



Thaba Chweu Local Municipality
Annual Financial Statements
for the year ended 30 June 2024

**Audited
By**

2024 -11- 3 0

**Auditor General South Africa
Mpumalanga Business Unit**

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity

MP321 - Local Municipality

The Municipality's operations are governed by the Municipal Finance Management Act 56 of 2003, Municipal Structures Act 117 of 1998, Municipal Systems Act 32 of 2000, and various other acts and regulations

Nature of business and principal activities

The main business operations of the municipality is to engage in local government activities, which includes planning and promotion of integrated development planning, land use management, economic and environmental development and delivery general service to the community.

The following is included in the scope of operation

Thaba Chweu Local Municipality is a South African Category B Local Municipality as defined by the Municipal Structures Act. The Municipality performs functions as set out in the Constitution. This means that the Municipality provides services such as electricity refuse removal and water and sanitation services.

Mayoral committee

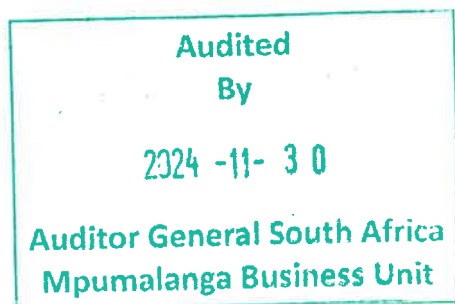
Cllr. MF Nkadimeng | Executive Mayor
Cllr. QPB Lawrence | MMC -Finance and Technical Services
Cllr. MD Sibanyoni | MMC - Community LED and Planning Services
Cllr. GP Raphiri | Corporate Services

Executive Mayor

Cllr. M.F. Nkadimeng

Councillors

Cllr. M.D. Sibanyoni (Ward Cllr) | Ward 1
Cllr. C.J. Sibiya (PR Cllr) | Ward 1
Cllr. G.M. Sanqvu (Ward Cllr) | Ward 2
Cllr. S.T. Mokwena(Ward Cllr) | Ward 3
Cllr B.T. Mabuza (PR Cllr) | Ward 3
Cllr. P.T. Mkhonto (Ward Cllr) | Ward 4
Cllr. S.A. Manzini (PR Cllr) | Ward 4
Cllr. A. Rankwe (Ward Cllr) | Ward 5
Cllr. J.L. Mosotho (PR Cllr) | Ward 5
Cllr. P. D. Mokgosinyane (Ward Cllr) | Ward 6 (Resigned)
Cllr PS Mhlanga (Ward Cllr) | Ward 6
Cllr. G.P. Raphiri (PR Cllr) | Ward 6
Cllr. H. Trower (Ward Cllr) | Ward 7
Cllr W.S. Sekgobela (PR Cllr)| Ward 7
Cllr. C.M Mohlala (Ward Cllr) | Ward 8
Cllr. P.D. Marobela (PR Cllr) | Ward 8
Cllr. G.M. Mashile (Ward Cllr) | Ward 9
Cllr. B. Makhubedu (PR Cllr) | Ward 9
Cllr. Q.B. Lawrence (Ward Cllr) | Ward 10
Cllr. P.S. Makhubela (PR Cllr) | Ward 10
Cllr. N.M. Masimola (Ward Cllr) | Ward 11
Cllr. M.L. Netshirembe (PR Cllr) | Ward 11
Cllr. S. Couavaras (Ward Cllr) | Ward 12
Cllr. G.D.S. Venter (PR Cllr) | Ward 12
Cllr. D. T. Maphanga (Ward Cllr) | Ward 13
Cllr. M. Pillay (PR Cllr) | Ward 13
Cllr. M. Opperman (Ward Cllr) | Ward 14
Cllr. M.F. Nkadimeng (PR Cllr) | Ward 14



Grading of local authority

Low Capacity

Chief Finance Officer (CFO)

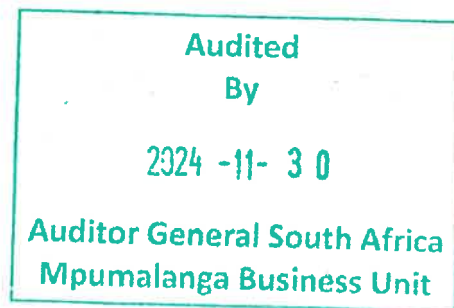
Mr. KP Mashego (Acting)

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

	Mr. MR Mnisi (Until 30 April 2024)
Accounting Officer	RS Makwakwa
Registered office	Lydenburg Mpumalanga South Africa 1120
Business address	Corner Viljoen & Sentraal Street Lydenburg Mpumalanga 1120
Postal address	P.O Box 61 Lydenburg 1120
Bankers	Standard Bank of South Africa
Auditors	Auditor General South Africa



Thaba Chweu Local Municipality

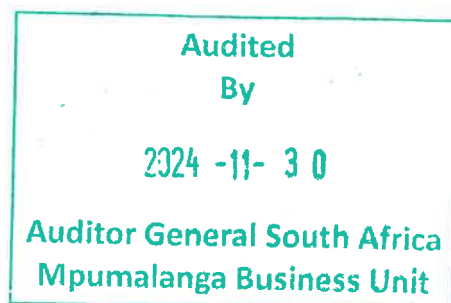
Annual Financial Statements for the year ended 30 June 2024

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Abbreviations used:

INEP	Integrated National Electrification Programme
AFS	Annual financial statements
VAT	Value Added Tax
SCM	Supply Chain Management
CPI	Consumer Price Index
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
PPE	Property, plant and equipment



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Responsibilities and Approval

Accounting Officer's Report for the Annual Financial Statements As mandated by the Municipal Finance Management Act (Act 56 of 2003), the accounting officer is tasked with maintaining comprehensive accounting records and is accountable for the content and accuracy of the annual financial statements and associated financial information presented in this report. The accounting officer's responsibility encompasses ensuring that the annual financial statements provide a fair representation of the municipality's financial position as of the fiscal year-end, along with the results of its operations and cash flows for the concluded period. The external auditors have been commissioned to provide an independent opinion on the annual financial statements and were granted unrestricted access to all financial records and relevant data.

