitless and Wastefull Expenditure
VAT	Value Added Tax
WSP	Workplace Skills Plan

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 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 municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

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 2023 and were signed on its behalf by:

Accounting Officer
Maseko EN

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2023.

1. Review of activities

Main business and operations

The municipality is engaged in the provision of services to the community in line with part B of schedule 4 and part B of schedule 5 of the constitution .

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R (1 379 200 158) and that the municipality's total liabilities exceed its assets by R (1 379 200 158).

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.

During the 2019 / 2020 financial year, the Provincial Executive of the Mpumalanga Provincial Government intervened in the municipality in terms of 139 (1)(b) and 135(9) of the Constitution read with section 139 of the Municipal Finance Management Act (MFMA Act No. 56 of 2003). As part of the intervention by the Provincial Executive, the Municipal Financial Recovery Plan was developed for Govan Mbeki Municipality.

The primary responsibility of the plan is to resolve the financial challenges, reduce the debt and improve revenue collection. The plan is monitored by Council to ensure succesful implementation and it places significant responsibility to the Accounting Officer and Senior Managers.

The municipality continues to implement the Financial Recovery Plan and other revenue strategies together with the Budget Funding Plan, with the aim to improve its financial stability.

3. Subsequent events

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

4. Accounting Officers' interest in contracts

The accounting officer does not have any direct or indirect interest in any contract of the municipality.

5. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name
EN Maseko

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Accounting Officer's Report

7. Corporate governance

Audit and risk committee

For the first 4 months of the current financial year the chairperson of the audit committee was Ms Sophie Molokoane Machika and for the remaining 8 months it was Mr Roy Mnisi, who is an independent audit committee member. The committee met 6 times during the financial year to review matters necessary to fulfil its role.

Name	Position	Appointment Date	Contract Expiry Date
Roy Mnisi	Chairperson of Audit Committee	2023/01/13	2026/01/12
Leon Langalebalele	Chairperson of Performance	2022/11/01	2025/10/31
Frans Bothma	Member	2023/01/13	2026/01/12
Thabsile Ranape	Member	2023/01/13	2026/01/12
Sijabulile Makhathini	Member	2019/11/01	2025/10/31
Sophie Molokoane Machika	Chairperson of Audit Committee (Contract Expired)	2018/04/02	2022/10/31
Siyakhula Simelane	Member (Contract Expired)	2019/12/09	2022/10/31
Thokozani Tshabalala	Member (Contract Expired)	2019/12/09	2022/10/31

Internal audit

The municipality has a fully functional internal audit unit. This is in compliance with the Municipal Finance Management Act, 2003

8. Auditors

Auditor-General of South Africa will continue in office for the next financial period.

Audited By
2023 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Accounting Officer
Maseko EN

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	13	60 414 277	31 938 723
Receivables from exchange transactions	16	406 981 345	394 190 827
Receivables from non-exchange transactions	14	104 545 438	98 628 967
VAT receivable	15	199 654 291	139 406 062
Other receivables	11	10 566 759	11 341 854
Long term receivables	12	13 613 275	3 187 895
Cash and cash equivalents	17	189 439 954	256 445 813
		985 215 339	**935 140 141**
Non-Current Assets			
Investment property	2	1 319 932 101	1 148 475 101
Property, plant and equipment	3	1 726 202 465	1 674 457 546
Intangible assets	4	64 116	236 184
Heritage assets	5	5 430 550	5 430 550
Other financial assets	6	949 189	14 574 158
Long term receivables	12	1 087 664	812 485
		3 053 666 085	**2 843 986 024**
Total Assets		**4 038 881 424**	**3 779 126 165**
Liabilities			
Current Liabilities			
Finance lease obligation	18	6 835 624	294 842
Payables from exchange transactions	7	4 847 307 544	3 811 630 804
Trade payables from non-exchange	8	21 997 954	21 819 301
Consumer deposits	9	30 321 983	29 017 252
Employee benefit obligation	10	2 172 334	2 701 294
Unspent conditional grants and receipts	19	6 425 572	81 826 417
Provisions	21	42 759 474	36 421 145
Payments in advance	22	75 824 424	62 225 233
Long service award	23	7 082 087	3 887 060
		5 040 726 996	**4 049 823 348**
Non-Current Liabilities			
Finance lease obligation	18	9 565 552	426 543
Employee benefit obligation	10	39 837 610	41 296 012
Provisions	21	296 063 615	293 198 286
Long service awards	23	31 887 809	34 519 336
		377 354 586	**369 440 177**
Total Liabilities		**5 418 081 582**	**4 419 263 525**
Net Assets		**(1 379 200 158)**	**(640 137 360)**
Accumulated surplus		(1 379 200 158)	(640 137 360)
Total Net Assets		**(1 379 200 158)**	**(640 137 360)**

* See Note 49

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	24	1 404 129 552	1 310 300 008
Rental of facilities and equipment	25	7 408 024	9 024 392
Interest received (trading)		197 681 267	118 780 539
Fees earned	20	8 229 025	7 521 212
Other income		2 184 156	1 673 422
Gains on disposal of assets	28	2 056 397	3 774 791
Interest received - investment	29	17 936 558	9 038 483
Fair value adjustments on investments	45	184 074 656	-
Actuarial gains		16 520 062	10 082 711
Dividends or similar distributions received	29	-	228 085
Total revenue from exchange transactions		**1 840 219 697**	**1 470 423 643**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	30	380 365 777	372 876 661
Interest, Dividends and Rent on Land	27	20 895 532	11 067 174
Transfer revenue			
Government grants & subsidies	32	549 385 020	457 151 396
Public contributions and donations	33	5 987 489	4 669 983
Fines, Penalties and Forfeits	26	15 296 939	13 807 813
Insurance Refund		3 605 135	3 274 846
Total revenue from non-exchange transactions		**975 535 892**	**862 847 873**
Total revenue		**2 815 755 589**	**2 333 271 516**
Expenditure			
Employee related costs	34	(610 902 942)	(565 160 346)
Remuneration of councillors	35	(25 690 882)	(24 398 130)
Depreciation and amortisation	36	(131 094 530)	(165 820 361)
Assets impairments	37	(153 301)	(2 533 263)
Finance costs	38	(370 808 237)	(195 339 781)
Debt Impairment	40	(681 776 447)	(259 774 479)
Bad debts written off		(88 170 249)	(173 882 751)
Bulk purchases	42	(818 684 895)	(787 367 176)
Contracted services	43	(169 356 150)	(144 541 273)
Transfers and Subsidies	31	(22 991 586)	(30 797 286)
Loss on disposal of assets and liabilities		(14 848 458)	-
Fair value adjustments	45	-	(105 409)
Inventories losses/write-downs		(7 890)	(1 272 051)
Inventory Consumed	58	(456 629 789)	(426 202 424)
General Expenses	41	(171 710 623)	(143 193 640)
Total expenditure		**(3 562 825 979)**	**(2 920 388 370)**
Deficit for the year		**(747 070 390)**	**(587 116 854)**

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* See Note 49

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	(60 833 284)	(60 833 284)
Adjustments		
Correction of errors 49	7 812 778	7 812 778
Balance at 01 July 2021 as restated*	**(53 020 506)**	**(53 020 506)**
Changes in net assets		
Deficit for the year	(587 116 854)	(587 116 854)
Total changes	(587 116 854)	(587 116 854)
Restated* Balance at 01 July 2022	**(632 129 768)**	**(632 129 768)**
Changes in net assets		
Deficit for the year	(747 070 390)	(747 070 390)
Total changes	(747 070 390)	(747 070 390)
Balance at 30 June 2023	**(1 379 200 158)**	**(1 379 200 158)**
Note(s)		

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* See Note 49

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		893 704 478	1 025 613 219
Grants		473 984 145	442 859 177
Interest income		218 576 799	138 900 051
Other receipts		21 426 340	46 848 475
		1 607 691 762	1 654 220 922
Payments			
Employee costs		(636 593 827)	(589 558 476)
Suppliers		(580 661 081)	(722 078 056)
Finance costs		(327 828 097)	(164 529 693)
		(1 545 083 005)	(1 476 166 225)
Net cash flows from operating activities	44	**65 964 952**	**155 079 828**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(166 414 092)	(133 727 343)
Proceeds from sale of property, plant and equipment	3	1 324 315	8 096 886
Purchase of investment property	2	-	(2 820 000)
Proceeds from sale of investment property	2	5 949 999	1 503 256
Purchase of other intangible assets	4	-	(132 270)
Proceeds from sale of financial assets		13 624 969	-
Interest Income		17 936 558	9 038 483
Net cash flows from investing activities		**(127 515 115)**	**(117 812 903)**
Cash flows from financing activities			
Outflow of other liability 1		-	12 659 288
Outflow of other liability 2		-	2 637 098
Finance lease payments		(5 455 696)	682 819
Net cash flows from financing activities		**(5 455 696)**	**15 979 205**
Net increase/(decrease) in cash and cash equivalents		**(67 005 859)**	**53 246 130**
Cash and cash equivalents at the beginning of the year		256 445 813	203 199 683
Cash and cash equivalents at the end of the year	17	**189 439 954**	**256 445 813**

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* See Note 49

GOVAN MBEKI MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Audited By
2023-11-30
Auditor General South Africa
Mpumalanga Business Unit

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1 718 564 871	-	**1 718 564 871**	1 404 129 552	**(314 435 319)**	None payment, unemployment and economic conditions
Rental of facilities and equipment	5 158 332	-	**5 158 332**	7 408 024	**2 249 692**	Rental on facilities due to lifing of Covid
Interest received (trading)	213 969 044	-	**213 969 044**	197 681 267	**(16 287 777)**	Introduction of the debts incentive
Fees earned	-	-	-	8 229 025	**8 229 025**	Budget for under under other incomes
Other income	15 925 104	-	**15 925 104**	2 184 156	**(13 740 948)**	Other income budget comprases of other income and fees earned, insurance refund
Gains on disposal of assets	10 000 000	-	**10 000 000**	2 056 397	**(7 943 603)**	Gain on disposal
Interest received - investment	14 824 500	-	**14 824 500**	17 936 558	**3 112 058**	Unspent grants invested in high interest bearing investment account
Total revenue from exchange transactions	**1 978 441 851**	**-**	**1 978 441 851**	**1 639 624 979**	**(338 816 872)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	403 088 237	-	**403 088 237**	380 365 777	**(22 722 460)**	Budget figure is base on incease on the tariffs
Interest, Dividends and Rent on Land	22 622	-	**22 622**	20 895 532	**20 872 910**	defaulting on payment & late payment by consumers resulting in an increase in the debtors book and interest charged.
Transfer revenue						
Government grants & subsidies	409 252 000	4 353 683	**413 605 683**	549 385 020	**135 779 337**	Additional funding received during the year
Public contributions and donations	-	-	-	5 987 489	**5 987 489**	Donations received from private companies during the year

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Fines, Penalties and Forfeits	37 803 158	-	**37 803 158**	15 296 939	**(22 506 219)**	People complies with by laws and AARTO
Insurance Refund	-	-	-	3 605 135	**3 605 135**	Budget for under under other incomes
Total revenue from non-exchange transactions	**850 166 017**	**4 353 683**	**854 519 700**	**975 535 892**	**121 016 192**	
Total revenue	**2 828 607 868**	**4 353 683**	**2 832 961 551**	**2 615 160 871**	**(217 800 680)**	
Expenditure						
Personnel	(665 215 667)	-	**(665 215 667)**	(610 902 942)	**54 312 725**	Due to vacances not filled
Remuneration of councillors	(32 120 097)	-	**(32 120 097)**	(25 690 882)	**6 429 215**	The variance is due late approval of upper limits
Depreciation and amortisation	(196 589 490)	-	**(196 589 490)**	(131 094 530)	**65 494 960**	Delapitated infrastructure, which resulted in increase in the impairment write offs in the prior years and thus a decrease in the depreciation in the years going forward.
Impairment loss/ Reversal of impairments	-	-		(153 301)	**(153 301)**	Delapitated infrastructure, which resulted in increase in the impairment write offs in the prior years and thus a decrease in the depreciation in the years going forward.
Finance costs	(133 798 180)	-	**(133 798 180)**	(370 808 237)	**(237 010 057)**	Due to cash constrains suppliers invoices could not be serviced on time
Debt Impairment	(210 273 197)	-	**(210 273 197)**	(681 776 447)	**(471 503 250)**	None payment, unemployment and economic conditions and review and recalculation of debt impairment
Bad debts written off	-	-	-	(88 170 249)	**(88 170 249)**	Indigent Consumers approved to be written off
Bulk purchases	(639 492 592)	-	**(639 492 592)**	(818 684 895)	**(179 192 303)**	Inadequate budgeting due to unfunded budget
Contracted Services	(280 332 644)	(11 962 685)	**(292 295 329)**	(169 356 150)	**122 939 179**	Due to cash constrains some activities had to be canceled

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Transfers and Subsidies	(27 882 768)	146 000	**(27 736 768)**	(22 991 586)	**4 745 182**	Not all indigent application received were approved were approved based on affordability
consumables	-	-	-	(456 629 789)	**(456 629 789)**	Inadequate budgeting due to unfunded budget
General Expenses	(589 634 994)	(9 333 000)	**(598 967 994)**	(171 710 623)	**427 257 371**	Due to cash constrains spending was also cut down
Total expenditure	**(2 775 339 629)**	**(21 149 685)**	**(2 796 489 314)**	**(3 547 969 631)**	**(751 480 317)**	
Operating deficit	**53 268 239**	**(16 796 002)**	**36 472 237**	**(932 808 760)**	**(969 280 997)**	
Loss on disposal of assets and liabilities	-	-	-	(14 848 458)	**(14 848 458)**	
Fair value adjustments	-	-	-	184 074 656	**184 074 656**	Budget for under under other incomes
Actuarial gains/losses	-	-	-	16 520 062	**16 520 062**	Budget for under under other incomes
Inventories losses/write-downs	-	-	-	(7 890)	**(7 890)**	Unforseen burglaries
	-	-	-	**185 738 370**	**185 738 370**	
Deficit before taxation	**53 268 239**	**(16 796 002)**	**36 472 237**	**(747 070 390)**	**(783 542 627)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**53 268 239**	**(16 796 002)**	**36 472 237**	**(747 070 390)**	**(783 542 627)**	

Reconciliation

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	25 856 286	(9 571 000)	**16 285 286**	60 414 277	**44 128 991**	Purchases of high value inventory not yet issued at year end
Receivables from exchange transactions	801 254 000	257 785 000	**1 059 039 000**	406 981 345	**(652 057 655)**	Impairment and write off from the debt oncentive scheme
Receivables from non-exchange transactions	-	-	-	104 545 438	**104 545 438**	Impairment and write off from the debt oncentive scheme
VAT receivable	-	-	-	1 172 721 133	**1 172 721 133**	Increased spending in the beef up of revenue enhancement strategies and the mayor programme(Ijima Lokuhlwengisa) resulted in increased expenditure which caused increase in the input vat, municipality is on the cash basis, will only claim input vat when the invoices are paid hence the increase in the Vat receivable.
Other receivables	690 184 000	34 197 000	**724 381 000**	10 566 759	**(713 814 241)**	Increased controls on prepaid vending resulting in collection days reducing
Long term receivables	-	-	-	13 613 275	**13 613 275**	defaulting on payment by consumers resulting in an increase in the debtors book.
Cash and cash equivalents	(163 781 762)	135 889 000	**(27 892 762)**	189 439 954	**217 332 716**	defaulting on payment by consumers resulting in an increase in the debtors book.
	1 353 512 524	**418 300 000**	**1 771 812 524**	**1 958 282 181**	**186 469 657**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Non-Current Assets						
Investment property	1 062 550 584	-	**1 062 550 584**	1 319 932 101	**257 381 517**	Fair value adjustment and donations from private entities
Property, plant and equipment	1 658 564 765	34 379 000	**1 692 943 765**	1 726 202 465	**33 258 700**	Assets were acquired
Intangible assets	379 696	-	**379 696**	64 116	**(315 580)**	result Amortisation of assets during the year
Heritage assets	-	-	-	5 430 550	**5 430 550**	Heritage assets are not budgeted for
Investments	13 811 858	-	**13 811 858**	-	**(13 811 858)**	Maturing of Investments moved to current cash and cash equivalent
Other financial assets	5 430 550	-	**5 430 550**	949 189	**(4 481 361)**	
Long term receivables	36 759 000	-	**36 759 000**	1 087 664	**(35 671 336)**	Less people utilised the agreement option than what was budgeted
	2 777 496 453	**34 379 000**	**2 811 875 453**	**3 053 666 085**	**241 790 632**	
Total Assets	**4 131 008 977**	**452 679 000**	**4 583 687 977**	**5 011 948 266**	**428 260 289**	
Liabilities						
Current Liabilities						
Finance lease obligation	109 012 452	-	**109 012 452**	6 835 624	**(102 176 828)**	Acquistion of new assets
Payables from exchange transactions	3 758 231 000	469 474 000	**4 227 705 000**	4 847 307 544	**619 602 544**	Due to cash constrains suppliers invoices could not be serviced on time
Taxes and transfers payable (non-exchange)	-	-	-	21 997 954	**21 997 954**	Budget for under trade and other payables
VAT payable	-	-	-	973 066 842	**973 066 842**	The VAT payable portion
Consumer deposits	27 334 173	-	**27 334 173**	30 321 983	**2 987 810**	Increase in new housing development
Employee benefit obligation	-	-	-	2 172 334	**2 172 334**	Changes in assumptions used by Actuaries
Unspent conditional grants and receipts	-	-	-	6 425 572	**6 425 572**	Delay in approval of unspent grant rollover
Provisions	35 972 527	-	**35 972 527**	42 759 474	**6 786 947**	Changes in assumptions used by Actuaries