These annual financial statements have been prepared in compliance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines, and directives issued by the Accounting Standards Board. The preparation of these financial statements is founded on appropriate accounting policies which have been applied consistently and are supported by reasonable and prudent judgments and estimates.

The accounting officer recognises their ultimate responsibility for the internal financial control system established within the municipality and places significant emphasis on maintaining a robust control environment. To fulfil these responsibilities, the accounting officer has instituted standards for internal control aimed at mitigating the risk of errors or deficiencies in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, the implementation of effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored consistently throughout the municipality, and all employees are required to uphold the highest ethical standards to ensure that the municipality's business is conducted in an exemplary manner. The municipality's risk management focus involves identifying, assessing, managing, and monitoring all known forms of risk across the organization. Although operational risk cannot be entirely eradicated, the municipality strives to minimize it through appropriate infrastructure, controls, systems, and ethical conduct managed within predetermined procedures and limits.

Based on the information and explanations provided by management, the accounting officer believes that the internal control system offers reasonable assurance that the financial records are reliable for preparing the annual financial statements. However, it must be noted that any system of internal financial control can offer only reasonable, and not absolute, assurance against material misstatement or deficiency.

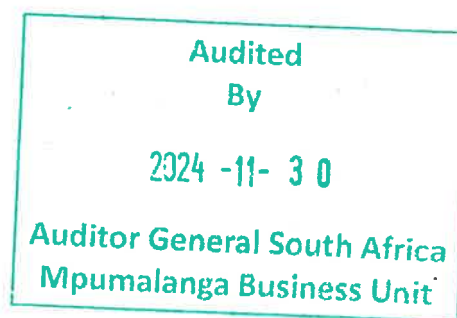
The accounting officer has reviewed the municipality's cash flow forecast for the year ending 30 June 2025, as disclosed in the going concern note of the financial statements. Considering this review and the current financial position, the accounting officer is confident that the municipality possesses, or has access to, sufficient resources to continue its operations for the foreseeable future.

The municipality relies exclusively on continuous funding for its ongoing operations. The annual financial statements are prepared under the assumption that the municipality will continue to operate as a going concern, with no intention or necessity to liquidate or significantly reduce the scale of its operations. While the accounting officer holds primary responsibility for the municipality's financial affairs, they are supported by the external auditors.

The external auditors are entrusted with the task of independently reviewing and reporting on the municipality's annual financial statements. These annual financial statements have been scrutinized by the municipality's external auditors, and their report is presented on page 5.

The annual financial statements, prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by: 5.

Accounting Officer



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	10	299 763 159	296 508 649
Other Receivable	51	1 275 451	490 609
Statutory receivables	11	16 134 129	23 794 106
VAT input accrual	57	302 017 564	257 062 103
Overpayments to contractors	9	473 589	678 842
Consumer debtors	12	32 578 285	24 355 902
Cash and cash equivalents	13	1 421 234	26 670 461
		653 663 411	629 560 672
Non-Current Assets			
Investment property	4	564 140 763	514 672 130
Property, plant and equipment	5	1 284 338 339	1 131 768 633
Intangible assets	6	2 299 762	3 699 209
Heritage assets	7	360 338	360 338
		1 851 139 202	1 650 500 310
Total Assets		2 504 802 613	2 280 060 982
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	533 737 602	1 574 179 152
VAT output accrual	58	183 513 774	141 958 801
VAT payable	59	5 432 946	22 529 038
Consumer deposits	17	6 826 927	5 983 425
Employee benefit obligation	8	3 192 000	4 637 000
Unspent conditional grants and receipts	14	1 669	29 286 972
Municipal debt relief liability	60	421 488 000	-
		1 154 192 918	1 778 574 388
Non-Current Liabilities			
Employee benefit obligation	8	51 175 000	47 101 000
Provisions	15	33 239 200	29 979 870
Municipal debt relief liability	60	631 320 830	-
		715 735 030	77 080 870
Total Liabilities		1 869 927 948	1 855 655 258
Net Assets		634 874 665	424 405 724
Accumulated surplus		634 874 671	424 405 745
Total Net Assets		634 874 671	424 405 745

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* See Note 2 & 43

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	307 888 668	253 259 492
Rental of facilities and equipment	19	2 657 992	2 630 465
Other income	23	7 341 392	4 389 989
Interest revenue	24	34 209 646	26 366 487
Gain on disposal of assets and liabilities	5	-	740 582
Fair value adjustments	37	49 468 634	34 285 089
Actuarial gains	8	1 709 000	6 863 000
Inventories reversal	10	1 916 343	106 756
Total revenue from exchange transactions		405 191 675	328 641 860
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	124 080 021	101 097 004
Property rates - penalties imposed	25	18 136 635	15 163 137
Licences and Permits (Non-exchange)	21	283 693	294 779
Municipal debt relief benefit	60	211 655 170	-
Transfer revenue			
Government grants & subsidies	27	358 458 303	280 586 987
Public Private contributions and donations	53	26 025 228	2 200 000
Fines, Penalties and Forfeits	20	13 376 030	10 671 313
Eskom interest waiver	62	98 283 103	-
Availability charges	64	9 220 722	7 035 967
Total revenue from non-exchange transactions		859 518 905	417 049 187
Total revenue		1 264 710 580	745 691 047
Expenditure			
Employee related costs	28	(244 628 658)	(227 235 458)
Remuneration of councillors	29	(12 611 371)	(12 002 749)
Depreciation and amortisation	30	(42 707 340)	(64 291 832)
WIP impairments	31	-	(12 291 627)
Finance costs	32	(83 623 313)	(91 062 954)
Lease rentals on operating lease	22	(2 629 289)	(2 629 289)
Debt Impairment	33	(140 418 370)	(90 741 221)
Bulk purchases	34	(281 594 352)	(232 747 095)
Contracted services	35	(146 142 159)	(126 751 642)
Transfers and Subsidies	26	(1 000 000)	(2 374 409)
Loss on disposal of assets and liabilities	5	(21 591 294)	-
General Expenses	36	(77 295 494)	(81 903 174)
Total expenditure		(1 054 241 640)	(944 031 450)
Surplus (deficit) for the year		210 468 940	(198 340 403)

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* See Note 2 & 43

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	202 001 491	202 001 491
Adjustments		
Prior year adjustments 43	420 744 657	420 744 657
Balance at 01 July 2022 as restated*	622 746 148	622 746 148
Changes in net assets		
Surplus for the year	(198 340 403)	(198 340 403)
Total changes	(198 340 403)	(198 340 403)
Restated* Balance at 01 July 2023	424 405 731	424 405 731
Changes in net assets		
Surplus for the year	210 468 940	210 468 940
Total changes	210 468 940	210 468 940
Balance at 30 June 2024	634 874 671	634 874 671

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* See Note 2 & 43

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Taxation		120 062 437	118 459 055
Service charges		287 423 286	265 359 759
Grants		329 173 000	309 777 000
Interest income		9 128 747	5 858 744
Other income		33 762 463	16 155 590
		779 549 933	715 610 148
Payments			
Employee costs		(273 006 109)	(240 527 966)
Suppliers		(353 654 928)	(376 853 420)
Finance costs		-	-
		(626 661 037)	(617 381 386)
Net cash flows from operating activities	39	152 888 896	98 228 762
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(175 262 046)	(72 150 556)
Proceeds from sale of property, plant and equipment	5	220 000	1 223 403
Purchase of other intangible assets	6	(3 096 077)	(2 109 655)
Net cash flows from investing activities		(178 138 123)	(73 036 808)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		(25 249 227)	25 191 954
Cash and cash equivalents at the beginning of the year		26 670 461	1 478 507
Cash and cash equivalents at the end of the year	13	1 421 234	26 670 461

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* See Note 2 & 43

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	327 738 000	-	327 738 000	307 888 668	(19 849 332)	51
Rental of facilities and equipment	5 000 000	-	5 000 000	2 657 992	(2 342 008)	
Investment property (Fair value model)	-	-	-	49 468 634	49 468 634	
Actuarial gains/losses	-	-	-	1 709 000	1 709 000	51
Inventories losses/write-downs	-	-	-	1 916 343	1 916 343	
Other income - (rollup)	40 000 000	-	40 000 000	7 341 392	(32 658 608)	51
Interest received - investment	17 011 000	-	17 011 000	34 209 646	17 198 646	
Total revenue from exchange transactions	389 749 000	-	389 749 000	405 191 675	15 442 675	

Revenue from non-exchange transactions

Taxation revenue

Property rates	125 000 000	-	125 000 000	124 080 021	(919 979)	51
Property rates - penalties imposed	-	-	-	18 136 635	18 136 635	
Licences and Permits (Non-exchange)	500 000	-	500 000	283 693	(216 307)	
Municipal debt relief interest benefit	-	-	-	211 655 170	211 655 170	

Transfer revenue

Government grants & subsidies	358 951 000	1 922 000	360 873 000	358 458 303	(2 414 697)	51
Public contributions and donations	-	-	-	26 025 228	26 025 228	
Fines, Penalties and Forfeits	7 500 000	-	7 500 000	13 376 030	5 876 030	
Interest	7 989 000	-	7 989 000	-	(7 989 000)	
operational revenue	9 762 000	-	9 762 000	9 220 722	(541 278)	
Gain on disposal of assets and liabilities	1 000 000	-	1 000 000	-	(1 000 000)	
Eskom interest waiver	-	-	-	98 283 103	98 283 103	
Total revenue from non-exchange transactions	510 702 000	1 922 000	512 624 000	859 518 905	346 894 905	
Total revenue	900 451 000	1 922 000	902 373 000	1 264 710 580	362 337 580	

Expenditure

Personnel	(245 859 000)	-	(245 859 000)	(244 628 658)	1 230 342	51
Remuneration of councillors	(12 500 000)	-	(12 500 000)	(12 611 371)	(111 371)	
Depreciation and amortisation	(80 000 000)	-	(80 000 000)	(42 707 340)	37 292 660	
Finance costs	(45 000 000)	35 500 000	(9 500 000)	(83 623 313)	(74 123 313)	51
Lease rentals on operating lease	-	-	-	(2 629 289)	(2 629 289)	
Debt Impairment	(103 500 000)	-	(103 500 000)	(140 418 370)	(36 918 370)	
Other materials (Inventory consumed)	(11 450 000)	(1 498 000)	(12 948 000)	-	12 948 000	
Bulk purchases	(195 855 000)	(25 091 000)	(220 946 000)	(281 594 352)	(60 648 352)	51

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Contracted Services	(171 230 000)	(8 540 000)	(179 770 000)	(146 142 159)	33 627 841	51
Transfers and Subsidies	(1 000 000)	(40 000)	(1 040 000)	(1 000 000)	40 000	
Irrecoverable debts written off	(11 500 000)	-	(11 500 000)	-	11 500 000	
Loss on disposal of assets and liabilities	-	-	-	(21 591 294)	(21 591 294)	
General Expenses	(98 792 000)	(15 011 000)	(113 803 000)	(77 295 494)	36 507 506	
Total expenditure	(976 686 000)	(14 680 000)	(991 366 000)	(1 054 241 640)	(62 875 640)	
Surplus before taxation	(76 235 000)	(12 758 000)	(88 993 000)	210 468 940	299 461 940	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(76 235 000)	(12 758 000)	(88 993 000)	210 468 940	299 461 940	

Reconciliation

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Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	124 616 000	(1 498 000)	123 118 000	299 763 159	176 645 159	51
Other Receivable	(63 259 000)	-	(63 259 000)	1 275 451	64 534 451	
Statutory receivables	8 313 000	-	8 313 000	16 134 129	7 821 129	51
Statutory receivables	-	-	-	302 017 564	302 017 564	
VAT receivable	293 872 000	-	293 872 000	-	(293 872 000)	
Overpayments to contractors	-	-	-	473 589	473 589	
Consumer debtors	-	-	-	32 578 285	32 578 285	
Other asset 1	(10 000)	-	(10 000)	-	10 000	
Cash and cash equivalents	5 621 000	(7 758 000)	(2 137 000)	1 421 234	3 558 234	
	369 153 000	(9 256 000)	359 897 000	653 663 411	293 766 411	