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Payments in advance	-	-	-	75 824 424	**75 824 424**	Budget for under trade and other payables
Long service award	-	-	-	7 082 087	**7 082 087**	Changes in assumptions used by Actuaries
	3 930 550 152	**469 474 000**	**4 400 024 152**	**6 013 793 838**	**1 613 769 686**	
Non-Current Liabilities						
Finance lease obligation	(109 012 452)	-	**(109 012 452)**	9 565 552	**118 578 004**	Acquistion of new assets
Employee benefit obligation	-	-	-	39 837 610	**39 837 610**	Changes in assumptions used by Actuaries
Provisions	355 285 883	-	**355 285 883**	296 063 615	**(59 222 268)**	Changes in assumptions used by Actuaries
Long service awards	-	-	-	31 887 809	**31 887 809**	Changes in assumptions used by Actuaries
	246 273 431	-	**246 273 431**	**377 354 586**	**131 081 155**	
Total Liabilities	**4 176 823 583**	**469 474 000**	**4 646 297 583**	**6 391 148 424**	**1 744 850 841**	
Net Assets	**(45 814 606)**	**(16 795 000)**	**(62 609 606)**	**(1 379 200 158)**	**(1 316 590 552)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	45 814 606	29 019 606	**74 834 212**	(1 379 200 156)	**(1 454 034 368)**	

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2023											
Financial Performance											
Property rates	403 088 237	-	403 088 237	-		403 088 237	380 365 777		(22 722 460)	94 %	94 %
Service charges	1 718 564 871	-	1 718 564 871	-		1 718 564 871	1 404 129 552		(314 435 319)	82 %	82 %
Investment revenue	14 824 500	-	14 824 500	-		14 824 500	17 936 558		3 112 058	121 %	121 %
Transfers recognised - operational	409 252 000	4 353 683	413 605 683	-		413 605 683	556 206 508		142 600 825	134 %	136 %
Other own revenue	282 878 392	-	282 878 392	-		282 878 392	246 136 228		(36 742 164)	87 %	87 %
Total revenue (excluding capital transfers and contributions)	**2 828 608 000**	**4 353 683**	**2 832 961 683**	**-**		**2 832 961 683**	**2 604 774 623**		**(228 187 060)**	**92 %**	**92 %**
Employee costs	(665 215 667)	-	(665 215 667)	-	-	(665 215 667)	(610 902 942)	-	54 312 725	92 %	92 %
Remuneration of councillors	(32 120 097)	-	(32 120 097)	-	-	(32 120 097)	(25 690 882)	-	6 429 215	80 %	80 %
Depreciation and asset impairment	(406 862 687)	-	(406 862 687)			(406 862 687)	550 528 616	-	957 391 303	(135)%	(135)%
Finance charges	(133 798 180)	-	(133 798 180)	-	-	(133 798 180)	(370 808 237)	-	(237 010 057)	277 %	277 %
Inventory consumed and bulk purchases	(1 112 747 000)	-	(1 112 747 000)	-	-	(1 112 747 000)	(1 275 271 048)	-	(162 524 048)	115 %	115 %
Transfers and grants	(27 882 768)	146 000	(27 736 768)	-	-	(27 736 768)	(22 991 586)	-	4 745 182	83 %	82 %
Other expenditure	(396 714 000)	(21 295 685)	(418 009 685)	-	-	(418 009 685)	(343 836 753)	-	74 172 932	82 %	87 %
Total expenditure	**(2 775 340 399)**	**(21 149 685)**	**(2 796 490 084)**	**-**	**-**	**(2 796 490 084)**	**(2 098 972 832)**	**-**	**697 517 252**	**75 %**	**76 %**
Surplus/(Deficit)	**53 267 601**	**(16 796 002)**	**36 471 599**	**-**		**36 471 599**	**505 801 791**		**469 330 192**	**1 387 %**	**950 %**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	80 932 000	-	80 932 000	-		80 932 000	556 206 508		475 274 508	687 %	687 %
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	15 116 000	-	15 116 000	-		15 116 000	5 987 489		(9 128 511)	40 %	40 %
Surplus (Deficit) after capital transfers and contributions	**149 315 601**	**(16 796 002)**	**132 519 599**	**-**		**132 519 599**	**1 067 995 788**		**935 476 189**	**806 %**	**715 %**
Surplus/(Deficit) for the year	**149 315 601**	**(16 796 002)**	**132 519 599**	**-**		**132 519 599**	**1 067 995 788**		**935 476 189**	**806 %**	**715 %**
Capital expenditure and funds sources											
Total capital expenditure	232 640 000	(68 758 000)	163 882 000	-		163 882 000	201 204 236		37 322 236	123 %	86 %

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial position											
Total current assets	1 353 513 000	418 299 000	1 771 812 000	-		1 771 812 000	985 215 339		(786 596 661)	56 %	73 %
Total non current assets	2 777 496 453	34 279 000	2 811 775 453	-		2 811 775 453	3 053 666 085		241 890 632	109 %	110 %
Total current liabilities	(3 930 550 000)	(469 474 000)	(4 400 024 000)	-		(4 400 024 000)	(5 040 726 996)		(640 702 996)	115 %	128 %
Total non current liabilities	(246 273 000)	-	(246 273 000)	-		(246 273 000)	(377 354 586)		(131 081 586)	153 %	153 %
Net assets	(45 813 547)	(16 896 000)	(62 709 547)	-		(62 709 547)	5 011 948 268		5 074 657 815	(7 992)%	(10 940)%
Cash flows											
Net cash from (used) operating	(203 038 000)	146 789 000	(56 249 000)	-		(56 249 000)	65 964 952		122 213 952	(117)%	(32)%
Net cash from (used) investing	(150 132 000)	(24 711 000)	(174 843 000)	-		(174 843 000)	(127 515 115)		47 327 885	73 %	85 %
Net cash from (used) financing	-	-	-	-		-	(5 455 696)		(5 455 696)	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	**(353 170 000)**	**122 078 000**	**(231 092 000)**	**-**		**(231 092 000)**	**(67 005 859)**		**164 086 141**	**29 %**	**19 %**
Cash and cash equivalents at the beginning of the year	203 200 000	-	203 200 000	-		203 200 000	256 445 813		53 245 813	126 %	126 %
Cash and cash equivalents at year end	**(149 970 000)**	**122 078 000**	**(27 892 000)**	**-**		**(27 892 000)**	**189 439 954**		**(217 331 954)**	**(679)%**	**(126)%**

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1. Significant account policies

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

1.1 Basis of preparations

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.

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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.

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The fair value of financial instruments traded in active markets based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In making the above mentioned estimates and judgement, management considers the subsequent measurement criteria and indicators of potential impairment losses as set out in the GRAP 17 (Property Plant and Equipment), GRAP 12 (Inventory), (GRAP 13 (intangible assets), GRAP 26 (Impairment of cash generating assets) and GRAP 21 (impairment of non cash generating assets) in particular, the calculation of the recoverable service amount for the property,plant and equipment and intangible assets and the net realisable value for inventories involves significant judgement by management.

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 21 - Provisions.

Useful lives of waste and water network and other assets

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

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 10.

Effective interest rate

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

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Allowance for doubtful debts

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

1.6 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 reflecting the market conditions at the valuation roll period of the municipality and annually updated with amendments of the supplementary valuation roll.e.

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

At the reporting period the Investment Property is measured at fair value reflecting market conditions at the general valuation roll period and also incorporates changes in property values during the lifecycle of the general valuation roll through supplementry valuation rolls. This Valuation premise is considered appropriate by the municipality as it is practical and market conditions at reporting date are not expected to be significantly differenct from those reflected in the general valuation roll and supplementary valuations

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.

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

The gain or loss arising from the Derecognition of the investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the investment property. Such difference is recognised in surplus or deficit when the investment property is unrecognised.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost at acquisition date or in the case of donated assets or assets acquired by grant , the deemed cost being the fair value of the assets on initial recognition.

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.

Accounting Policies

1.7 Property, plant and equipment (continued)

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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. subsequent expenditure relating to the property ,and equipment is capitalised if it is probable that future economic benefit or potential service delivery associated with the subsequent expenditure will flow to the municipality and cost or fair value of the future economic benefit associated with the assets. Where the municipality replaces major parts of an assets , it Derecognition the part of the assets being replaced and capitalises the new component.

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	30 years
Infrastructure	Straight-line	10-30 years
Community	Straight-line	15-30 years
Other property, plant and equipment	Straight-line	3-15 years
Landfill site	Straight-line	24 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 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 estimatein terms of the Standard of GRAP on Accounting Policies, Change in Estimate and Errors.

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

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

The gain or loss arising from the 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.

Accounting Policies

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1.7 Property, plant and equipment (continued)

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.8 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.9 Intangible assets

An assets is identifieble, non-monetary asset without physical substance. The municipality has classified computer software and other intangible assets as intangible assets.

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

Amortisation is provided on a straight line basis over the expected useful lives of the intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values,if any. The amortisation charge for each period is recognised in surplus or deficit.

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5 years

1.9 Intangible assets (continued)

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

Subsequent to initiation measurement , a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.11 Financial instruments

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

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

Accounting Policies

1.11 Financial instruments (continued)

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

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

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

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

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

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

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

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

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

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

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;

1.11 Financial instruments (continued)

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

Accounting Policies

1.11 Financial instruments (continued)

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
Consumer receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Long-term receivable	Financial asset measured at amortised cost
Value Added Tax	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Other financial asset	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
Finance lease obligation	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost
Trade and payables from non-exchange transactions	Financial liability measured at amortised cost

Initial recognitiont

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability subsequently

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations.

1.11 Financial instruments (continued)

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Discounting of short-term receivables and payables

Short-term receivables and payables are not discounted when the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Reclassification

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

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

Impairment and uncollectibility of financial assets

The entity 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.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

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.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Accounting Policies

1.11 Financial instruments (continued)

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

Derecognition

Financial assets

The entity Derecognition financial assets using trade date accounting.

The entity Derecognition a financial asset only when:

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

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

On Derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that:
(a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making;
(b) using fair value in certain instances was inappropriate; and
(c) some of the existing accounting requirements were seen as too rules based.
As a result, the IASB amended its existing Standards to deal with these issues. The IASB issued the IFRS Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to the IFRS Standard on Financial Instruments: Presentation (IAS 32) and the IFRS Standard on Financial Instruments: Disclosures (IFRS 7). The IPSASB issued revised IPSASs in June 2018 so as to align them with the equivalent IFRS Standards.
The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.
The most significant changes to the Standard affect:
- financial guarantee contracts issued;
- loan commitments issued;
- classification of financial assets;
- amortised cost of financial assets;
- impairment of financial assets; and disclosures

Guideline on Accounting for Landfill Sites
The Constitution of the Republic of South Africa, gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time

1.11 Financial instruments (continued)

Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology and References to pronouncements used in the Guideline.
The effective date of the guideline is not yet set by the Minister of Finance.
The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.
It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Financial liabilities

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

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity 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 entity does not offset the transferred asset and the associated liability.

1.12 Statutory receivables

Identification

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

Recognition

1.12 Statutory receivables (continued)

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

Accounting Policies

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1.12 Statutory receivables (continued)

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.

1.13 Leases

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

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

Finance leases - lessee

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

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

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

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

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

Accounting Policies

1.14 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.

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 Inventory

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

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all cost of purchase, cost of conversions and other costs incurred in bringing the inventory to its present location and condition, net if trade discounts and rebates.

water and purified effluent are valued by using the first-in-first-out method, at the lower of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year end.

Other arrangements

Redundant and slow moving inventories are identified and written down from cost to net realisable value with regards to their estimated economic or realisable value and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. Differences arising on the valuation of inventory are recognised in the statement of financial performances in the year in which they arise. The amount of any reversal of any write down on inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

1.15 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.

1.15 Impairment of cash-generating assets (continued)

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

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.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the 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.

1.15 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.

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.

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1.15 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

1.16 Impairment of non-cash-generating assets

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Assets are designated as Cash Generating if the Municipality intends to generate a commercial return being positive cash inflows from the assets that are expected to be significantly higher than the cost of the assets.

Assets are designated as Non Cash Generating if the entity intends to deliver a service.

The South African Constitution requires municipalities to achieve an objective of ensuring the provision of services to communities in a sustainable manner.

Govan Mbeki Municipality manages its fixed assets in a manner which is central in achieving an objective to deliver services to the community of Govan Mbeki Municipality rather than generate positive cash inflows.

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

In addition the municipalities infrastructure assets such as substations, water reservoir and sewerage plants cannot independently generate cash flows as it is mainly for the purpose of providing a service to the general public.

The municipalities assets are thus designated as Non- Cash Generating Assets.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

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.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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.

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

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.

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.

1.17 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

Defined contribution plans

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.

1.17 Employee benefits (continued)

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 until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

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, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.18 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.

1.18 Provisions and contingencies (continued)

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

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

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

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

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

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

A contingent asset is a possible asset that arise 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.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and

- the amount initially recognised less cumulative amortisation.

Accounting Policies

1.18 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 1.15 and 1.16.
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;

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.

1.19 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.

Accounting Policies

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1.20 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

Rendering of services

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by 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 using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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

Accounting Policies

1.20 Revenue from exchange transactions (continued)

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

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

Accounting Policies

1.21 Revenue from non-exchange transactions

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

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

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

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

Revenue received from conditional grants, donations and other funding are recognised as revenue to the extent that the municipality has complied with the criteria, conditions or obligations embodies in the agreement, where applicable. To the extent that the criteria, conditions or obligations have not been met. a liability will be recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Taxes

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

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

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.

Taxation revenue are not grossed up for the amount of tax expenditures.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

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

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables

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

Gifts and donations, including goods in-kind

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

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.22 Investment income

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

1.23 Borrowing costs

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

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

1.23 Borrowing costs (continued)

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the municipality, and the costs can be measured reliably. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.14, 1.15 and 1.16. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is suspended.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the municipality ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.24 Comparative figures

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

1.25 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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 and classified in according with the nature of the expense. Upon investigation, if a person was found to be liable in law for the unauthorised expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered , it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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1.26 Fruitless and wasteful expenditure (continued)

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 and classified in according with the nature of the expense. Upon investigation, if a person was found to be liable in law for the fruitless and wasteful expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered , it is subsequently accounted for as revenue in the statement of financial performance

1.27 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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 and classified in according with the nature of the expense. Upon investigation, if a person was found to be liable in law for the irregular expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered , it is subsequently accounted for as revenue in the statement of financial performance

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorder appropriately in the irregular expenditure register. if liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. immediate steps must be taken to recover the amount from the person concerned. If recovery is not possible , the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant notes to the financial statements. The irregular expenditure register must also be updated accordingly. IF the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the notes to the financial statement and updated accordingly in the irregular expenditure register.

1.28 Budget information

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

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

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

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

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.

1.29 Related parties

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

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

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

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

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

Accounting Policies

1.29 Related parties (continued)

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

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

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

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

1.30 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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.

1.31 Consumer deposits

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to the amount as determined by council for the applicable financial year. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposit

1.32 Value added Tax (VAT)

The municipality is registered with the South African Revenue Service (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the Value-added Tax Act (Act No. 89 of 1991).

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Figures in Rand	2023	2022

2. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 319 932 101	-	1 319 932 101	1 148 475 101	-	1 148 475 101

Reconciliation of investment property - 2023

	Opening balance	Additions	Disposals	Fair value adjustments	Total
Investment property	1 148 475 101	6 596 481	(19 151 000)	184 011 519	1 319 932 101

Reconciliation of investment property - 2022

	Opening balance	Additions	Disposals	Total
Investment property	1 150 967 101	2 820 000	(5 312 000)	1 148 475 101

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.

The effective date of the revaluations was Wednesday, 01 July 2020. Revaluations were performed by an independent valuer from DDP Property Valuation Experts. The valuer is qualified and registered as a professional Valuer with the institute of the South African Council for Property Valuer's Profession. DDP Property Valuation Experts valuation service is not connected to the nunicipality and have experience in location and category of the investment property being valued.

At the reporting period the Investment Property is measured at fair value reflecting market conditions at the general valuation roll period and also incorporates changes in property values during the lifecycle of the general valuation roll through supplementry valuation rolls. This Valuation premise is considered appropriate by the municipality as it is practical and market conditions at reporting date are not expected to be significantly differenct from those reflected in the general valuation roll and supplementary valuations.