Non-Current Assets

Investment property	140 522 000	-	140 522 000	564 140 763	423 618 763	51
Property, plant and equipment	1 130 419 000	(3 627 000)	1 126 792 000	1 284 338 339	157 546 339	
Intangible assets	4 732 000	-	4 732 000	2 299 762	(2 432 238)	
Heritage assets	360 000	-	360 000	360 338	338	
	1 276 033 000	(3 627 000)	1 272 406 000	1 851 139 202	578 733 202	
Total Assets	1 645 186 000	(12 883 000)	1 632 303 000	2 504 802 613	872 499 613	

Liabilities

Current Liabilities

Payables from exchange transactions	1 377 506 000	132 000	1 377 638 000	533 737 602	(843 900 398)	51
VAT output accrual	(903 000)	(9 680 000)	(10 583 000)	183 513 774	194 096 774	
VAT payable	186 055 000	-	186 055 000	5 432 946	(180 622 054)	
Consumer deposits	11 230 000	-	11 230 000	6 826 927	(4 403 073)	
Employee benefit obligation	15 341 000	-	15 341 000	3 192 000	(12 149 000)	
Unspent conditional grants and receipts	-	-	-	1 669	1 669	51
Other liability 1	1 169 000	-	1 169 000	-	(1 169 000)	
Municipal debt relief liability	-	-	-	421 488 000	421 488 000	
	1 590 398 000	(9 548 000)	1 580 850 000	1 154 192 918	(426 657 082)	

Non-Current Liabilities

Employee benefit obligation	-	-	-	51 175 000	51 175 000	51
Provisions	62 025 000	-	62 025 000	33 239 200	(28 785 800)	51
Municipal debt relief liability	-	-	-	631 320 830	631 320 830	
	62 025 000	-	62 025 000	715 735 030	653 710 030	
Total Liabilities	1 652 423 000	(9 548 000)	1 642 875 000	1 869 927 948	227 052 948	
Net Assets	(7 237 000)	(3 335 000)	(10 572 000)	634 874 665	645 446 665	

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	(7 237 000)	(3 335 000)	(10 572 000)	634 874 671	645 446 671	

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Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts

Taxation	127 112 000	2 411 000	129 523 000	120 062 437	(9 460 563)	51
Service charges	367 380 000	-	367 380 000	287 423 286	(79 956 714)	
Grant Received	358 951 000	(10 169 000)	348 782 000	329 173 000	(19 609 000)	
Interest income	5 000 000	-	5 000 000	9 128 747	4 128 747	
Other revenue	97 730 000	-	97 730 000	33 762 463	(63 967 537)	
	956 173 000	(7 758 000)	948 415 000	779 549 933	(168 865 067)	

Payments

Employee costs	(741 079 000)	-	(741 079 000)	(626 661 037)	114 417 963	51
Finance costs	(45 000 000)	-	(45 000 000)	-	45 000 000	
Other cash item	(1 000 000)	-	(1 000 000)	-	1 000 000	
	(787 079 000)	-	(787 079 000)	(626 661 037)	160 417 963	

Net cash flows from operating activities	169 094 000	(7 758 000)	161 336 000	152 888 896	(8 447 104)	
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Cash flows from investing activities

Purchase of property, plant and equipment	(164 616 000)	-	(164 616 000)	(175 262 046)	(10 646 046)	51
Proceeds from sale of property, plant and equipment	-	-	-	220 000	220 000	
Purchase of other intangible assets	-	-	-	(3 096 077)	(3 096 077)	

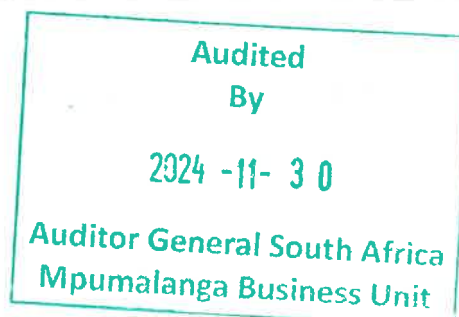
Net cash flows from investing activities	(164 616 000)	-	(164 616 000)	(178 138 123)	(13 522 123)	
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Net increase/(decrease) in cash and cash equivalents	4 478 000	(7 758 000)	(3 280 000)	(25 249 227)	(21 969 227)	
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Cash and cash equivalents at the beginning of the year	1 142 000	-	1 142 000	26 670 461	25 528 461	
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Cash and cash equivalents at the end of the year	5 620 000	(7 758 000)	(2 138 000)	1 421 234	3 559 234	
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Reconciliation



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

Figures in Rand	Note(s)	2024	2023
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1. Accounting policies

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

1.1 Basis of preparation

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality. The level of rounding used in these annual financial statements is to the nearest 1 Rand.

1.3 Going concern assumption

These 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.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 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 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 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.

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Allowance for slow moving, damaged and obsolete stock

An assessment is made of net realisable value at the end of each reporting period. Any write down of inventory to the lower of cost or net realisable value is subsequently provided. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the surplus or deficit

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The value in use is based on the depreciated replacement cost of the asset. All assets of the municipality are deemed to be non-cash generating assets.

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 15 - Provisions.

Useful lives of intangible 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.

Change in estimates are accounted for prospectively using accumulative catch-up of past depreciation.

Post-retirement benefits

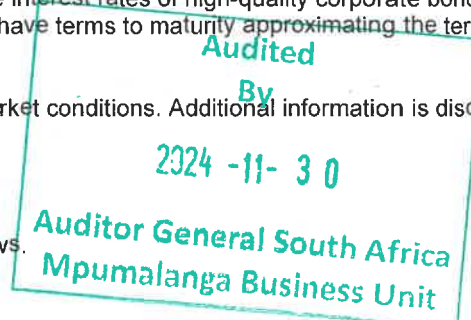
The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying 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 8.

Effective interest rate

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



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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.

The provision for doubtful debt is determined by considering the payment rate by exchange receivables (consumer debtors), indigent status, and whether the consumer debtor has a credit balance at financial year end as well as whether the consumer debtor is government related or not.

Non-exchange receivables (Traffic fine debtors) have been impaired taking into account historical payment rates by these non exchange receivable.

Traffic fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Non exchange receivables arising from traffic fines are measured at the best estimate based on expected inflows of economic benefits to the municipality.

Budget information

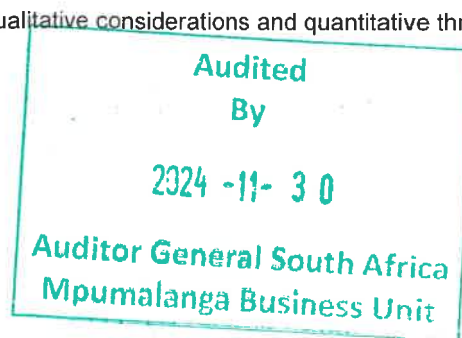
A difference of 10% or more between budget and actual amounts is regarded as material. All material differences (between budget and actual amounts) are explained in the notes to the annual financial statements. Additional text

Materiality

Applying materiality is pervasive to the preparation of financial statements. Materiality is a key consideration in deciding how to apply the Standards of GRAP when preparing the financial statements. Information is material if its omission or misstatement has the potential to influence the decisions of users or affect the discharge of accountability by the entity.

Applying materiality in the preparation of annual financial statements requires the entity to make key assessments and decisions. Key assessments and decisions made in considering materiality, are as follows:

- Identification of users and their information needs
- Assessing information based on nature and size, by developing qualitative considerations and quantitative thresholds
- Application of materiality in preparing the financial statements:
 - Developing accounting policies
 - Deciding what information to disclose
 - Deciding how to present information
 - Assessing omissions, misstatements and errors



The assessments and decisions are considered throughout the financial reporting cycle, and not only when annual financial statements are prepared.

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.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Initial recognition and measurement

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Investment property (continued)

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.

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

Subsequent measurement.

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

Investment property is subsequently measured using the fair value model.

Transfers to, or from, investment property is made when, and only when, there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property.

Items

Land and buildings
Property - Land
Property - Building

Average useful life

Indefinite
15 - 100 years

Further details on the useful lives of the categories of assets is detailed on the assets management policy, available for inspection at our offices additional text



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Investment property (continued)

Fair value

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

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

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

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Derecognition

Investment property is derecognised on disposal including disposal through non-exchange transactions or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the statement of financial performance.

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.

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.

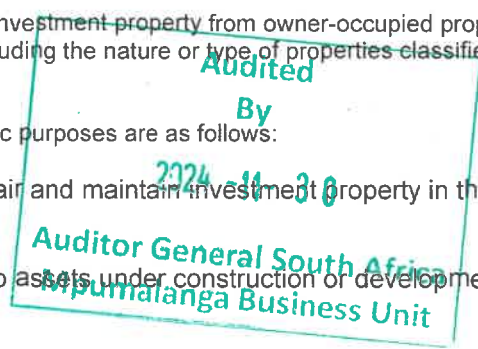
Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 35).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 5).



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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. While there is no universally accepted definition of infrastructure assets, these assets usually display

some or all of the following characteristics:

- (a) they are parts of a system or network;
- (b) they are specialised in nature and do not have alternative uses;
- (c) they are immovable; and
- (d) they may be subject to constraints on disposal.

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

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

Property, plant and equipment is initially measured at cost.

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

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

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, its 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.



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.7 Property, plant and equipment (continued)

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses in accordance with the cost model. Land is not depreciated as it is deemed to have an indefinite useful life.

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

Where the Municipality has an obligation to dismantle, remove and restore items of property, plant and equipment and the initial estimate was initially included in the cost of an item of property, plant and equipment, any changes in the liability are added to or deducted from, the cost of the related asset in the current period. If there is a decrease in the liability and it exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of financial performance.

If there is a change in a provision for which the asset relates, and the change results in 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's an indication, the related 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 or non-cash generating assets. If the related asset has reached the end of its useful life, any subsequent changes in the liability will be recognised in the statement of financial performance.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation charge for each period shall be recognised in the statement of financial performance unless it is included in the carrying amount of another asset. The annual depreciation rates are based on the following estimated useful lives: 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	5-50 years
Landfill Site	Straight-line	4-30 years
Specialised vehicles	Straight-line	4-20 year
Furniture and equipments	Straight-line	5- 15 years
Motor vehicles	Straight-line	4- 20 years
Office equipment	Straight-line	5- 15 year
Computer equipment	Straight-line	1-15 years
Emergency equipment	Straight-line	5- 15 years
Bins and Containers	Straight-line	5-15 years
Roads, pavement, bridges and storm water	Straight-line	3 - 100 years
Electricity	Straight-line	3 - 100 years
Water	Straight-line	3 - 100 years
Waste water	Straight-line	3 - 100 years
Information and communication	Straight-line	3 - 5 years
Waste Management	Straight-line	3 - 100 years
Sport and Recreational Facilities	Straight-line	5 -50 years
Parks	Straight-line	5 - 50 years
Halls	Straight-line	5 -50 years
Libraries	Straight-line	5 -50 years

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Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.7 Property, plant and equipment (continued)

Further detail on the useful lives of the categories of assets is detailed on the assets management policy, available for inspection at our offices.

The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

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

The municipality assesses at each reporting date whether there is any indication that the municipality's 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 revise the expected useful life and/or residual value accordingly

The residual value of an intangible asset with a finite useful life is assumed to be zero unless:

- (a) there is a commitment by a third party to acquire the asset at the end of its useful life; or
- (b) there is an active market for the asset and:

- (c) residual value can be determined by reference to that market; and

- (d) it is probable that such a market will exist at the end of the asset's useful life

The change(s) are accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors

In assessing whether there is any indication that the expected useful life of an asset has changed, the municipality considers the following indications:

- (a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.

- (b) The use of the asset has changed, because of the following: 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.

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Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.7 Property, plant and equipment (continued)

The municipality has changed the manner in which the asset is used.

The municipality has changed the utilisation rate of the asset.

The municipality has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.

Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.

Legal or similar limits placed on the use of the asset have changed.

The asset was idle or retired from use during the reporting period.

(c) The asset is approaching the end of its previously expected useful life.

(d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.

(e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.

(f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.

(g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating

Assets and Impairment of Non-cash-generating Assets.

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

Derecognition

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.