DDP Property Valuation Experts performed a market analysis of the properties within Govan Mbeki jurisdiction as at 30 June 2023, and after consideration of the information presented, the valuer derived the conclusion that the broad general property market in the macro area of the Govan Mbeki Municipality is stable and did not show significant increases or declines for the period 1 July 2022 to 30 June 2023

Subdivision was done at Lesile extention 8 which resulted the fair value adjustment amounting to R178 688 409

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2. Investment property (continued)

Amounts recognised in surplus or deficit

From Investment property that did not generate rental revenue		
Loss on disposal of Investment Property	(14 535 000)	(2 448 744)
Gain on disposal of investment Property	1 333 999	-
Fair Value Adjustment	178 668 409	-
	165 467 408	**(2 448 744)**

The loss on the sale of the Investment property can be attributed to a timing difference between the municipalities intention to sell the property and the actual receipt of the full amount from the buyer. In accordance with the Municipalities accounting policies which is applied consistently through the years, a sale is only recognised and investment property derecognised from the accounting records only when the full amount of the purchase price, as agreed upon during the conclusion of the deed of sale, is received. Therefore, if there is a delay in receipt of the full amount, it can result in a loss being incurred. The loss represents the difference between the purchase price and the value of the investment property at de-recognition date.

The municipality does not levy any interest direct or indirectly or indirectly as part of the said arrangement and therefore the transaction does not constitute financial services.

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3. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	421 426 629	-	421 426 629	422 017 341	-	422 017 341
Buildings	936 922 316	(770 733 325)	166 188 991	936 804 160	(750 332 001)	186 472 159
Infrastructure	5 052 269 306	(4 056 143 993)	996 125 313	4 908 052 780	(3 969 704 490)	938 348 290
Landfil Sites	226 371 509	(188 129 042)	38 242 467	291 404 610	(229 187 932)	62 216 678
Leased Movable Assets	18 039 401	(4 202 273)	13 837 128	753 191	(175 839)	577 352
Other property, plant and equipment	230 975 089	(140 583 375)	90 391 714	189 348 213	(124 557 955)	64 790 258
Library Books	2 586 042	(2 595 819)	(9 777)	2 511 941	(2 476 473)	35 468
Total	**6 888 590 292**	**(5 162 387 827)**	**1 726 202 465**	**6 750 892 236**	**(5 076 434 690)**	**1 674 457 546**

Notes to the Annual Financial Statements

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers In (Out)	Work in Progress	Depreciation	Impairment loss	Total
Land	422 017 341	-	(590 712)	-	-	-	-	421 426 629
Buildings	186 472 159	150 997	-	(3 609 787)	3 609 787	(20 385 182)	(48 983)	166 188 991
Infrastructure	938 348 290	22 809 787	(176 674)	-	120 648 288	(85 411 773)	(92 605)	996 125 313
Landfil Sites	62 216 678	-	(19 371 094)	-	-	(4 602 609)	(508)	38 242 467
Leased Movable Assets	577 352	17 297 286	(5 588)	-	-	(4 031 922)	-	13 837 128
Other Property Plant and Equipment	64 790 258	32 625 935	(142 388)	-	9 564 283	(16 446 374)	-	90 391 714
Library Books	35 468	-	(13)	-	-	(45 232)	-	(9 777)
	1 674 457 546	**72 884 005**	**(20 286 469)**	**(3 609 787)**	**133 822 358**	**(130 923 092)**	**(142 096)**	**1 726 202 465**

Notes to the Annual Financial Statements

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers in/(out)	Work-in-Progress	Depreciation	Impairment loss	Total
Land	422 650 067	-	(632 726)	-	-	-	-	422 017 341
Buildings	203 891 194	-	-	3 142 800	3 643 884	(22 396 969)	(1 808 750)	186 472 159
Infrastructure	959 304 337	7 935 554	(42 446)	23 998 462	65 231 659	(117 509 420)	(569 856)	938 348 290
Landfil Sites	72 875 928	933 045	(1 470 878)	-	-	(10 121 417)	-	62 216 678
Leased Movable Assets	-	755 503	(20 304)	-	-	(157 847)	-	577 352
Other property, plant and equipment	51 589 057	29 091 268	(604 660)	-	-	(15 285 407)	-	64 790 258
Library Books	131 153	-	-	-	-	(95 685)	-	35 468
	1 710 441 736	**38 715 370**	**(2 771 014)**	**27 141 262**	**68 875 543**	**(165 566 745)**	**(2 378 606)**	**1 674 457 546**

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

Assets subject to finance lease (Net carrying amount)

Other equipment	13 837 128	577 352

Property, plant and equipment in the process of being constructed or developed

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

3. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Opening balance	Project Expenditure	Project completions included in Additions	Closing balance
Energy	71 787 016	32 289 835	-	104 076 851
Water	15 612 346	39 701 303	-	55 313 649
Sanitation	169 505 454	48 627 045	-	218 132 499
Roads	7 688 739	-	-	7 688 739
Buildings	3 579 684	30 104	(3 609 788)	-
Fleet	-	9 564 283	-	9 564 283
	268 173 239	**130 212 570**	**(3 609 788)**	**394 776 021**

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Reconciliation of Work-in-Progress 2022

	Opening balance	Project Expenditure	Project completions included in Additions	Closing balance
Energy	39 462 000	32 325 016	-	71 787 016
Water	8 997 440	10 758 037	(4 143 131)	15 612 346
Sanitation	142 995 990	46 364 794	(19 855 330)	169 505 454
Roads	7 226 474	462 265	-	7 688 739
Buildings	-	6 716 882	(3 137 198)	3 579 684
	198 681 904	**96 626 994**	**(27 135 659)**	**268 173 239**

Expenditure incurred to repair and maintain property, plant and equipment

	2023	2022
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Repairs and maintenance of Land and Buildings	1 770 380	(716 371)
Repairs and maintenance of Infrastructure Assets	690 610	165 255
Repairs and maintenance of Other Assets	57 732 044	51 903 279
	60 193 034	**51 352 163**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

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4. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 566 120	(2 502 004)	64 116	2 566 750	(2 330 566)	236 184

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	236 184	(172 068)	64 116

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	361 390	128 410	(253 616)	236 184

Pledged as security

All intangible assets are held at cost less amortization and impairment and no intangible assets have been pledged as security for any liabilities of the municipality.
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.

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5. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	5 430 550	-	5 430 550	5 430 550	-	5 430 550

Reconciliation of heritage assets 2023

	Opening balance	Total
Historical monuments	5 430 550	5 430 550

Reconciliation of heritage assets 2022

	Opening balance	Total
Historical monuments	5 430 550	5 430 550

Pledged as security

No heritage assets were pledged for any liabilities of the municipality.

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.

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6. Other financial assets

Designated at fair value		
Old Mutual Shares 2022:32287@R11.03 2023: 32287@R12.12	391 319	356 126
Sanlam Shares 2022: 2452 @R52.87 2023: 2452 @R58.38	143 148	129 637
Nedbank Shares 2022: 1036@R207.26s 2023: 1036@R228.58	236 810	214 722
Quilter Shares 2022: 9223@ R20,12 2023: 9223@19.29	177 912	185 567
	949 189	**886 052**
At amortised cost		
ABSA Fixed deposit The ABSA balance was held as security for DBSA loan which was paid off in the 2020/2021 financial year	-	13 688 106
Total other financial assets	**949 189**	**14 574 158**

Non-current assets		
Designated at fair value	949 189	886 052
At amortised cost	-	13 688 106
	949 189	**14 574 158**

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ABSA Fixed deposit investment was held as security for DBSA loan which was paid off in the 2020/2021 financial year, the investment has reached maturity date, it is now held as a investment maturing in 12 months.

7. Payables from exchange transactions

Trade payables	4 771 235 523	3 744 886 054
Retentions	25 442 377	19 731 756
Accrued leave pay	37 199 247	33 855 936
Accrued bonus	10 846 085	10 192 930
Salary Control	2 584 312	2 964 128
	4 847 307 544	**3 811 630 804**

8. Trade payables from non-exchange

Unallocated deposits	21 997 954	21 819 301

9. Consumer deposits

Electricity	10 464 558	10 142 203
Water	19 530 700	18 555 740
Refuse	64 993	83 757
Sundry deposits	261 732	235 552
	30 321 983	**29 017 252**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

10. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The municipality provides certain post - retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member who is on the current conditions of service is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit funding method.

At the valuation date individuals entitled to a post - retirement medical aid subsidy were:
In - service (employee) members.
In - service (employee) non - members.
Continuation (retiree and widow) members

Pension benefits

The municipality employees belong to a contribution pension plan. The contributions are payable to the pension service providers on a monthly basis. The employer expenditure in relation to contributions are recognised as a expenditure. There are no planned assets on such contributions, the benefit thereof are vested with various service providers chosen by the employees, the lump sums are therefore payable when an employee terminate his/her services as a result of retirement.

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

	2023	2022
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(43 997 306)	(51 207 199)
Movement for the year	1 987 362	7 209 893
	(42 009 944)	**(43 997 306)**

	2023	2022
Non-current liabilities	(39 837 610)	(41 296 012)
Current liabilities	(2 172 334)	(2 701 294)
	(42 009 944)	**(43 997 306)**

At the valuation date, the medical aid liability of the Municipality was unfunded, i.e. no dedicated assets had been set aside to meet this liability.]

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

	2023	2022
Opening balance	(43 996 901)	(51 207 199)
Benefits paid	2 701 294	3 856 933
Net expense recognised in the statement of financial performance	(714 337)	3 352 960
	(42 009 944)	**(43 997 306)**

Net expense recognised in the statement of financial performance

	2023	2022
Current service cost	1 615 206	1 640 471
Past service cost	(2 701 294)	(3 856 933)
Interest cost	5 330 781	5 485 994
Actuarial (gains) losses	(6 231 650)	(10 479 425)
	(1 986 957)	**(7 209 893)**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

10. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

	2023	2022
Discount rates used	12,78 %	12,50 %
CPI (Consumer Price Inflation)	7,32 %	7,98 %
Health Care Inflation rate	8,82 %	9,48 %
Net Effective Discount Rate	3,64 %	2,76 %

The determination of the investment returns are as per market yields at balance sheet date on government bonds. Two most important financial variables used in our valuation are the discount- and medical aid inflation rates, the zero coupon yield curve from Johannesburg Stock Exchange were used to determine the discount rates and CPI assumptions.

The discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2023 is 12.78 % per annum

The yield on inflation linked bonds of a similar term was about 5.09% per annum , implying an underlying expectation of inflation of 7.98 % per annum.

.

A healthcare cost inflation rate of 8.828% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability . It is the relative levels of the discount rate and healthcare inflation to one another that are important rather than the nominal values. It has thus assumed a net discount factor of 3.646% per annum.

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for illhealth and early retirement]

Sensitivity analysis
The valuation is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables i.e
- 20% increase/decrease in the assumed level of mortality;
- 1% increase/decrease in the Medical Aid inflation

Withdrawal rate
The change in the withdrawal assumption by a 20% decrease would result in a 0.92% increase in the accrued liability whilst a 20% increase would reult in a 0.14% decrease in the accrued liability.

Medical Inflation Rate
As per the table above, a 1% increase in the medical inflation rate results in a 3.2% increase in the accrued liability whilst a 1% decrease in the medical inflation rate will result in a 18.64% decrease in the accrued liability.

Discount Rate
Inversely, a 1% increase in the discount rate results in a 10.93% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 13.63% increase in the accrued liability]

Sensivity anaysis

Withdrawal Rate	**20% Increase R's**	**Valuation assamptions**	**20% decrease R's**
Accrual Liability	42 397 930	42 009 944	41 950 953
Service Cost	1 639 593	1 592 304	1 597 491
Interest	5 522 500	5 230 059	5 460 907
	49 560 023	**48 832 307**	**49 009 351**

Medical Inflation Rate	**1% Increase R's**	**Valuation assamptions**	**1% Increase R's**
Accrual Liability	34 178 811	42 009 944	43 355 448

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

10. Employee benefit obligations (continued)

Service Cost	1 129 197	1 592 304	1 617 472
Interest	4 374 800	5 230 059	5 626 546
	39 682 808	**48 832 307**	**50 599 466**

The basis on which the discount rate has been determined is as follow: [state basis]Heading

Discount rates	**1% Increase R's**	**Valuation assamptions**	**1% Increase R's**
Accrual Liability	47 621 208	42 009 944	37 417 268
Service Cost	1 901 137	1 592 304	1 346 310
Interest	5 492 805	5 230 059	5 023 254
	55 015 150	**48 832 307**	**43 786 832**

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees [or specify number of employees covered]. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

The total economic entity contribution to such schemes	162 862 300	118 519 474

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). The municipality accounted for this (these) plan(s) as a defined contribution plan(s):

11. Other receivables

Other receivables-Prepaid electricity vendors	10 566 758	11 341 853

12. Long term receivables

Summary of consumer arrangements		
Long term receivables	1 087 663	812 484
Long term receivables: current portion	13 613 275	3 187 895
	14 700 938	**4 000 379**

13. Inventories

Consumable stores	59 511 662	32 348 919
Water for distribution	903 776	835 205
	60 415 438	33 184 124
Inventories (write-downs)	(1 161)	(1 245 401)
	60 414 277	**31 938 723**

Water for distribution

Opening balance	835 205	739 626
System input volume	68 571	95 579
Closing balance	**903 776**	**835 205**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

14. Receivables from non-exchange transactions

Fines	13 972 236	17 687 426
Property rates	368 623 585	292 282 722
Impairment property rates	(278 050 383)	(211 341 181)
	104 545 438	**98 628 967**

Statutory receivables are as follows:

Property rates	90 573 200	80 941 542
Fines	11 022 464	14 525 399
Sundry debtors	2 949 774	3 162 026
VAT receivables	197 510 609	137 262 379
	302 056 047	**235 891 346**
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

14. Receivables from non-exchange transactions (continued)

Total receivables from non-exchange transactions	104 545 438	98 628 967

Summary of propety rates		
Current (0-30 days)	26 470 391	25 781 308
31-60 days	12 625 666	12 008 206
61-90 days	11 396 511	9 991 945
91-120 days	10 610 464	9 046 498
>120 days	307 520 551	235 526 042
Less: Allowance for impairment	(278 050 383)	(211 341 180)
	90 573 200	**81 012 819**

Consumers		
Current (0-30 days)	14 873 664	8 741 557
31-60 days	8 452 846	6 037 508
61-90 days	7 567 348	5 219 492
91-120 days	7 071 728	4 792 315
>120 days	177 273 105	107 161 185
Less: Allowance for impairment	(158 399 382)	(95 234 476)
	56 839 309	**36 717 581**

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Industrial/Commercial		
Current (0-30 days)	10 468 234	7 732 721
31-60 days	3 413 462	3 019 355
61-90 days	3 115 145	2 360 726
91-120 days	2 825 732	2 221 272
>120 days	104 323 813	82 144 136
Less: Allowance for impairment	(94 207 310)	(75 926 154)
	29 939 076	**21 552 056**

National and provincial government		
Current (0-30 days)	1 095 898	9 279 515
31-60 days	741 373	2 947 271
61-90 days	696 726	2 407 770
91-120 days	696 679	2 029 012
>120 days	25 497 099	45 941 908
Less: Allowance for impairment	(25 241 315)	(39 901 715)
	3 486 460	**22 703 761**

Other		
Current (0-30 days)	32 594	27 515
31-60 days	17 984	4 073
61-90 days	17 292	3 957
91-120 days	16 325	3 898
>120 days	426 534	278 813
Less: Allowance for impairment	(202 376)	(278 833)
	308 353	**39 423**

Rates		
Statutory receivables past due not impaired	37 735 307	35 778 375
Statutory receivables past due and impaired	278 050 383	211 341 181
	-	-

Traffic fines

Figures in Rand	2023	2022
14. Receivables from non-exchange transactions (continued)		
Statutory receivables past due not impaired	12 809 300	7 721 350
Statutory receivables past due and impaired	86 845 041	71 138 619
	-	-
Sundry debtors		
Statutory receivables past due not impaired	2 867 707	2 872 628

14. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Sundry Debtor-SPLUMA (Spatial Planning and Land Use Management Act)

Rates-MPRA (Municipal Property Rates Act)

Rates and surcharge-MSA (Municipal Systems Act)

Traffic fines-AARTO (Administrative Adjudication of Road Traffic Offences Act)

VAT act

Determination of transaction amount

Rates amounts are based on valuation roll and tariffs approved

Traffic fines are base on vialotion of AARTO

Encroachment fines and penalties are base on SPLUMA

VAT receivables result from complying with the VAT Act

Interest or other charges levied/charged

Rates-Interest is charged monthly bases on accounts that are overdue and always on prime rate

Traffic fines-No interest charged

The municiaplity is not allowed to charge interest on VAT receivables

Basis used to assess and test whether a statutory receivable is impaired

Use impairment methodology which is part of the approved policies of the municipality

VAT receivables are not subject to impairement

Discount rate applied to the estimated future cash flows

There are no expected discounted future cash flows on statutory receivabales

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables

Significant impairment losses recognised or reversed

There were significant impairment lossed recognised or not reversed

Other impairment losses recognised or reversed

The main events is economic conditions with the municipality area

Key indicators and assumptions used to assess and calculate whether statutory receivables were impaired during the reporting period

The following are used to identifiy accounts to be impaired

Indigent

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

14. Receivables from non-exchange transactions (continued)

AOD Agreements

Occupier / Tenants Accounts

In-Active Accounts

100% Less Average Payment Collection Rate Over Preceding 12 Months of debt Ageing 150+ Days

Traffic fines are impaired based on stages of the tickets

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Fines

Fines are penalties of money that authories decided has to be paid as punishment of offence,the amounts are determined case by case.