1.8 Intangible assets

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance.

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.

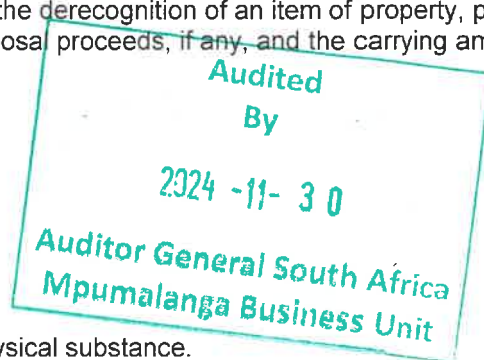
An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

it is technically feasible to complete the asset so that it will be available for use or sale.

there is an intention to complete and use or sell it there is an ability to use or sell it.

it will generate probable future economic benefits or service potential.

there are available technical, financial and other resources to complete the development and to use or sell the asset the expenditure attributable to the asset during its development can be measured reliably.



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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1.8 Intangible assets (continued)

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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.

Intangible assets are initially recognised at cost. 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.

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test, and the useful life is reviewed at each reporting date, if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

Amortisation

The municipality assesses whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for, or provide service potential to the municipality.

The useful life of an intangible asset that arises from binding arrangements (including rights from contracts) shall not exceed the period of the binding arrangement, but may be shorter depending on the period over which the entity expects to use the asset. If the binding arrangements (including rights from contracts) are conveyed for a limited term that can be renewed, the useful life of the intangible asset shall include the renewal period(s) only if there is evidence to support renewal by the municipality without significant cost.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives using the straight line method. The amortisation rates are based on the following estimated average asset lives. Amortisation is provided to write down the intangible assets, on a straight-line basis.

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.8 Intangible assets (continued)

Item Depreciation method Average useful life

Computer software, and infrastructure systems Straight-line 1-15 years

Further details on the useful lives of the categories of assets can be obtained from the assets management policy, available for inspection at our offices.

Each item of intangible asset is amortised separately. Rights consist mainly of servitudes. Rights are not amortised as they have an indefinite useful life. A servitude right is granted to the Municipality for an indefinite period. The life of the servitude will remain in force as the Municipality exercises its rights under such servitudes.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life.

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the date that the asset is derecognised. The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is assumed to be zero unless:

- (a) there is a commitment by a third party to acquire the asset at the end of its useful life; or
- (b) there is an active market for the asset and:
 - i. residual value can be determined by reference to that market; and
 - ii. it is probable that such a market will exist at the end of the asset's useful life.

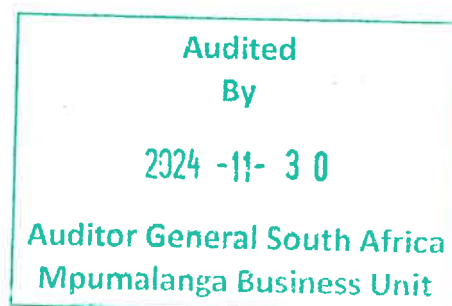
The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

An intangible asset with an indefinite useful life shall not be amortised. The useful life of an intangible asset that is not being amortised shall be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the statement of financial performance.

Item	Depreciation method	Average useful life
Computer software	Straight-line	1-15



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.9 Heritage assets

Initial recognition and measurement

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.

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.

The Municipality holds an asset that might be regarded as a heritage asset but on initial recognition, it does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about the asset should be disclosed in the notes to the financial statements.

The municipality uses judgment to assess the degree of certainty attached to the flow of future economic benefits or service potential that are attributable to the heritage asset on the basis of the evidence available at the time of initial recognition.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction. 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.

The cost of the heritage asset is the cash price equivalent at the recognition date. If the payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit, unless such interest is recognised in the carrying amount of the heritage asset in accordance with the standard of GRAP on borrowing costs.

Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life is capitalised as part of its cost such costs is recognised in the carrying amount of the heritage asset as incurred, when the recognition criteria is met.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses. Heritage assets are not depreciated due to its nature however the municipality assess at each reporting date whether there are indications of impairment and, if any, impairment exists, the municipality estimates the recoverable amount or recoverable service amount of the heritage asset.

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

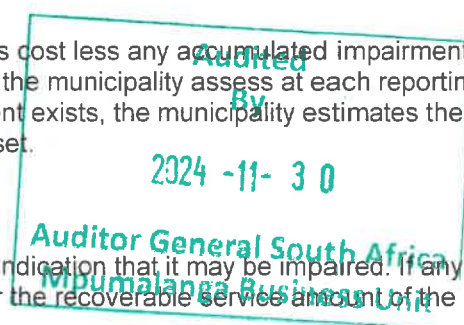
Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

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).

Compensation from third parties for heritage assets that have been impaired, lost or given up, shall be included in surplus or deficit when the compensation becomes receivable.



Thaba Chweu Local Municipality

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Accounting Policies

1.10 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.

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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).

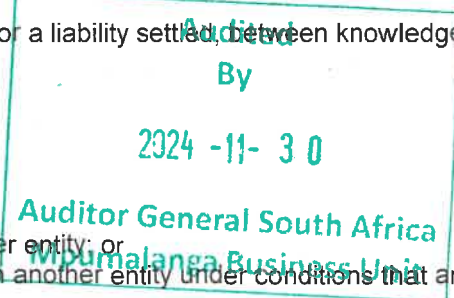
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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.

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.

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



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.10 Financial instruments (continued)

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

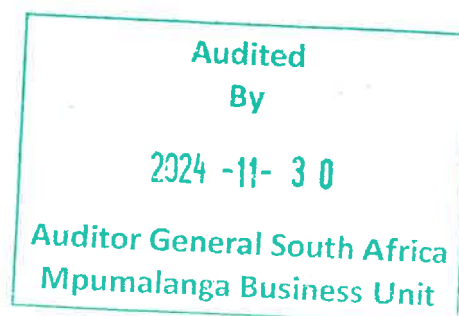
Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- 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;



Accounting Policies

1.10 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; or
 - 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.

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument. Financial assets are recognised through the application of trade date accounting.