Summary of traffic fines		
Gross Fines	85 664 019	76 210 030
Additions	12 203 486	9 453 988
Provision for impairment	(86 845 041)	(71 138 619)
	11 022 464	**14 525 399**

Reconciliation of provision for impairment of recivables from traffic fines		
Opening balance	(71 138 179)	(65 986 440)
Movemnt on provision for impairment	(15 706 862)	(5 152 179)
	(86 845 041)	**(71 138 619)**

15. VAT receivable

VAT	199 654 291	139 406 062

16. Consumer debtors disclosure

Gross balances		
Consumer debtors - Electricity	573 383 949	451 259 138
Consumer debtors - Water	1 365 246 604	1 134 040 570
Consumer debtors - Sewerage	512 622 996	416 492 356
Consumer debtors - Refuse	463 004 738	374 648 350
Consumer debtors - Other	528 530 570	454 197 100
	3 442 788 857	**2 830 637 514**

Less: Allowance for impairment		
Consumer debtors - Electricity	(459 399 681)	(353 926 683)
Consumer debtors - Water	(1 195 696 050)	(940 482 514)
Consumer debtors - Sewerage	(439 835 908)	(368 382 109)
Consumer debtors - Refuse	(412 307 575)	(330 033 287)
Consumer debtors - Other	(528 568 298)	(443 622 094)
	(3 035 807 512)	**(2 436 446 687)**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

16. Consumer debtors disclosure (continued)

Net balance		
Consumer debtors - Electricity	113 984 268	97 332 455
Consumer debtors - Water	169 550 554	193 558 056
Consumer debtors - Sewerage	72 787 088	48 110 247
Consumer debtors - Refuse	50 697 163	44 615 063
Consumer debtors - Other	(37 728)	10 575 006
	406 981 345	**394 190 827**

Electricity		
Current (0 -30 days)	94 364 814	67 022 619
31 - 60 days	15 787 835	14 413 213
61 - 90 days	14 049 950	11 691 217
91 - 120 days	12 678 128	11 208 484
121 - 365 days	436 503 221	346 923 605
Less: Allowance for impairment	(459 399 680)	(353 926 682)
	113 984 268	**97 332 456**

Water		
Current (0 -30 days)	72 177 209	88 877 176
31 - 60 days	32 418 597	29 402 256
61 - 90 days	29 106 077	25 779 419
91 - 120 days	30 195 514	24 782 287
121 - 365 days	1 201 877 746	965 156 940
Less: Allowance for impairment	(1 195 696 049)	(962 893 407)
	170 079 094	**171 104 671**

Sewerage		
Current (0 -30 days)	15 008 733	12 895 313
31 - 60 days	11 988 150	9 936 603
61 - 90 days	10 980 671	9 419 320
91 - 120 days	10 708 427	9 283 023
121 - 365 days	463 937 014	374 958 097
Less: Allowance for impairment	(439 835 907)	(368 382 109)
	72 787 088	**48 110 247**

Refuse		
Current (0 -30 days)	14 380 927	13 096 399
31 - 60 days	11 013 011	9 778 588
61 - 90 days	10 466 258	9 124 951
91 - 120 days	9 979 313	8 674 324
121 - 365 days	417 165 228	333 974 088
Less: Allowance for impairment	(412 307 574)	(330 033 287)
	50 697 163	**44 615 063**

Other		
Current (0 -30 days)	104 746 570	91 017 602
31 - 60 days	6 942 743	7 817 584
61 - 90 days	7 578 027	4 365 681
91 - 120 days	6 598 225	3 365 608
121 - 365 days	402 665 005	347 630 625
Less: Allowance for impairment	(528 568 298)	(443 622 094)
	(37 728)	**10 575 006**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

16. Consumer debtors disclosure (continued)

Summary of debtors by customer classification

	2023	2022
Consumers		
Current (0 -30 days)	142 571 316	84 292 529
31 - 60 days	68 704 267	54 586 036
61 - 90 days	64 638 747	50 109 663
91 - 120 days	62 058 815	49 854 401
121 - 365 days	2 754 058 771	2 161 268 996
	3 092 031 916	2 400 111 625
Less: Allowance for impairment	(2 745 594 567)	(2 134 203 263)
	346 437 349	**265 908 362**
Industrial/ commercial		
Current (0 -30 days)	59 092 576	46 131 221
31 - 60 days	7 685 495	9 621 058
61 - 90 days	6 340 556	5 574 975
91 - 120 days	6 737 343	2 964 399
121 - 365 days	117 098 436	88 675 459
	196 954 406	152 967 112
Less: Allowance for impairment	(139 195 003)	(107 153 053)
	57 759 403	**45 814 059**
National and provincial government		
Current (0 -30 days)	98 468 957	142 165 866
31 - 60 days	1 644 251	6 781 559
61 - 90 days	1 089 163	4 456 455
91 - 120 days	1 229 458	4 302 489
121 - 365 days	48 449 773	97 241 229
	150 881 602	254 947 598
Less: Allowance for impairment	(148 201 694)	(195 147 432)
	2 679 908	**59 800 166**
Other debtors		
Current (0 -30 days)	545 405	319 494
31 - 60 days	116 323	359 591
61 - 90 days	112 518	239 495
91 - 120 days	133 992	192 436
121 - 365 days	3 056 326	21 500 848
	3 964 564	22 611 864
Less: Allowance for impairment	(2 816 246)	(22 353 832)
	1 148 318	**258 032**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(2 458 857 580)	(178 571 662)
Contributions to allowance	(576 949 930)	(2 280 285 918)
	(3 035 807 510)	**(2 458 857 580)**

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17. Cash and cash equivalents

Cash and cash equivalents consist of:

Figures in Rand	2023	2022

17. Cash and cash equivalents (continued)

	2023	2022
Cash on hand	3 900	18 990
Bank balances	12 160 584	18 302 079
Short-term deposits	177 275 470	238 124 744
	189 439 954	**256 445 813**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Standard Bank - Primary Account - 0301-923-58	12 437 675	26 421 022	12 546 126	12 160 584	18 301 979	8 602 766
Standard Bank - MIG Account - 0387-87024-008	4 544 344	71 122 577	43 321 258	4 544 344	71 122 577	43 321 258
Standard Bank - EMBA - 0387-87024-003	463 162	434 563	419 303	463 162	434 563	419 303
Standard Bank - EMBA - 0387-87024-009	53 447 214	164 085 703	149 100 854	53 447 214	164 085 703	149 100 854
Standard Bank - Traffic Acc - 0301-952-76	3 561 267	2 482 239	1 737 244	3 561 269	2 482 239	1 737 244
Nedbank BANK -Fixed Deposit - 03/ 7881073845	100 589 808	-	-	100 589 808	-	-
ABSA BANK - Fixed deposit - 20-6447-1346	14 638 517	-	-	14 669 671	-	-
Total	**189 681 987**	**264 546 104**	**207 124 785**	**189 436 052**	**256 427 061**	**203 181 425**

Cash and cash equivalents		
Statement of financial position balance	189 439 954	256 445 814
Cash flow statement balance	189 439 954	256 554 814
	-	-

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022

18. Finance lease obligation

Minimum lease payments due		
- within one year	8 021 783	336 000
- in second to fifth year inclusive	10 351 392	448 000
	18 373 175	784 000
less: future finance charges	(1 971 998)	(62 614)
Present value of minimum lease payments	**16 401 177**	**721 386**
Present value of minimum lease payments due		
- within one year	6 835 624	294 843
- in second to fifth year inclusive	9 565 552	426 543
	16 401 176	**721 386**
Non-current liabilities	9 565 552	426 543
Current liabilities	6 835 624	294 842
	16 401 176	**721 385**

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022

18. Finance lease obligation (continued)

Market risk

The carrying amounts of finance lease liabilities are denominated in the following currencies:

Rand	16 401 176	721 386

The fair value of finance lease liabilities approximates their carrying amounts.

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municpal Infrastructure Grant	-	16 245 872
LG SETA	1 805 043	3 812 029
Sport development Grant	234 858	453 685
Pre-capacity Grant	266 086	272 818
Economic Development Grant	313 901	313 901
Sasol	77 554	10 446 492
Financial Management Grant	-	112 895
Intergrated National Electrification Programme Grant	-	7 255 378
Water Service Infrastructure Grant	3 047 401	18 513 075
Gert Sibande District Municipality	274 580	274 580
Energy Efficiency Demand Management Grant	406 149	406 149
Regional Bulk Infrastructure Grant	-	23 719 543
	6 425 572	**81 826 417**

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

These amounts are invested in a ring-fenced investment until utilised.

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022

20. Fees earned

Administrative Handling Fees	314 074	168 088
Advertisements	27 531	30 413
Application Fees for Land Usage	1 011 305	1 125 151
Building Plan Approval	1 847 716	1 768 343
Cemetery and Burial	1 247 209	1 342 297
Clearance Certificates	4 650	6 235
Commission	323 479	314 641
Electricity	1 296 038	923 818
Escort Fees	-	1 034
Fire Services	512 148	428 623
Occupation Certificates	36 836	1 886
Parking Fees	521	238
Photo copies; Faxes and Telephone charges	3 151	6 857
Publications: charts/posters	11 878	3 609
Publications: Plans	10 180	297
Sale of tender documents	369 270	457 132
Streets/Street Markets (Informal Traders)	42 740	42 443
Traffic Control	92 835	32 327
Valuation Services	19 545	15 906
Water	907 223	437 647
Removal of restrictions	-	55
waste water management connection	-	25 773
Inspection fees: facilities	-	388 813
valuation rolls	-	5 565
	8 078 329	**7 527 191**

Figures in Rand			2023	2022

21. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	329 619 431	36 424 944	(27 221 286)	338 823 089

Reconciliation of provisions - 2022

	Opening Balance	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	304 281 913	30 245 802	(4 908 284)	329 619 431

	2023	2022
Non-current liabilities	296 063 615	293 198 286
Current liabilities	42 759 474	36 421 145
	338 823 089	**329 619 431**

Environmental rehabilitation provision

The municipality will incur licensing and rehabilitation cost of R 338 823 089(2022: R329 619 431) to restore landfill sites at the end of their use. As at 30 June 2023 this liability will be
incurred over 0 to 30 years. Provision has been made for the net present value of the expenditures expected to be required to settle the obligation using the average cost of borrowings.l.

There are currently no long term assets set aside for closure of the site, therefore the liability is unfunded.

The net discount rate increased from 3.56% to 4.87% over the investigation period and this decreased the liability for Leandra and Bethal landfills..
decrease in land fill site provision increased mainly due to the following :
- Higher capping specifications required for environmental reasons where landfills are unlined.
- Simultaneous change in all the variables results.

22. Payments in advance

	2023	2022
Summary of advance payments		
Accounts with credit balances	47 368 681	37 777 085
Payments received on sold stands not yet transfered	21 731 336	17 803 887
Insurance money waiting to be paid out	6 724 407	6 644 261
	75 824 424	**62 225 233**

23. Long service awards

The municipality operates a defined benefit plan for all its employees. The long service award liability is not a funded arrangement, i.e. no separate assets have been set aside to meet its liability.

Under the plan, a long service award is payable after 10 years of continuous service and every 5 years thereafter, until 45years of service (inclusive) to employees. Furthermore, a retirement gift of 1% of final annual salary is payable on retirement to employees with 10 years or more service. The provision is an estimate of a long service based on historical staff turnover.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

23. Long service awards (continued)

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.The approach taken in this valuation has been made with reference to the guidelines issued by the Actuarial Society of South Africa (ASSA), in particular the Advisory Practice Note 207 as issued by ASSA, and is consistent with the requirements of GRAP25.

At year end of (2023:1176) employees (2022: 1175) were eligible for long service awards.Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. Govan Mbeki advised that in most cases,employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash.

Valuation of liabilities
Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date. In determining these liabilities, due allowance has been made for future award increases. For each employee, this projection is based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death.

Valuation of assets
As at the valuation date, the long service leave award liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability

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

Carring amount		
Non Current Liability	(31 887 809)	(34 519 336)
CurrentLiability	(7 082 087)	(3 887 060)
	(38 969 896)	**(38 406 396)**

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022

23. Long service awards (continued)

Changes in the present value of the long service liability are as follows:		
Opening balance	(38 406 393)	(35 769 298)
Benefit paid	3 625 168	2 938 814
Net expense recognised in the statement of financial performance	(4 188 668)	(5 575 912)
	(38 969 893)	**(38 406 396)**

Net expense recognised in the statement of financial performance		
Current service cost	(2 715 924)	(2 165 557)
Interest Cost	(3 927 051)	(2 563 641)
Actual gain (losses)	2 454 307	(396 714)
	(4 188 668)	**(5 125 912)**

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

Valuation assumptions		
Discount rate	10.60%	10.77%
CIP	5.80%	7.22%
Salary Increase rate	6.80%	8.22%
Net Discount rate	3.56%	2.36%
	-	-

The valuation bases assume that the salary inflation rate (which manifests itself as the annual increase in employees' salaries which determine the bonuses payable) will be 2.36% less than the corresponding discount rate, in the long term.

1% increase in the salary increase rate results in a 6.25% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 5.70% decrease in the accrued liability, similarly, a 1% increase in the discount rate results in a 5.52% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 6.16% increase in the accrued liability.

Salary inflation rate	**1% decrease R's**	**30 June 2023 Valuation basis R's**	**1% increase R's**
Accrued liability	36 899 212	38 969 896	41 234 830
Current services cost	2 507 700	2 670 682	2 850 907
Interest cost	3 537 609	3 755 458	3 993 905
	42 944 521	**45 396 036**	**48 079 642**

Discount rate	**1% decrease R's**	**30 June 2023 Valuation basis R's**	**1% increase R's**
Accrued liability	41 174 363	38 969 896	36 984 563
Current services cost	2 846 070	2 670 682	2 514 383
Interest cost	3 611 354	3 755 458	3 881 169
	47 631 787	**45 396 036**	**43 380 115**

Retirement

The effects of a one (1) year and two (2) year reduction on the average retirement age of 63 years. A one (1) reduction in the retirement age results in a 4.25% decrease in the accrued liability whilst a two (2) year reduction in the retirement age results in an 9.09% reduction in the accrued liability.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

23. Long service awards (continued)

Assumed Retirement Age

	30 June 2023 Valuation basis R's	Retirement age – 1 R	Retirement age – 2 R
Accrued Liability	38 969 896	37 312 329	35 426 046
Current services cost	2 670 682	2 571 140	2 462 853
Interest cost	3 755 458	3 584 483	3 387 600
	45 396 036	**43 467 952**	**41 276 499**

Withdrawals

The effects of a 20% increase and 20% decrease in the withdrawal assumptions as at 30 June 2023. The adjustment would result in a 3.65% decrease and a 3.97% increase in the accrued liability respectively.

Withdrawal decrement

	20% decrease R's	30 June 2023 Valuation basis R's	20% increase R's
Accrued Liability	40 516 972	38 969 896	37 546 975
Current services cost	2 814 835	2 670 682	2 541 282
Interest cost	3 918 048	3 755 458	3 606 029
	47 249 855	**45 396 036**	**43 694 286**

24. Service charges

	2023	2022
Sale of electricity	458 603 062	437 619 003
Sale of water	548 136 510	511 459 524
Sewerage and sanitation charges	146 194 817	133 367 200
Refuse removal	141 429 313	134 927 336
Prepaid electricity	109 765 850	92 926 945
	1 404 129 552	**1 310 300 008**

25. Rental of facilities and equipment

	2023	2022
Municipal properties rentals	6 955 944	8 570 402
Facilities and equipment		
Rental of facilities	452 080	453 990
	7 408 024	**9 024 392**

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26. Fines, Penalties and Forfeits

	2023	2022
Building Fines	939 160	2 966 703
Illegal Connections Fines	58 064	65 050
Municipal Traffic Fines	14 299 715	10 776 060
	15 296 939	**13 807 813**

27. Interest, dividends and Rent on Land

	2023	2022
Interest - Receivables	20 895 532	11 067 174

28. Gains on disposal of assets

	2023	2022
Gains on disposal of assets	2 056 397	3 774 791

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

29. Investment revenue

Dividend revenue		
Listed financial assets-Local	-	228 085
Interest revenue		
Bank	17 936 558	9 038 483
	17 936 558	**9 266 568**

30. Property rates

Rates received

Residential	199 720 053	186 688 545
industrial properties	23 919 744	24 072 813
Property owned by an organ of state and used for public service purpose	23 626 525	22 365 313
Agricultural Properties	133 099 455	128 323 273
Commercial and Businesses	-	11 426 717
	380 365 777	**372 876 661**

Valuations

Residential	27 016 342 880	26 851 896 500
Industrial Properties	1 042 889 200	1 683 120 000
Business and Commercial Properties	4 554 806 000	3 743 675 800
Agricultural Properties	4 429 952 500	4 397 947 700
Mining Properties	222 358 100	233 828 600
Property owned by an organ and used for public purpose	2 181 124 200	1 360 110 500
Public service infrastructure properties	68 182 000	692 238 800
Property owned by an organ and used for specified activities	468 570 100	452 359 000
Vacant land	991 265 200	1 072 109 680
	40 975 490 180	**40 487 286 580**

Valuations on land and buildings are performed every 4 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.