Upon initial recognition the Municipality classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

The Municipality measures financial instruments that are designated at fair value on recognition at its fair value at the date of recognition. Financial Instruments designated at amortised cost and those designated at cost are initially measured, at the date of recognition, at its fair value plus transaction costs directly attributable to the acquisition or issue of the instrument.

The classification of financial assets depends on their nature and purpose, and is determined at the date of initial recognition.

Initial measurement of financial assets and financial liabilities

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

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fairvalue].

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately.

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

. a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements,

where it is the issuer of the loan; or

. non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions

(Taxes and Transfers), where it is the recipient of the loan.

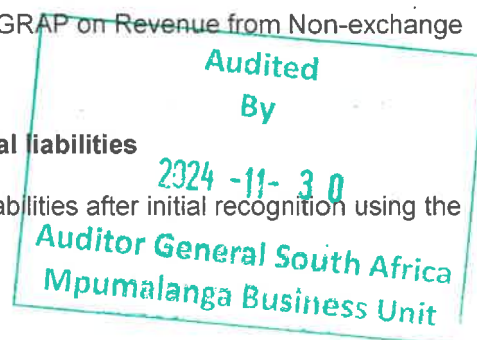
Subsequent measurement of financial assets and financial liabilities

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

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

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 municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.10 Financial instruments (continued)

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, the 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.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Financial assets

Financial assets at amortised cost

These comprise of non-derivative financial assets with fixed or determinable payments. Subsequent to initial recognition such assets are measured at amortised cost using the effective interest method less any impairment and/or plus reversal of impairment

Financial assets at fair value.

These comprise of financial assets held for trading, derivative financial assets, non-derivative financial assets designated at fair value and investments in residual interest for which fair value can be measured reliably. Subsequent to initial recognition all changes to fair value are recognised through the statement of financial performance.

Impairment of financial assets

Financial assets other than those held at fair value are assessed for impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of events occurred after initial recognition of the asset, the expected value to be derived from the asset have been materially reduced. The Municipality recognise impairment losses or impairment reversals in the statement of financial performance during the financial year in which the loss or reversal occurred

Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the Municipality loses control of contractual rights such that the Municipality no longer retain significant risks and rewards associated with ownership.

Accounts receivables

Receivables are initially recognised at its fair value. Bad debts are written off in the year in which they are identified as irrecoverable, subject to approval by appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current. A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the initial terms receivables. The amount of the provision is that difference between the asset's carrying amount and its present value of estimated future cash flows, discounted at the initial effective interest rate. An estimate of doubtful debts is made at the end of each reporting period taking in to consideration past default experiences. Interest is charged on overdue amounts

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in

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

Thaba Chweu Local Municipality

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Accounting Policies

1.10 Financial instruments (continued)

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

Financial liabilities

After initial recognition, the Municipality measures all financial liabilities, including payables at amortised cost using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities and payables and exclude provisions. Finance charges, including premiums payable, are accounted for on an accrual basis.

Gains and losses

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

Derecognition

Financial assets

Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the Municipality loses control of contractual rights such that the Municipality no longer retain significant risks and rewards associated with ownership.

Financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

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

Cash and cash equivalents
Receivable from exchange
Receivable from non-exchange
Other financial assets

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost

The entity 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

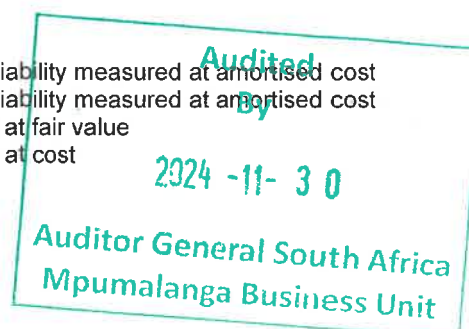
Payables from exchange transactions
Consumer deposits
Residual interest¹
Residual interest²

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Measured at fair value
Measured at cost

1.11 Statutory receivables

Identification



Thaba Chweu Local Municipality

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Accounting Policies

1.11 Statutory receivables (continued)

Statutory receivables are receivables that arise from legislation (Municipal Property Rates Act 6 of 20014, AARTO Act 46 of 1998 and Value Added Tax act No 89 of 1991), supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The municipality has the following major categories under the ambit of statutory receivables

VAT receivables

Rates debtors

Traffic fine debtors

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

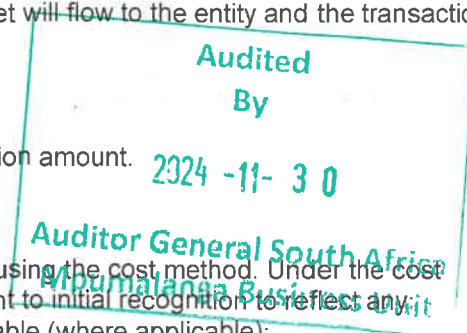
The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

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

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the prime interest rate plus 1%.

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.



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.11 Statutory receivables (continued)

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.

Rates debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

Residential debtors are impaired after 90 days, Commercial and non residential are impaired from 120 days whilst government debtors are impaired only on the interest portion. Traffic fines are impaired after 90 days of issue and not yet paid.

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

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

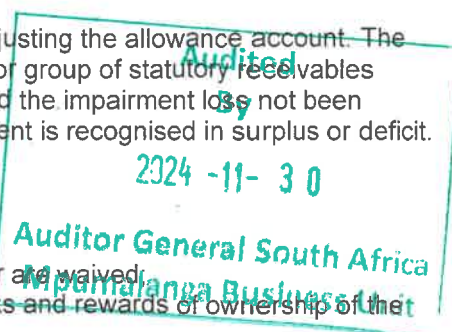
An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

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

Derecognition

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

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



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.11 Statutory receivables (continued)

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.

1.12 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.

Operating leases - lessor

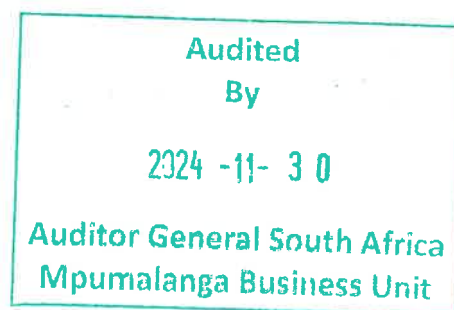
Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset. Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are 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.