The new general valuation will be implemented on 01 July 2025.

31. Transfer and subsidies

Other subsidies		
Indigent support	22 991 586	30 797 286

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

32. Government grants & subsidies

	2023	2022
Operating grants		
Equitable share	380 023 512	331 028 000
Extended public works programme	2 629 000	1 677 000
Financial Management Grant	2 100 000	2 406 788
Energy Efficiency and Demand Side Management Grant	-	3 793 851
LG Seta Grant	2 852 162	135 850
Municipal Infrastructure Skills Development	24 500 000	24 500 000
Economic Development and Tourism	-	14 025
National Treasury Grant	-	500 000
Electricity Management Grant	225 559	5 000 000
	412 330 233	**369 055 514**
Capital grants		
Municipal Infrastructure Grant	82 177 872	42 085 127
Water Service Infrastructure Grant	14 952 599	1 715 654
Intergrated National Electrification Grant	29 555 378	21 418 365
Bulk Water sewerage	-	22 876 736
Mining Companies	10 368 938	-
	137 054 787	**88 095 882**
	549 385 020	**457 151 396**

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Equitable Share

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

Municipal Infrastructure Grant

	2023	2022
Balance unspent at beginning of year	16 245 872	17 894 912
Current-year receipts	65 932 000	51 526 000
Conditions met - transferred to revenue	(82 177 872)	(42 085 127)
Monies withheld by Treasury	-	(11 089 913)
	-	**16 245 872**

Conditions still to be met - remain liabilities (see note 19).

To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities.

LG SETA Grant

	2023	2022
Balance unspent at beginning of year	3 812 029	3 473 773
Current-year receipts	845 175	474 106
Conditions met - transferred to revenue	(2 852 161)	(135 850)
	1 805 043	**3 812 029**

Conditions still to be met - remain liabilities (see note 19).

The LGSETA mission is to build Local Governments' ability to meet its development needs by engaging innovative training methods, effective capacity building frameworks and building strategic partnerships. LGSETA creates and implements various innovative skills development interventions aimed at assisting local government employees, the unemployed and other people such as ward councilors and traditional leaders working within the structures of local government.

LG SETA allocates on a yearly basis the grants to the municipality to ensure that the skills development objectives are met as per Workplace Skills Plan(WSP).

Figures in Rand	2023	2022

32. Government grants & subsidies (continued)

Sports and Development Grant

Balance unspent at beginning of year	453 685	453 685
Conditions met - transferred to revenue	(218 827)	-
	234 858	**453 685**

Conditions still to be met - remain liabilities (see note 19).

This grant was received for promotion and development of sport. Projects identified for application of the grant will run in the subsequent financial year. No funds have been withheld..

Pre-capacity Grant

Balance unspent at beginning of year	272 818	286 843
Conditions met - transferred to revenue	(6 732)	(14 025)
	266 086	**272 818**

Conditions still to be met - remain liabilities (see note 19).

The grant was allocated to ensure that the social housing programme of provincial government was carried out. The municipality acts as an agent for implementation of the plan.

Economic Development and Tourism Grant

Balance unspent at beginning of year	313 901	313 901

Conditions still to be met - remain liabilities (see note 19).

Contribution towards the detailed technical feasibility study and the development of business plan for establishment of Industrial Park.

SASOL

Balance unspent at beginning of year	10 446 492	15 116 475
Conditions met - transferred to revenue	(10 368 938)	(4 669 983)
	77 554	**10 446 492**

Conditions still to be met - remain liabilities (see note 19).

Provide explanations of conditions still to be met and other relevant information.

Financial Management Grant

Balance unspent at beginning of year	112 895	465 683
Current-year receipts	2 100 000	2 100 000
Conditions met - transferred to revenue	(2 100 000)	(2 406 788)
Withheld by Tereasury	(112 895)	(46 000)
	-	**112 895**

Conditions still to be met - remain liabilities (see note 19).

The Finance Management Grant is allocated to assist the municipality to secure sound and sustainable management of the fiscal and financial affairs and to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

32. Government grants & subsidies (continued)

Integrated National Electrification Programme Grant

Balance unspent at beginning of year	7 255 378	10 930 743
Current-year receipts	22 300 000	17 743 000
Conditions met - transferred to revenue	(29 555 378)	(21 418 365)
	-	**7 255 378**

Conditions still to be met - remain liabilities (see note 19).

Implementation the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings including upgrade of informal settlements, new, and normalisation,and the installation of relevant bulk infrastructure.

Water Service Infrastructure Grant

Balance unspent at beginning of year	18 513 075	4 477 729
Current-year receipts	18 000 000	16 000 000
Conditions met - transferred to revenue	(14 952 599)	(1 715 654)
Withheld by Treasury	(18 513 075)	(249 000)
	3 047 401	**18 513 075**

Conditions still to be met - remain liabilities (see note 19).

To assist Water Services Authorities (WSAs) to reduce water and sanitation backlogs Grant purpose
Facilitate the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities
Provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including through spring protection and groundwater development

Gert Sibande District Municipality

Balance unspent at beginning of year	274 580	274 580

Conditions still to be met - remain liabilities (see note 19).

Monies received for co-funding of Electricity for Embalenhle Substation and network upgrade and installation of boreholes.

Energy Efficiency Demand Grant

Balance unspent at beginning of year	406 149	-
Current-year receipts	-	4 200 000
Conditions met - transferred to revenue	-	(3 793 851)
	406 149	**406 149**

Conditions still to be met - remain liabilities (see note 19).

Provide explanations of conditions still to be met and other relevant information.

Regional Bulk Infrastructure Grant

Balance unspent at beginning of year	23 719 543	46 596 278
Conditions met - transferred to revenue	-	(22 876 735)
Withheld Treasury	(23 719 543)	-
	-	**23 719 543**

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Figures in Rand	2023	2022

32. Government grants & subsidies (continued)

Conditions still to be met - remain liabilities (see note 19).

To develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality; to implement bulk infrastructure with a potential of addressing water conservation and water demand management projects or facilitate and contribute to the implementation of local water conservation and water demand management projects that will directly impact on bulk infrastructure requirements.

33. Public contributions and donations

	2023	2022
SASOL	528 000	-
Department of Art and Culture	163 489	-
Evander Gold Mine	5 296 000	4 669 983
	5 987 489	**4 669 983**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

34. Employee related costs

	2023	2022
Basic	291 525 759	270 954 607
Bonus	24 157 601	22 667 893
Medical aid - company contributions	38 536 089	36 572 799
UIF	2 508 189	2 505 571
SDL	4 969 234	4 656 039
Pension	64 260 795	60 460 687
Leave pay provision charge	8 458 619	6 604 268
Lumpsum payments	546 138	337 051
Defined contribution plans	1 931 314	(2 539 719)
Travel, motor car, accommodation, subsistence and other allowances	18 000 317	16 497 199
Overtime payments	53 758 557	46 913 657
Acting allowances	9 013 764	9 213 532
Housing benefits and allowances	1 980 693	1 754 439
Cellular and Telephone	2 408 004	2 289 448
Non-pensionable	71 435 920	70 939 188
Standby Allowance	17 056 672	14 984 996
Bargaining Council	152 855	146 335
Group Life Insurance	202 422	202 356
	610 902 942	**565 160 346**

Remuneration of municipal manager

	2023	2022
Annual Remuneration	1 453 534	141 543
Car Allowance	240 000	10 000
Cell phone allowance	21 600	1 598
Contributions to UIF, Medical, Pension Funds	323 846	15 753
Other (NPA AND Bargaining Council)	22 731	1 153 361
Lumpsum: SF Mndebele	1 672 257	-
Travel and Reimbursive	8 052	-
	3 742 020	**1 322 255**

Mr EN Maseko was appointed as Municipal Manager from 20 June 2022.

R1 672 257 result from court judgement for employment termination of former municipal manager Mr SF Mndebele.

Remuneration of chief finance officer

	2023	2022
Annual Remuneration	813 515	-
Acting Allowance	438 079	161 309
Car Allowance	144 000	9 600
Cellphone Allowance	23 129	-
Contributions to UIF, Medical, Pension Funds	1 417	707 935
Other (NPA and Bargaining Council)	13 646	-
Travel and Reimbursive	101 586	-
	1 535 372	**878 844**

Mrs VB Nkhata was seconded from Gert Sibande District Municipality from 20 October 2020 until 31 October 2022 as the Acting Chief Financial Officer and was paid an acting allowance.
Ms M Moloto was appointed as Chief Financial Officer from 1 November 2022.

Remuneration of Director Corporate Services

	2023	2022
Annual Remuneration	289 747	1 052 858
Acting Allowance	528 863	130 560
Car Allowance	32 640	21 600
Cellphone Allowance	5 400	233 754

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Figures in Rand	2023	2022
34. Employee related costs (continued)		
Contributions to UIF, Medical and Pension Funds	58 616	38 782
Other (NPA and Bargaining Council)	25 457	-
Leave pay	257 780	-
	1 198 503	**1 477 554**

Advocate TM Gininda was appointed as the Director Corporate Services on 1 October 2018 until 30 September 2022. Mr MH Ramoleta was appointed to act as the director Corporate Services from 1 October 2022.

Remuneration of Director Planning and Development

	2023	2022
Annual Remuneration	816 403	-
Acting Allowance	196 129	670 393
Car Allowance	112 500	-
Cellphone Allowance	16 200	-
Contributions to UIF, Medical and Pension Funds	148 547	-
Other (NPA and Bargaining Council)	15 352	-
Travel and Reimbursive	5 667	-
	1 310 798	**670 393**

Mr S Vilakazi was appointed as acting director for planning and development on 14 January 2021 until 30 September 2022. Mr D Maake was appointed as Director Planning and Development from 1 October 2022.

Remuneration of the Director Community Services

	2023	2022
Annual Remuneration	470 342	1 175 208
Acting Allowance	366 775	-
Car Allowance	50 000	120 000
Cellphone Allowance	9 000	21 600
Contributions to UIF, Medical and Pension Funds	110 925	303 665
Other (NPA and Bargaining Council)	28 869	124
Travel and Reimbursive	366	-
Leave pay	196 761	-
	1 233 038	**1 620 597**

Mrs EK Tshabalala was appointed as the director for community services on 1 February 2020 to 30 September 2022. Mr H Van Der Merwe was appointed to act as director community services from 1 November 2022 to 10 March 2023. Mr B Khubeka was appointed to act as director community services from 13 March 2023 to 30 April 2023.
Mrs NM Raisa-Mlandu was appointed as director community services on 1 May 2023

Remuneration of the Director Electrical and Mechanical Engineering

	2023	2022
Annual Remuneration	874 478	-
Car Allowance	125 000	-
Cellphone Allowance	18 000	-
Contributions to UIF, Medical and Pension Funds	198 332	-
Other (NPA and Bargaining Council)	17 058	-
Acting	10 701	-
Travel and Reimbursive	1 187	-
	1 244 756	**-**

Mr R Maswanganyi was appointed as director from 1 October 2022

Remuneration of the Director Civil Engineering

	2023	2022
Annual Remuneration	238 016	863 658
Acting Allowance	484 850	-
Car Allowance	30 000	120 000

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

34. Employee related costs (continued)

Contributions to UIF, Medical and Pension Funds	5 400	21 600
Other (NPA AND Bargaining Council)	52 140	207 105
Travel and Reimbursive	25 457	910
Leave pay	91 597	-
	927 460	**1 213 273**

Mr TJ Maphuthu was appointed as the director on 1 December 2019 to 30 September 2022. Mr R Mulaudzi was appointed as acting director on 1 October 2022.

35. Remuneration of councillors

Executive Mayor	987 579	911 869
Chief Whip	749 910	614 006
Mayoral Committee Members	4 636 339	4 445 360
Speaker	790 675	689 318
Councillors	17 249 439	16 456 677
Section 79 Councillors	1 276 940	1 280 900
	25 690 882	**24 398 130**

GOVAN MBEKI MUNICIPALITY

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35. Remuneration of councillors (continued)

COUNCILLORS	APPOINTMENT DATE	SALARY	PENSION	MEDICAL	MOTOR	CELL PHONE	OTHER TRAVEL	TOTAL
ZUMA NG	2016/08/10	706 718,80	106 003,00	-	134 057,28	40 800,00	-	987 579,08
MTSWENI MJ	2011/05/21	571 595,73	85 747,00	-	50 271,48	40 800,00	1 496,24	749 910,45
MAGAGAMELA FF	2021/11/09	652 062,85	97 812,00	-	-	40 800,00	-	790 674,85
SIBANYONI SI	2016/08/10	529 390,99	79 411,00	17 280,00	59 309,04	40 800,00	3 989,00	730 180,03
NSIBANDE ME	2017/10/31	534 793,18	80 218,00	17 280,00	67 997,52	40 800,00	11 290,53	752 379,23
MTSHALI PD	2011/05/21	508 329,29	76 253,00	-	125 678,76	40 800,00	-	751 061,05
MTSWENI TP	2015/01/08	505 278,60	75 883,00	-	125 678,76	40 800,00	4 054,34	751 694,70
ZIWELE L	2021/11/09	299 350,65	44 903,00	-	-	40 800,00	-	385 053,65
MBOKAZI V	2016/08/10	563 094,45	84 474,00	-	59 307,00	40 800,00	-	747 675,45
NGXONONO YT	2011/05/21	487 036,96	73 060,00	17 280,00	125 700,00	40 800,00	8 151,26	752 028,22
MOFOKENG TS	2016/08/10	332 683,45	49 911,00	-	-	40 800,00	3 382,40	426 776,85
MTHEMBU BE	2021/11/09	330 052,11	49 518,00	-	-	40 800,00	-	420 370,11
MASINGA MM	2016/08/10	333 381,57	49 963,00	-	-	40 800,00	5 648,63	429 793,20
VAN HUYSSTEEN	2011/05/21	202 607,72	30 393,00	17 280,00	50 271,48	40 800,00	-	341 352,20
VAN ROOYEN EJ	2011/05/21	217 014,60	32 556,00	-	50 271,48	40 800,00	-	340 642,08
NKABINDE JB	2013/03/01	217 014,60	32 556,00	-	50 271,48	40 800,00	-	340 642,08
MATHEBULA SB	2013/08/20	192 070,08	28 812,00	17 280,00	61 680,00	40 800,00	-	340 642,08
DE VRIES GR	2014/01/02	260 734,08	39 108,00	-	-	40 800,00	-	340 642,08
MKWEBANE ZA	2015/06/26	194 129,88	29 124,00	17 280,00	59 307,96	40 800,00	-	340 641,84
BOTHA C	2015/08/17	45 212,98	6 787,00	-	11 332,92	6 800,00	-	70 132,90
NKABINDE ER	2016/08/10	194 129,04	29 124,00	17 280,00	59 309,04	40 800,00	6 087,84	346 729,92
NEL BUITENDAG A	2016/08/10	261 348,20	39 204,00	-	-	40 800,00	5 359,28	346 711,48
MABIZELA TM	2016/08/10	229 983,30	34 500,00	-	35 358,78	40 800,00	-	340 642,08
MOLOTO BD	2016/08/10	209 144,88	31 389,00	-	59 307,96	40 800,00	-	340 641,84
CHAMBERLAIN M	2016/08/10	245 693,08	36 869,00	17 280,00	-	40 800,00	-	340 642,08
MASINA NA	2017/12/04	260 734,08	39 108,00	-	-	40 800,00	-	340 642,08
KLEINHANS T	2020/11/12	245 811,08	36 867,00	17 164,80	-	40 800,00	-	340 642,88
CHAUKE EW	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
ERASMUS D	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
JONKER L	2021/11/09	296 817,74	-	-	-	40 800,00	-	337 617,74
KHOZA D	2021/11/09	195 827,11	30 273,00	-	70 717,56	40 800,00	-	337 617,67
KUBHEKA MA	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
MADONSELA NR	2021/11/09	243 071,74	36 466,00	17 280,00	-	40 800,00	-	337 617,74
MAHLANGU SV	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	2 546,60	340 164,34
MAKHADO TC	2021/11/09	201 726,31	30 267,00	-	64 824,43	40 800,00	-	337 617,74

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35. Remuneration of councillors (continued)

MALUKA JM	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
MASEKO JM	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
MAZIBUKO SJ	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	962,40	338 580,14
MAZIBUKO TE	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	628,80	338 246,54
MAZIBUKO TM	2021/11/09	196 603,12	29 497,00	-	70 717,56	40 800,00	5 259,38	342 877,06
MKHWANAZI SM	2021/11/09	243 072,74	36 465,00	17 280,00	-	40 800,00	2 862,00	340 479,74
MNYUKANA MD	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
NTAHANE AN	2021/11/09	196 600,12	29 500,00	-	70 717,56	40 800,00	-	337 617,68
MTOMBENI JL	2021/11/09	201 726,31	30 267,00	-	64 824,43	40 800,00	-	337 617,74
MTUNGWA CM	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
NGWENYA LP	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
NKOSI M	2021/11/09	191 189,35	28 680,00	-	17 679,39	32 500,27	1 866,60	271 915,61
NKUNA MM	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
NKWANYANA SE	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
PETTERSON VL	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
MASITENG SM	2021/11/09	201 726,31	30 267,00	-	64 824,43	40 800,00	1 194,72	338 812,46
SEHLALO MS	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	1 513,20	339 130,94
SEIMELA T	2021/11/09	196 601,15	29 500,00	-	70 717,56	40 800,00	-	337 618,71
SIERANA GC	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
SINDELO S	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
TESNER J	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
THUKWANE KS	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
VAN MARLE HE	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	-	337 617,74
VILAKAZI P	2021/11/09	258 102,74	38 715,00	-	-	40 800,00	4 262,16	341 879,90
ZWANE J	2021/11/09	238 324,49	35 756,00	-	70 717,56	40 800,00	-	385 598,05
MASANGO SJ	2022/02/04	194 814,36	29 234,00	-	70 717,56	40 800,00	-	335 565,92
NDWANYAZA PN I	2022/04/28	254 652,14	38 188,00	-	-	40 800,00	-	333 640,14
MAHLANGU TJ	2022/05/12	254 371,19	38 157,00	-	-	40 800,00	-	333 328,19
SEKALEDI TA	22/12/2022	103 907,60	14 394,00	-	35 358,78	21 517,81	-	175 178,19
MASANGO W	2023/05/31	19 859,67	2 980,00	1 440,00	-	3 400,00	-	27 679,67
MAHLANU MJ	RESI 02/12/2021	558,01	-	-	-	-	-	558,01
DUDLEY VD	RESI 31/01/2022	1 926,82	-	-	-	-	-	1 926,82
VILAKAZI EA	RESI 15/10/2021	3 170,32	-	-	-	-	-	3 170,32
NKOSI S	RESI 11/05/2022	2 342,32	-	-	-	-	-	2 342,32
MAKOLA MB	TERM 22/08/31	3 869,02	-	-	-	-	-	3 869,02
NDABA BB	TERM 22/08/31	7 254,60	-	-	-	-	-	7 254,60
NHLAPO MD	TERM 22/08/31	7 254,60	-	-	-	-	-	7 254,60

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35. Remuneration of councillors (continued)

ZULU TS	TERM	22/08/31	7 254,60	-	-	-	-	-	7 254,60
GWIJI CV	TERM	22/08/31	6 935,21	-	-	-	-	-	6 935,21
MAKHAYE SA	TERM	22/08/31	7 255,52	-	-	-	-	-	7 255,52
MAHLANGU B D	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
KLAAS NP MS	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MKHALIPHI S MS	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MALAZA NG	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
THABETHE IM	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
SITHOLE LE MS	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MAZIBUKO KD	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
NJINGA SC	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MAHLANGU E	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MOKOENA BD	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
NDODA NM	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MAHLANGU NP	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
SHAI KJ	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
LUKHELE I	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MOTLOUNG ME	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
NTULI SR MS	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MORAJANE TA	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MAHLANGU BD	TERM	22/08/31	3 869,02	-	-	-	-	-	3 869,02
SEBOLELA JD	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
HLOLWENI S	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
SWART EP	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MNISI TR	TERM	22/08/31	3 871,02	-	-	-	-	-	3 871,02
NDWANYAZA PN	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MBONANI LM	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
DUBE TH	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MAHLANGU BS	TERM	22/08/31	7 254,60	-	-	-	-	-	7 254,60
ZULU NN	TERM	22/08/31	7 254,60	-	-	-	-	-	7 254,60
SIPELA AM	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
NYEMBE FM	TERM	22/08/31	7 620,82	-	-	-	-	-	7 620,82
MASANGO SJ	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
MAYISA JS	TERM	22/08/31	3 014,66	-	-	-	-	-	3 014,66
-	**TOTAL**		**18 336 517,46**	**2 682 459,00**	**191 404,80**	**1 856 927,76**	**2 553 018,08**	**70 555,38**	**25 690 882,48**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

35. Remuneration of councillors (continued)

The Executive Mayor, Speaker, Chief whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

36. Depreciation and amortisation

Property, plant and equipment	130 923 092	165 566 745
Intangible assets	171 438	253 616
	131 094 530	**165 820 361**

37. Impairment loss

Impairments		
Property, plant and equipment The impairment is due to deterioration of the assets condition and accidental damages.The recoverable service amount of the assets were based on its value in use	153 301	2 533 263

38. Finance costs

Trade and other payables	327 828 097	157 005 779
Finance leases	1 224 415	38 565
Employee cost obligation interest	5 330 781	8 049 635
Landfil Sites	36 424 944	30 245 802
	370 808 237	**195 339 781**

39. Auditors' remuneration

Fees	6 784 016	5 378 693

40. Debt impairment

Debt impairment	681 776 447	259 774 479

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022

41. General expenses

Advertising	769 474	487 601
Auditors remuneration	6 784 016	5 378 693
Bank charges	3 615 572	3 355 671
Entertainment	223 335	193 835
Fines and penalties	375 300	-
Rental: Machinery and Equipment	4 828 207	3 367 272
Insurance	13 069 460	11 602 528
EPWP	14 028 286	8 441 918
Ward Committes	5 563 500	3 718 500
Fuel and Oil	20 592 437	13 491 528
Printing and Stationery	59 600	21 925
Protective clothing	5 461 593	3 692 438
Subscriptions and membership fees	9 773 015	13 989 326
Communication Costs	2 288 323	2 212 340
Transport and freight	3 692 862	1 397 725
Training	429 736	101 183
Travel - local	1 577 748	864 952
Licensing fees	3 332 406	2 967 246
Professional Fees	11 369 368	13 570 914
Workmen Compensation	2 347 006	2 093 201
Grants Expenditure	18 142	12 672
Other Expenses	624 790	872 069
Repairs and maintenance	60 886 447	51 360 103
	171 710 623	**143 193 640**

42. Bulk purchases

Electricity - Eskom	818 684 895	787 367 176

Electricity losses

Units purchased	535 184 253	564 990 388
Units sold	(192 881 901)	(206 678 705)
Total loss	**342 302 352**	**358 311 683**

Comprising of:		
Technical losses	53 811 175	57 236 039
Non-technical losses	288 491 177	301 075 644
Total	**342 302 352**	**358 311 683**

Percentage Loss:		
Technical losses	10 %	10 %
Non-technical losses	54 %	53 %
Total	**64 %**	**63 %**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

42. Bulk purchases (continued)

Water losses

Water stock opening	78 203	73 303
water stock closing balance	(77 845)	(78 203)
Units purchased	31 850 759	33 041 711
Units sold	(18 850 062)	(20 747 171)
Total	**13 001 055**	**12 289 640**

Comprising of:		
Technical losses	3 192 896	4 284 918
Non-technical losses	9 808 159	8 004 721
Total	**13 001 055**	**12 289 639**

Percentage Loss:		
Technical losses	10 %	10 %
Non-technical losses	30 %	24 %
Total	**40 %**	**34 %**

43. Contracted services

Outsourced Services		
Burial Services	54 522	14 800
Meter Management	402 286	228 360
Pest Control	44 600	28 696
Professional Staff	7 428 965	3 148 992
Security Services	41 957 260	36 520 455
Sewerage Services	25 160 480	19 898 489
Consultants and Professional Services		
Business and Advisory	26 534 637	29 244 494
Audit committee	219 462	191 586
Legal Cost	36 043 939	40 583 123
Contractors		
Electrical	17 587 675	3 794 991
Prepaid Electricity Vendors	13 797 570	10 887 287
Sports and Recreation	124 754	-
	169 356 150	**144 541 273**

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Notes to the Annual Financial Statements

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44. Cash generated from operations

	2023	2022
Deficit	(747 070 390)	(587 116 854)
Adjustments for:		
Depreciation and amortisation	131 094 530	165 820 361
Loss on sale of assets and liabilities	14 848 458	-
Gain on disposal of assets	(2 056 397)	-
Fair value adjustments on investment property	(184 074 656)	105 409
Finance costs - Finance leases	1 224 415	38 565
Impairment Assets	153 301	2 533 263
Debt impairment	681 776 447	259 774 479
Bad debts written off	88 170 249	173 882 751
Movements in Employee benefit liabilities	(1 987 362)	(6 094 893)
Movements in provisions	9 203 658	11 401 132
Inventory losses or write-downs	(7 890)	(1 272 051)
Non-cash donations and other in-kind benefits	(5 987 489)	-
Movement in long service award	563 500	-
Fair value adjustment on investment property	(63 136)	-
Changes in working capital:		
Inventories	(28 475 554)	(6 082 427)
Receivables from exchange transactions	(700 321 591)	(174 090 422)
Consumer debtors	-	(259 774 479)
Other receivables from non-exchange transactions	(96 209 918)	(42 093 255)
Other receivables	775 095	2 254 491
Long term receivables	(10 700 559)	-
Payables from exchange transactions	1 035 676 740	821 021 616
VAT	(60 248 229)	(49 407 481)
Payables from non-exchange	178 653	2 648 594
Unspent conditional grants and receipts	(75 400 845)	(20 888 122)
Consumer deposits	1 304 731	1 683 080
Payments in advance	13 599 191	(139 263 929)
	65 964 952	**155 079 828**

45. Fair value adjustments

	2023	2022
Investment property (Fair value model)	184 011 520	-
Other financial assets		
• Other financial assets (Designated as at FV through P&L	63 136	(105 409)
	184 074 656	**(105 409)**

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46. Commitments

Authorised capital expenditure

	2023	2022
Already contracted for but not provided for		
• Property, plant and equipment	290 459 315	323 135 762
Total capital commitments		
Already contracted for but not provided for	290 459 315	323 135 762
Total commitments		
Total commitments		
Authorised capital expenditure	290 459 315	323 135 762

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47. Contingencies

Contingent liabilities incurred relating to interests in other entities

Cronje De Waal & Skhosana attorneys	**Details**	**2023**	**2022**
Govan Mbeki Municipality vs Piet Bok Construction Cc	Piet Bok issued summons against the Municipality for standing time. R 9 021 856.41	9 021 856,00	9 021 856,00
Govan Mbeki Municipality vs Bosch	Bosch issued summons against the Municipality R 16 996 144.69 for standing time. Further they are suing R 8 785710.86 for damages	25 781 855,55	25 781 855,55
Govan Mbeki Municipality vs Moonstone Investment 11 (F	Application against GMM for review and setting it at R 560 000.00	560 000,00	560 000,00
TMN Kgomo and Ass' Attorneys	-	-	-
Govan Mbeki Municipality vs Ocean Dawn Trading & Projects CC	Summons against GMM for services rendered by security company for the protection of the Municipal Manager R 293 600.00	293 600,00	293 600,00
Mthimunye Attorneys	-	-	-
Govan Mbeki Municipality vs Kalapeng Contsruction CC	Summons issued against Municipality for services rendered in 2005 to the value of R 123 092.34.	123 092,00	123 092,00
S'busiso Simelane Attorneys	-	-	-
Govan Mbeki Municipality vs Mukesh Daya Vallabh	Summons against the Municipality, the claim arising from pothole amounted R 49 988.22	-	49 988,00
Govan Mbeki Municipality vs Anele Mandisa Maseko	Summons against GMM, the plaintiff collided with a pothole R 35 766.55	35 766,00	35 766,00
Leepile attorneys	-	-	-
Govan Mbeki Municipality vs Nu-Way	The Municipality filed an application to expropriate the stand belonging to Nu-Way. Nu-Way refused an offer of R500 000 demanding R 3 000 000.	3 000 000,00	3 000 000,00
Ramathe MJ Inc	-	-	-
Govan Mbeki Municipality vs J E Mabona//Public Protector	Mr. Mabona has filed a complaint with the Public protector claiming an amount of R 1 581 053 being for services rendered in 2004.	1 581 053,00	1 581 053,00

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47. Contingencies (continued)

Kgabo Serokolo Attorneys	-	-	-
Govan Mbeki Municipality vs South African Music Rights Organisation NPC	Summons against the Municipality from an apparent contractual dispute between parties. Amount R199 296.67 claimed by SAMRO for a affiliation.	199 296,67	199 296,67
Govan Mbeki Municipality vs Weston Global Investment (Pty) Ltd	Application against the Municipality to reinstate valuation retrospective and payment of R 290 000.00 back to the Plaintiff	290 000,00	290 000,00
Raphiri Attorneys	-	-	-
Govan Mbeki municipality vs Simon Filani Mndebele	Summons against GMM for costs of the disciplinary proceedings and matter in the High Court relating to the DC R 1 846 728.58	1 846 728,58	1 846 728,58
Totals	-	**42 733 247,80**	**42 783 235,80**
Other	-	-	-
Govan Mbeki Municipality vs Coleman Catharina Talita	Summons issued against Municipality: Delictual matter a person fell from a chair. R 750 000.00.	750 000,00	750 000,00
Govan Mbeki Municipality vs Charlie Jacobs & Grace Gabasile Jacobs	Summons against GMM. A child electrocuted in Leandra amount R 1 500 000.00	1 500 000,00	1 500 000,00
Govan Mbeki Municipality vs Johannes Hermarnus van der Westhuizen	Summons against the Municipality, the claim arising from pothole amounted to R 107440.00	107 440,00	107 440,00
Govan Mbeki Municipality vs Yvonne Beatrice Deetlefs	Summons against GMM, the plaintiff tripped and fell due to uneven paving in Bethal R 300 000.00	300 000,00	300 000,00
Govan Mbeki Municipality vs Siyabonya Robert Mngomezulu	Summons against the Municipality for failing to provide and ensure maintenance of the road and signs on the intersection R 60 000.00	60 000,00	60 000,00
Govan Mbeki Municipality vs Hein Van Wyk	Summons against the Municipality, the claim arising from pothole amounted R 99 614.63	99 615,00	99 615,00

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47. Contingencies (continued)

Govan Mbeki Municipality vs Nadeem Sohail	Summons against the Municipality deriving from a pothole amounted to R 286 491.78	286 492,00	286 492,00
Govan Mbeki Municipality vs Retshedistwe Johannes Mapheshoane	Summons against the Municipality for injuries from electrocution R 10 510 100.00	10 510 100,00	10 510 100,00
Govan Mbeki Municipality vs Philimon Xaba	Summons against GMM, the plaintiff alleges that he collided with a pothole R 195 197	195 197,00	195 197,00
Govan Mbeki Municipality vs Alpha Pharm (Pty) Ltd	Summons against GMM for a collusion between motor vehicles for an amount of R 29 658.75	29 659,00	29 659,00
Govan Mbeki Municipality vs Chris Calitz	Summons against GMM for a collision of motor vehicles in the sum of R 51 288.69	51 289,00	51 289,00
Govan Mbeki Municipality vs Lolo Martin Dube	Summons against GMM, the plaintiff alleges that he collided with a pothole R 57 756.93	57 757,00	57 757,00
Govan Mbeki Municipality vs Absalom Mgabi	Summons against GMM, the plaintiff alleges that he collided with a pothole R 220 512.65	220 513,00	220 513,00
Govan Mbeki Municipality vs Willem Shaun Du Plessis	Summons against GMM, the plaintiff alleges that he collided with a pothole R 67 300.00	67 300,00	67 300,00
Govan Mbeki Municipality vs Abdala Mohamoud, T A Halfprice Tuckshop	The Plaintiff is suing the Municipality for tuckshop demolition and stock seized by the Bylaw enforcement unit to the Value of R 800 000.00 plus interest and costs	800 000,00	800 000,00
Govan Mbeki Municipality vs Kock	Summons against GMM, the plaintiff alleges that he collided with a pothole R 109 777.45	109 777,00	109 777,00
Govan Mbeki Municipality vs PJG Nieuwoudt	Summons against GMM for a collision of motor vehicles in the sum of R 20 076.53	20 077,00	20 077,00
Govan Mbeki Municipality vs BKM Zone 28 Enterprise (Pty) Ltd	Summons against GMM for services rendered by the plaintiff. R 385 150.80	-	92 000,00

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47. Contingencies (continued)

Govan Mbeki Municipality vs Shaun Hatting	Summons against GMM, the plaintiff alleges that he collided with a pothole R 60 271.50	60 272,00	60 272,00
Govan Mbeki Municipality vs Eugene Andre Schambriel	Summons against GMM, the plaintiff alleges that he collided with a pothole for an amount of R 6536.43	-	6 536,00
Govan Mbeki Municipality vs Joseph Visagie	The Plaintiff has lodged a claim for damages for a motor vehicle accident. He is suing for R 135 413.49	135 413,00	135 413,00
Daniel S P Luiz / GMM	Plaintiff is suing GMM for a motor vehicle accident with the Municipal Vehicle to the amount of R 93 609.10	93 609,10	93 609,10
Lodewikus Johannes Steyl	Summons against GMM, the plaintiff alleges that he collided with a pothole R31924.5	31 924,50	31 924,50
Unathi Mpepe	Summons against GMM, the plaintiff alleges that he collided with a pothole 34379.35	34 379,35	34 379,35
Bridgette Claire Thorn	Summons against GMM, the plaintiff alleges that he collided with a pothole R194820.15	-	194 820,15
Govan Mbeki municipality vs Phillimon Muzwandile Mogano & Sbongile Roselinah Mogano	Summons against the Municipality for the minor died in a quarry and the Plaintiff is claiming damages against the Municipality R 3 980 000.00	3 980 000,00	3 980 000,00
Govan Mbeki Municipality vs Dewaldt Van Wyk	Summons against GMM, the plaintiff alleges his property was damaged by water from drainage and failure to maintain drains of the Municipality R88 333.16	88 333,16	88 333,16
Govan Mbeki Municipality vs Jonathan Ball	Summons against GMM, the plaintiff alleges that he collided with a pothole R18 059.09	18 059,09	18 059,09
Govan Mbeki Municipality vs Sarel Holtzhausen	Summons against GMM, the plaintiff alleges that he collided with a pothole R 11 359.69	11 359,96	-

Notes to the Annual Financial Statements

47. Contingencies (continued)

Govan Mbeki Municipality vs Gift Hlatshwayo	Summons against GMM, claim for damages for colliding with a pothole R 61 145.48	61 145,48	-
Govan Mbeki Municipality vs Johannes Swart	Summons against GMM, claim for damages for colliding with a pothole R 22 492.56	22 492,56	-
Govan Mbeki Municipality vs Shanieve Megan Kalicharan	Summons against GMM, claim for damages for colliding with a pothole R 66 887.61	66 887,61	-
Govan Mbeki Municipality vs Roland janse Van Resnburg	Summons against GMM, claim for damages for colliding with a pothole R 13 785.99	13 785,99	-
Govan Mbeki Municipality vs Ebenhaeser Du Toit	Summons against GMM, claim for damages for colliding with a pothole R 30 319.32	30 319,32	-
Govan Mbeki Municipality vs Kau Reginald Ramphisa	Summons against GMM, claim for damages for hitting a pothole R 18 792.34	18 792,34	-
Govan Mbeki Municipality vs Eugen Schambriel	Summons against GMM, claim for damages for colliding with a pothole R18 792.34	18 792,34	-
Govan Mbeki Municipality vs Jaco Grobler	Summons against GMM, claim for damages for colliding with a pothole R28 552.41	28 552,41	-
Govan Mbeki Municipality vs Dylan Barrish	Summons against GMM, claim for damages for colliding with a pothole R24 788.07	24 788,07	-
Govan Mbeki Municipality vs William Seleme Tshenye	Summons against GMM, the plaintiff alleges that he collided with a pothole R51 219.74	51 219,74	51 219,74
Govan Mbeki Municipality vs Everhardus Johannes Underhay	Summons against GMM, the plaintiff alleges that he collided with a pothole R18 264.25	18 264,25	18 264,25
Govan Mbeki Municipality vs JGS Holtshauzen	Summons against GMM, claim for damages for injuries for colliding with a pothole R 825 000.00	825 000,00	825 000,00

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47. Contingencies (continued)

Martin Johannes van Heerded	Summons against GMM, the plaintiff alleges that he collided with a pothole R18555.77		18 555,77	18 555,77
Totals		-	**20 817 162,04**	**20 813 602,11**
sub-totals for contigent liabilities for the year		-	**63 550 409,84**	**63 596 837,91**
Contingent Assets		-	-	-
Leepile Attorneys		-	-	-
Govan Mbeki Municipality vs V Nu-Way	Municipality issued summons in the amount of R 949 181.10 being for a stand that was bought for the purpose of a clinic.		949 181,10	949 181,10
Govan Mbeki Municipality vs Hwibidu Security CC	Municipality issued summons in the amount of R 4 800 000 for damages suffered at Embalenhle sewer plant. Hwibidu failed to guard the. Plant and copper was stolen		4 800 000,00	4 800 000,00
Govan Mbeki Municipality vs Govan Mbeki Municipality	An amount of R93 000 was not banked, a financial misconduct investigation was done and completed.		-	93 000,00
sub-totals for contigent assets for the year		-	**5 749 181,10**	**5 842 181,10**
-		-	-	-
Total Contingencies for the year 2022/2023		-	**69 299 590,94**	**69 439 019,01**

Notes to the Annual Financial Statements

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48. Related parties

Relationships	
Members of Key Management	EK Tshabalala- Director Community Services (1 July 2022 to 30 September 2022) Ms V Nkatha- Acting Chief Financial Officer (1 July 2022 to 31 October 2022) T Maphuthu- Director Technical Services (1 July 2022 to 30 September 2022) T Gininda- Director Corporate Services (1 July 2022 to 30 September 2022) S Vilakazi- Acting Director Planning and Development (1 July 2022 to 30 September 2022) H Van Der Merwe- Acting Director Community Services (1 November 2022 to 10 March 2023) B Khubeka- Acting Director Community Services (13 March 2023 to 30 April 2023) N Raisa/Mlandu- Director Community Services (1 May 2023 to 30 June 2023) EN Maseko- Municipal Manager (1 July 2022 to 30 June 2023) D Maake- Director Planning & Development (1 October 2022 to 30 June 2023) H Ramoleta- Acting Director Corporate Services (1 October 2022 to 30 June 2023) R Mulaudzi- Acting Director Civil Engineering Services (1 October 2022 to 30 June 2023) R Maswanganyi- Director Electrical & Mechanical (1 September 2022 to 30 June 2023) M Moloto- Chief Financial Officer (1 November 2022 to 30 June 2023)
Executive Mayor	NG Zuma
Speaker	FF Magagamela
Chief Whip	MJ Mtsweni
Member of the Mayoral Committee	YT Ngxonono
Member of the Mayoral Committee	T Mtsweni
Member of the Mayoral Committee	MI Nsibande
Member of the Mayoral Committee	D Mtshali
Member of the Mayoral Committee	AV Mbokazi
MPAC Chairperson	O Sibanyoni
Member of the Mayoral Committee	L Ziwele
Member of the Mayoral Committee	JP Zwane

The remuneration of the above mentioned members of key management and councillors are disclosed on note 34 and 35 of the AFS respectively.

SCM Regulation 45

	2023	2022
Vuma konke hiring plant-Busisiwe Mathebula (spouse) (creditors)	404 499	531 422
Vuma konke hiring plant-Busisiwe Mathebula (spouse)(transactions)	10 109 861	3 601 020
Dota 72 Trading-Evelyn Katlego Mamphitha (spouse) (transactions)	210 100	182 500
The Bulletin News-Cllr Nicholaas Van Huyssteen (spouse)(transactions)	4 025	-
J Mabhengu Transport & Construction -Busi Hlophe(Spouse) (transactions)	3 605 964	-
	14 334 449	4 314 942

49. Prior period errors

Receivables from exchange transaction
Receivables from exchange transaction increased by R121 230 160 due to

R110 237 422 journal adjustment to correct impairment calculated incorrect in financial year 2022

R22 410 893 journal adjustment to correct incorrect debtors that included municipal use

Receivables from exchange transactions also decreased with 11 418 158.38 due to correcting previous year impairment which was included the R11 418 158.38 processed twice,one processed on the Munsoft (financial system) and one processed on caseware (financial statement)

Government grants & subsidies
R4 669 983 decrease result from grants were splited from Donations

Public contributions and donations
R4 669 983 increase result from grants were splited from Donations

Bad debts written off
R173 882 751 for bad debts was incorrectly included as debt impairment

Debt impairment

The debt impairment decreased due to the following

Debt impairment decreased due to R173 882 751 being reclassified to bad debts written off

Debt impairment also increased with 11 418 158.38 due to correcting previous year impairment which included the R11 418 158.38 processed twice,one processed on the Munsoft (financial system) and one processed on caseware (financial statement)

Decrease of R110 237 422 journal adjustment to correct impairment calculated incorrect in financial year 2022

Decrease of R20 882 635 due to journal adjustment to correct impairment calculated incorrect in financial year 2022

Bulk Purchases

The bulk purchase decreases by R356 269 301 due to water consumed presented separatetly on face of the statement of the financial performance as consumables

Inventory Consumed

The Inventory consumed is a new line item on the face of the statement of financial performance that result from the following

The consumables of R69 933 123 is moved from general expenses

The water consumed of R356 269 301 is moved from bulk purchases to consumables
This changes were made to comply with GRAP

Contracted services
The R7 659 995 increase result from Ideal prepaid invoices for prepaid vending system that were not captured

Inventory losses/ write-write-down
The inventory losses increase by R25 027 due to inventory write ofF relating to financial year 2022

49. Prior period errors (continued)

General Expenses
The general expenses decreased by R64078 due to
Profesional fees decrease of R62 304 result from credit processed for compunsol IT invoice with incorrect bill

Travel-local decrease by R1 774 due to an expenditure amounting to R14 782 (excluding VAT) was captured for accomodation for Gert Sibande plant operators and automated payment was made on munsoft system. Later on decision was made that Govan Mbeki municpality will not pay for Gert Sibande district municipality contractors accoummodation therefore a credit note 604 and 605 and payment was also process to reverse payment on munsoft, however the amount processed for payment was short with R1 774 see EF011830-0001 amount processed R13 009

R7940 of Repairs and maintenance increased due an invoice of Autumn star processed in 2022

General expenses decrease by R69 933 123 due to consumables being removed from general expenses and to be presented separately on the face of the statement of financial perfomance combined with water consumed at amount of R426 202 423,17, this changes are made in order to comply with GRAP

Receivables from non-exchange transaction
Receivables from exchange transaction increased by R20 882 635 due to journal adjustment to correct impairment calculated incorrect in financial year 2022

Other recievables
Other receivables decreased by R37 407 535 due R16 434 893.69 of Landis and gyr (old prepaid electricity vendor) invoices off-setting amount owed by Landis and gyr prepaid electricity sales and also due R20 972 641.90 of Ideal (old prepaid electricity vendor) invoices off-setting the amount owed by ideal for prepaid electricity sales.

Other financial assets
Other financial assets decreased due correction of of double counted interest in the financial year 2022

Unspent grants
Unspent grant decreased with R500 due a receipt that was misallocated to R500 to unspent grants

Trade payables
Trade payables decreased due to the following decreased with an amount of R 8 295 681.39 result from Landis and gyr (old prepaid electricity vendor) invoices that were part of trade payables that were used to off-set the other receivable which is money that was owed by old prepaid electricity vendors.

R71 650 decrease result from credit note processed for compusol IT to correct invoice 1354 that was captured twice

R25 027 increase result from correct to inventory write off that included on trade and payables relating to financial year 2022

Travel-local increase by R 9131 due to an expenditure that was captured for accommodation for Gert Sibande plant operators and automated payment was made on munsoft system. Later on decision was made that Govan Mbeki municpality will not pay for Gert Sibande district municipality contractors accommodation therefore a credit note 604 and 605 and payment was also process to reverse payment on munsoft

VAT Receivables
VAT Receivables increased by R 3 661 489 due to the following:

Increase of VAT portion on Ideal invoices used to off-set Other receivables R2 735 561.98

Increase of VAT portion on amount adjusted on receivables for municipal use R 2 014 357.31

Increase of VAT portion on Landis and gyr invoices used to off-set other receivables R1 061 631.95

49. Prior period errors (continued)

Decrease of VAT portion credit note processed for compusol IT invoice R 9 345.62

Decrease VAT portion of Dana Agency credit note R177.39

Increase VAT portion on Autum star invoice for repairs maintenance on general expenses R1191

Increase of VAT portion Dana Agency payment reversal R1951.30I

Interest received-investments
Interest received-investments decreased by R13 855 due correction of of double counted interest in the financial year 2022

Other income
Other income increased with R500 due a receipt that was misallocated to R500 to unspent grants

Services charges
Services charges dercreased with R1 830 079 due to missallocated money for consumer account into prepaid in previous year

Commitments

The commitment amount for financial year 2022 changed from R123 210 558 to R323 135 762 due to Gert Sibande district municipality contract for construction of Bethal main substation which was not included on previous commitments

Statement of financial position

-	**Restated balances 2022**	**Figures As per 2022 signed AFS**	**Difference**
Current Assets	-	-	
Receivables from exchange transactions	394 190 828,00	272 960 668,00	121 230 160,00
Receivables from non-exchange transaction:	98 628 967,00	77 746 332,00	20 882 635,00
VAT Receivable	139 406 061,00	133 482 770,00	5 923 291,00
Other receivables	11 341 854,00	48 749 389,00	(37 407 535,00)
-	-	-	**110 628 551,00**
-	-	-	
Non-Current Assets	-	-	
Other financial assets	14 574 158,00	14 588 011,00	(13 853,00)
-	-	-	**-13 853,00**
Total Assets	-	-	**110 614 698,00**
-	-	-	
Current Liabilities	-	-	
Payables from exchange transactions	3 811 630 804,00	3 819 058 376,00	(7 427 572,00)
Unspent conditional grants and receipts	81 826 417,00	81 826 917,00	(500,00)
Non-Current Liabilities	-	-	
Total Liabilities	-	-	**(7 428 072,00)**
-	-	-	
Total	**(3 235 315 353,00)**	**(3 353 358 123,00)**	**118 042 770,00**
Net Assets	**(640 137 359,00)**	**(758 178 756,00)**	**118 042 770,00**
Accumulated surplus	**(640 137 359,00)**	**(758 178 756,00)**	**118 042 770,00**

Statement of financial performance

Account description	**Restated balances 2022**	**Figures As per 2022 signed AFS**	**Difference**
-	-	-	-
Income	-	-	-
Service charges	1 310 300 008,00	1 312 130 088,00	1 830 080,00
Interest received-investments	9 038 483,00	9 052 338,00	13 855,00
Government grants & subsidie:	457 151 396,00	461 821 379,00	4 669 983,00
Public contributions and donati	4 669 983,00	-	(4 669 983,00)
-	-	-	**1 843 436,00**
-	-	-	-

Figures in Rand		2023	2022

49. Prior period errors (continued)

Expenses		-	-
Consumables	(426 202 423,00)		- (426 202 423,00)
Finance cost	(187 290 146,00)	(195 339 781,00)	(8 049 635,00)
Debt impairment	(259 744 479,00)	(553 359 132,00)	(553 359 132,00)
Bad debts written off	(173 882 751,00)		- 433 657 230,00
Contracted services	(144 541 273,00)	(136 881 278,00)	7 659 995,00
Inventories losses/write-downs	(1 272 051,00)	(1 247 024,00)	25 027,00
General expenditure	(143 193 640,00)	(213 182 901,00)	(69 989 261,00)
Bulk purchases	(787 367 176,00)	(1 143 636 477,00)	356 269 301,00
Deficit change for the year	**(587 115 891,00)**	**(697 345 472,00)**	**(110 237 521,00)**

50. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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	2023	2022
Payables from exchange transactions	4 807 523 985	3 774 810 740
Payables from non-exchange transactions	21 997 954	21 819 301
Consumer deposits	31 365 615	29 819 301
Receivables from exchange transactions	408 148 010	394 190 828
Other receivables	10 568 789	11 341 854
Cash and cash equivalents	189 439 954	256 445 813
Long term receivables	14 700 938	4 000 000
other financial assets	949 189	14 588 011
Finance lease	16 401 176	721 386

Market risk

Figures in Rand	2023	2022

50. Risk management (continued)

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.

51. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an surplus (deficit) of(R747 070 390) and that the municipality's total liabilities exceed its assets by(R 1 379 200 158)

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.

52. Unauthorised expenditure

Opening balance as previously reported	1 601 862 687	815 585 332
Add: Unauthorised expenditure - current	458 656 775	786 277 355
Less: Amount authorised - prior period	(1 601 862 687)	-
Closing balance	**458 656 775**	**1 601 862 687**

The unauthorised expenditure was incurred as a results of year-end accounting transactions not being adequately budgeted for such as bulk purchase, and finance cost

53. Fruitless and wasteful expenditure

Opening balance as previously reported	242 111 999	85 106 221
Add: Fruitless and wasteful expenditure identified - current	327 828 097	157 005 778
Less: Amount written off - prior period	(242 112 000)	-
Closing balance	**327 828 096**	**242 111 999**

Fruitless and wasteful expenditure is presented inclusive of VAT
It is of paramount important to note that the fruitless expenditure have increased from R 242 million to R319 million.

The were no disciplinary steps taken/criminal proceedings on fruitless expenditure

All expenditure identified as fruitless were as a result of interest that has been charged to the long outstanding creditors mainly on Eskom and Randwater Accounts. The expenditure was reported to council quarterly in line with the MFMA and referred to MPAC for investigation.

The fruitless and wasteful expenditure is a material loss to the municipality; however, this is as results on the long debt that has accumulated over the years and due to the debt exceeding the municipalities budget.

54. Irregular expenditure

Opening balance as previously reported	180 727 871	79 610 378
Add: Irregular expenditure - current	141 293 283	101 117 493
Less: Amount written off - prior period	(180 727 871)	-
Closing balance	**141 293 283**	**180 727 871**

All expenditure identified as irregular expenditure have been reported to council and referred to MPAC for investigation.
It is of paramount important to note that the irregular expenditure have reduced from R 180 million to 119 million.
There is no material loss to the municipality as services has been rendered.

The were no disciplinary steps taken/criminal proceedings on irregular

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

54. Irregular expenditure (continued)

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

Services received without contracts	13 019 109	377 214
Non-Compliance with SCM regulations	97 156 647	59 905 895
Contract expired	9 567 841	-
	119 743 597	**60 283 109**

55. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Opening balance	514 518	628 913
Current year subscription / fee	10 623 415	12 643 671
Amount paid - current year	(10 068 783)	(12 758 066)
	1 069 150	**514 518**

PAYE and UIF

Current year subscription / fee	104 525 540	91 994 811
Amount paid - current year	(104 525 540)	(91 994 811)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	162 862 300	118 519 474
Amount paid - current year	(162 862 300)	(118 519 474)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

55. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

VAT receivable	1 172 721 133	899 863 013
VAT payable	(973 066 842)	(760 456 951)
	199 654 291	**139 406 062**

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55. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

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

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Kubheka MA	4 575	17 463	22 038
Mabizela TM	6 404	13 465	19 869
Magagamela FF	1 877	-	1 877
Makhado TC	341	-	341
Maluka J	4 484	67 615	72 099
Masiteng SM	3 363	30 033	33 396
Mofokeng TS	4 724	89 323	94 047
Mtshali PD	4 033	43 580	47 613
Ngwenya NM	2 807	20 657	23 464
Nkabinde ER	5 170	7 992	13 162
Nkuna MM	5 296	104 157	109 453
Nkwanyana AL	3 391	-	3 391
Nsibande ME	2 315	1 644	3 959
Sehlalo MS	4 586	123 066	127 652
Sierana MR	5 987	53 889	59 876
Sindelo S	1 054	-	1 054
Thukwane KS	5 785	100 883	106 668
Vilakazi P	4 443	86 015	90 458
Ziwele LS	3 010	46 250	49 260
	73 645	**806 032**	**879 677**

30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Kubheka MA	2 624	2 419	5 043
Mabizela TM	3 160	6 243	9 403
Magagamela FF	2 059	7 279	9 338
Makhado TC	3 348	48 731	52 079
Maluka JM	3 708	51 127	54 835
Maseko TM	983	3 700	4 683
Masinga MM	2 836	3 667	6 503
Masiteng SM	4 606	36 744	41 350
Mazibuko TM	5 349	74 399	79 748
Mofokeng TS	4 160	65 475	69 635
Mthembu BE	903	222	1 125
Mtshali PD	3 263	40 390	43 653
Ngwenya LP	3 108	21 702	24 810
Nkabinde ER	1 245	-	1 245
Nkuna MM	6 058	93 936	99 994
Nkwanyana SE	3 470	3 488	6 958
Nsibande ME	1 612	758	2 370
Petterson MR	944	283	1 227
Sehlalo MS	3 796	107 516	111 312
Sierana GC	5 216	36 851	42 067
Sindelo S	3 143	29 351	32 494
Thukwane KS	4 591	80 894	85 485
Van marle HE	1 356	458	1 814
Vilakazi P	3 502	70 347	73 849
Ziwele L	4 215	34 981	39 196

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55. Additional disclosure in terms of Municipal Finance Management Act (continued)

		2023	2022
	79 255	**820 961**	**900 216**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2023	Highest outstanding amount	Aging (in days)
Sehlalo MS	123 066	120
Nkuna MM	104 157	120
Thukwane KS	100 883	120
Mofokeng TS	89 323	120
Vilakazi P	86 015	120
Maluka J	67 615	120
Sierana MR	53 889	120
Ziwele L	46 250	120
Mtshali PD	43 580	120
Masiteng SM	30 033	120
Ngwenya NM	20 657	120
Kubheka AM	17 463	120
Mabizela TM	13 465	120
Nkabinde ER	7 992	120
Nsibande ME	1 644	120
	806 032	**-**

30 June 2022	Highest outstanding amount	Aging (in days)
Sehlalo MS	107 516	120
Nkuna MM	93 936	120
Thukwane KS	80 894	120
Mazibuko TM	74 399	120
Vilakazi P	70 347	120
Mofokeng TS	65 475	120
Maluka JM	51 127	120
Makhado TC	48 732	120
Mtshali PD	40 390	120
Sierana GC	36 851	120
Masiteng SM	36 744	120
Ziwele L	34 981	120
Sindelo S	29 351	120
Ngwenya LP	21 702	120
	792 445	**-**

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55. Additional disclosure in terms of Municipal Finance Management Act (continued)

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.

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

The municipality did not incurre any deviations in the year under review.

Incident		
Sole Service Provider	-	95 410
Emergency pipeline repairs	-	704 806
	-	**800 216**

56. 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 incurre any deviations in the year under review.

57. Segment information

General information

Aggregated segments

The municipality operates throughout the Mpamalanga Province in three regions. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Govan Mbeki municipality were sufficiently similar to warrant aggregation.

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57. Segment information (continued)

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	Goods and/or services
The segment for Executive and Council Services:-	- This segment consists of executive services and support services to the
The segment for Finance and Administration Services:-	- This segment consists of services such as finance & administration, the providing of housing to the community and planning & development.
The segment for Community and Social Services:-	- This segment consists of all services for community & social development, public safety,
The segment for Road Transport Services:-	- This segment consists of all services for providing roads & storm water in the municipal
The segment for Energy Sources:-	- This segment consists of all services for energy supply to the community.
The segment for Waste Management:-	- This segment consists of all services for the management of solid waste in the municipal
The segment for Waste Water Management:-	- This segment consists of all services for the management of waste water, including sewage, in the municipal area.
The segment for Water Management:-	- This segment consists of all services for water supply to the community.

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57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

	Community and Public Safety	Economic and Environmental Services	Energy Sources	Executive and Council	Finance and Administration	Governance	Housing	Public Safety	Road Management	Waste Management	Waste Water Management	Water Management	Total
Assets	(714 789 222,18)	281 530 256,74	1 289 076 696,42	(20 753 725,01)	(174 556 669,72)	(924 097,59)	(479 500,54)	7 009 823,59	637 251 546,00	459 882 962,31	52 379 173,25	1 162 293 046,7	5 004 670 686,01
Current Assets	(15 184 669,19)	44 902 370,82	1 823 374 615,37	(22 521 225,01)	(784 342 900,94)	(924 097,59)	(479 500,54)	7 009 823,59	(54 365 675,15)	313 711 205,96	99 990 133,58	521 531 397,01	1 959 450 873,86
Cash and Cash Equivalents	(19 114 869,62)	6 355 079,15	611 980 801,64	(23 114 850,77)	(967 366 988,60)	(923 115,54)	(203 384,99)	(5 032 626,81)	(53 071 467,29)	229 452 378,67	11 300 192,08	400 176 809,23	189 439 957,15
Inventory	(259 805,10)	(517 657,99)	(57 578 252,78)	(799 948,55)	137 976 713,73	(1 689,75)	(222 858,80)	(919 656,26)	(1 295 207,86)	(5 829 079,42)	(4 561 332,97)	(5 576 940,38)	60 414 273,87
Receivables from Non-exch		3 334 584,47	(2 965 491,83)		89 782 146,21			11 022 463,87		284 568,50	(680 187,48)	(12 032 091,01)	104 716 866,95
Trade and other Receivable	652 868,16	(967 469,08)	669 858 928,76		(290 253 230,74)		(62 400,91)	2 300,00		90 146 929,82	57 576 576,16	(94 795 655,55)	432 158 646,62
VAT Receivable	3 537 137,37	37 697 844,27	502 078 629,58	1 393 574,31	245 518 458,46	707,70	9 144,16	1 937 342,79		(343 591,61)	36 554 885,79	233 757 474,72	1 172 721 129,34
Non-current Assets	(699 604 552,99)	236 627 885,92	(534 297 918,95)	1 767 500,00	609 786 231,22				691 618 221,15	146 171 756,35	(47 610 960,33)	640 761 649,78	3 045 219 812,15
Construction Work-in-progre		236 961 131,19	91 004 866,26		(80 662 643,99)						139 544 778,69	7 627 890,72	394 776 022,87
Heritage Assets	5 430 550,06												5 430 550,06
Intangible Assets					64 117,23								64 117,23
Investment Property	(33 364 000,00)				347 952 990,21								1 314 588 990,21
Investments					949 187,14								949 187,14
Property; Plant and Equipm	(671 671 103,05)	(333 245,27)	(625 302 785,21)	1 767 500,00	340 394 916,84				691 618 221,15	146 171 756,35	(187 255 739,02)	632 933 759,06	1 328 323 280,85
Long term receivables					1 087 663,79								1 087 663,79
Liabilities	1 128 015,61	110 981 800,11	(2 990 132 305,29)	(3 172 528,78)	(1 714 405 293,70)		(2 063 752,09)	(7 822 493,56)	(6 524 120,26)	(41 168 925,60)	(57 733 701,99)	(914 687 613,64	(5 626 960 992,60)
Current Liabilities	1 128 015,61	110 981 800,11	(2 990 132 305,29)	(3 172 528,78)	(1 714 405 293,70)		(2 063 752,09)	(7 822 493,56)	(6 524 120,26)	(41 168 925,60)	(57 733 701,99)	(914 687 613,64	(5 626 960 992,60)
Consumer Deposits	82 035,11	(47 314,19)	(10 081 858,91)		(1 902 622,06)		(1 797 220,76)			216 119,88	190 326,76	(18 025 081,03)	(31 365 615,20)
Defined Benefit Obligations					(2 172 334,00)								(2 172 334,00)
Finance lease Liabilities					(6 835 625,95)								(6 835 625,95)
Output Tax		(2 455 134,23)	(267 579 298,08)		(22 890 066,13)		(1 126,33)	(429 800,65)		(39 092 699,23)	(56 954 807,49)	(213 117 665,61	(603 880 771,16)
Provision					(9 692 759,00)					(40 148 802,00)			(49 841 561,00)
Trade and Other Payable Ex	827 153,64	111 815 025,71	(2 726 829 340,15)	(3 172 528,78)	(1 700 812 250,06)		681,00	(7 392 592,91)	(6 668 850,91)	37 856 455,75	15 069 835,60	(662 754 991,02	(4 942 061 402,13)
Trade and Other Payable Nc	218 826,86	1 669 222,82	14 358 191,85		21 958 981,20		(266 086,00)		144 730,65		(23 719 542,16)	(20 789 875,98)	(6 425 570,76)
VAT Control (Payable)					7 941 402,30						7 680 485,30		15 621 887,60
VAT Credit	(27 690,12)	(243 806,96)	(59 856 740,70)		(137 900 558,13)		244 927,79			(53 134 160,57)	(51 661 991,62)	(84 371 815,93)	(386 951 636,24)
Non-current Liabilities					(162 624 729,55)					(214 729 855,58)			(377 354 585,13)
Defined Benefit Obligations					(39 837 610,00)								(39 837 610,00)
Finance lease Liabilities					(9 565 551,55)								(9 565 551,55)
Provisions					(113 221 568,00)					(214 729 855,58)			(327 951 423,58)
Net Assets	(714 529 474,26)	170 792 263,59	4 339 065 742,41	(17 581 196,23)	1 677 749 182,11	(924 097,59)	1 339 323,76	14 832 317,15	654 355 188,06	554 186 048,48	161 774 866,86	2 161 352 276,3	11 018 583 314,85
Accumulated Surplus/(Def	(714 529 474,26)	170 792 263,59	4 339 065 742,41	(17 581 196,23)	1 677 749 182,11	(924 097,59)	1 339 323,76	14 832 317,15	654 355 188,06	554 186 048,48	161 774 866,86	2 161 352 276,3	11 018 583 314,85

	Community and Public Safety	Economic and Environmental Services	Energy Sources	Executive and Council	Finance and Administration	Governance	Housing	Public Safety	Road Management	Waste Management	Waste Water Management	Water Management	Total
Revenue	9 352 101,95	(172 215 743,46)	(1 521 058 788,54)		(1 730 205 258,45)		(13 464,00)	(14 163 883,56)	(5 258 000,40)	(182 956 094,81)	(220 937 850,74)	(890 407 372,99)	(4 727 865 365,00)
Exchange Revenue	(1 699 811,42)	(2 991 339,92)	(767 346 216,87)		(31 853 793,37)			(635 437,59)		(132 615 191,09)	(146 195 824,61)	(557 857 855,50)	(1 641 195 470,37)
Interest; Dividend and			(197 681 266,62)		(18 107 989,38)								(215 789 256,00)
Operational Revenue					(6 396 393,65)			(30 453,36)					(6 426 847,01)
Rental from Fixed Ass	(452 079,70)				(6 955 943,34)								(7 408 023,04)

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57. Segment information (continued)

Sales of Goods and R	(1 247 731,72)	(2 991 339,92)			(393 467,00)			([illegible] 984,23)					(5 237 522,87)
Service Charges			(569 664 950,25)							(132 615 191,09)	(146 195 824,61)	(557 857 855,50)	(1 406 333 821,45)
Non-exchange Reven	(440 379,42)	(83 117 031,81)	(46 054 315,82)		(811 264 983,30)		(6 732,00)	(14 29[illegible]15,19)	(2 629 000,20)			(14 952 599,15)	(972 764 756,69)
Fines; Penalties and F	(58 064,00)	(939 160,00)						(14 299 7[illegible] 19)					(15 296 939,19)
Interest					(20 895 532,46)								(20 895 532,46)
Property Rates Proper					(380 365 776,60)								(380 365 776,60)
Transfers and Subsidi	(382 315,42)	(82 177 871,81)	(46 054 315,62)		(410 003 674,24)		(6 732,00)		(2 629 000,20)			(14 952 599,15)	(556 206 508,44)
Gains and Losses	13 632 483,63		105 742 276,44		(43 967 705,11)			15 706 422,00		82 274 287,37	71 453 798,48	255 213 536,31	500 055 099,12
Expenditure	81 629 117,94	41 809 727,83	1 064 491 556,20	2 622 825,89	788 822 266,77	4 170 640,78	7 817 652,51	87 871 090,18	44 989 523,55	98 353 626,56	127 462 702,17	457 999 868,40	2 852 040 579,57
Bulk Purchases			818 684 894,58										818 684 894,58
Contracted Services	3 285 631,14	1 160 925,34	56 001 630,13		112 309 381,99	234 597,80		1 037 741,04	18 328 200,60	7 515 047,39	46 556 749,06	2 003 865,88	248 434 770,57
Default			(6 370 413,24)		10 640 981,44			18 945,00		(120 154,29)	(814 785,60)	(3 354 573,31)	(19,31)
Depreciation and Amc	1 920 030,05		83 811 847,22		34 852 883,68				53 607,98	248 903,12	620 981,14	1 564 319,79	123 072 572,96
Employee Related Co	68 169 480,80	39 664 860,39	47 669 472,19	248 227,68	159 623 071,98	3 894 479,11	7 652 132,27	83 751 630,65	19 027 017,87	56 955 079,26	75 677 753,88	29 921 290,16	611 264 495,26
Interest; Dividends an					365 477 457,00								365 477 457,00
Inventory Consumed	6 532 137,18	203 026,42	51 604 412,84	688 467,48	4 528 123,46	1 160,00	48 861,45	688 855,48	7 266 217,81	19 700 341,15	3 099 263,52	382 947 193,12	477 308 059,91
Irrecoverable Debts W			10 795 474,04		20 926 238,23					12 151 175,27		44 194 051,47	88 066 939,01
Operating Leases	256 770,48	13 800,00	388 163,09		2 828 410,45					206 891,25	405 450,00		4 099 585,27
Operational Cost	1 465 068,29	767 115,78	1 906 075,35	995 248,25	54 644 132,52	40 403,87	98 517,14	2 363 918,01	313 479,09	1 696 243,41	1 917 290,17	723 721,27	76 931 213,15
Remuneration of Cou				590 882,48									25 690 882,48
Transfers and Subsidi					22 991 565,02		18 141,65						23 009 727,67
Surplus / Deficit	(83 769 308,78)	(127 918 099,66)	(1 877 892 068,69)	(622 825,89)	(1 257 469 296,87)	(4 170 640,78)	(7 824 384,51)	(102 806 242,96)	(47 618 523,75)	(230 968 817,65)	(273 658 526,78)	(1 030 810 323,05)	(5 101 529 079,37)

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies,

58. Inventory Consumed

Water consumed	372 214 392	356 269 301
Consumables	84 371 761	69 933 123
	456 586 153	**426 202 424**