Operating leases - lessee

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

1.13 Inventories

Inventories



Thaba Chweu Local Municipality

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Accounting Policies

1.13 Inventories (continued)

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process.
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services
- (c) held for sale or distribution in the ordinary course of operations.
- (d) in the process of production for sale or distribution

Initial recognition and measurement

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality and the cost of the inventories can be measured reliably.

Inventories that qualify for recognition as assets are initially recognised at cost. The cost of inventories comprises of all costs purchase cost of conversion and other costs incurred in bringing the inventories to its present location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process. When inventories are acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are measured at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge or to be consumed in the production process of goods to be distributed at no charge or for a nominal charge, in which case they are measured at the lower of cost and current replacement cost..

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.

Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose.

The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The 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..

1.14 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.

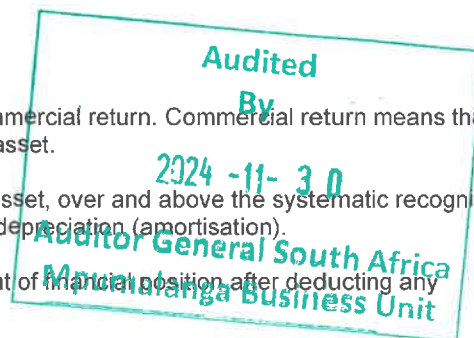
Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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

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

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

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



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

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

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

Useful life is either:

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

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

Reversal of impairment loss

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.

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

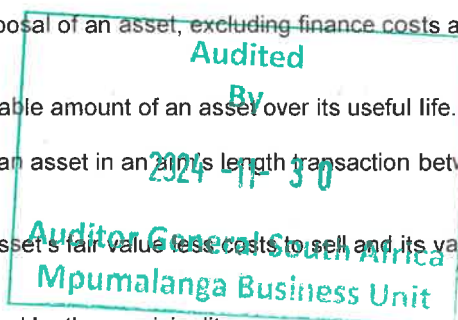
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable 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:



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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

The current profitability of the asset, as well as management's assessment of the profitability of the asset becoming profitable

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.

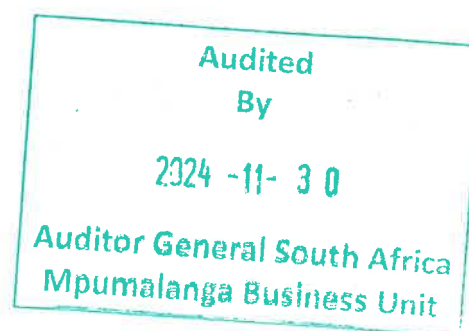
An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective 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.



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Restoration cost approach

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

Service units approach

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

Recognition and measurement

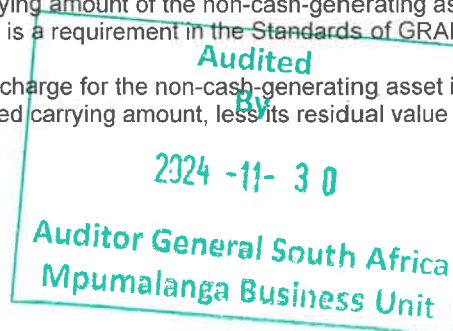
If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

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

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



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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

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.

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

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

Redesignation

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

1.16 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees. Termination benefits are employee benefits payable as a result of either:

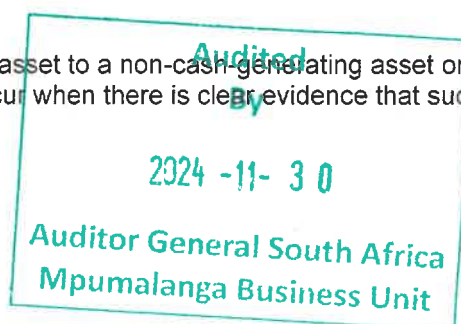
- a municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.16 Employee benefits (continued)

Short-term employee benefits

Short-term benefit

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

The cost of short-term employee benefits are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

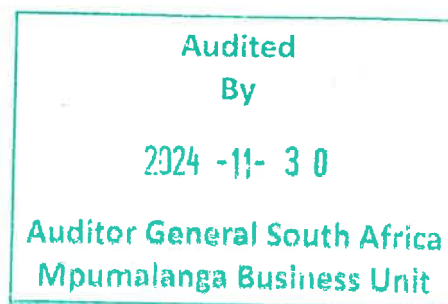
When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the Municipality is expected to pay in exchange for that service that had accumulated at the reporting date.



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

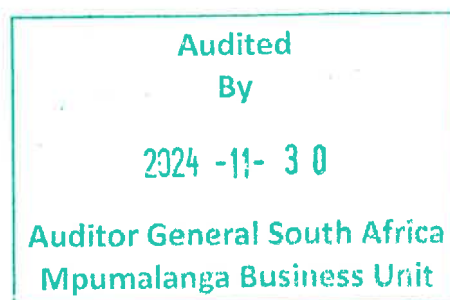
Post employee benefit

The Municipality provides post employment benefits for its employees and councillors. These benefits are provided as either defined contribution plans or defined benefit plans.

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a municipality provides post-employment benefits for one or more employees.

Post employee benefits: Defined benefit plan



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.16 Employee benefits (continued)

The Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Municipality provide post employment medical care benefits to retired employees and their legitimate spouses. The entitlement to post employment medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

Pursuant to the Municipality's obligation to fund the post-employment benefits provided through a defined benefit plan, the Municipality recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value assets held to finance those benefits, the Municipality recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the Municipality recognises as defined benefit asset

The defined benefit asset or obligation recognised is recognised as the net difference between the value of the plan assets and plan liabilities and also taking past service cost into consideration.

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Where the Municipality reduces benefits payable under an existing defined benefit plan, the resulting reduction in the defined benefit liability is recognised as (negative) past service cost in the reporting period in which the plan is amended

Where the Municipality reduces certain benefits payable under an existing defined benefit plan and, at the same time, increases other benefits payable under the plan for the same employees, the Municipality treats the change as a single net change.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The amount recognised as a defined benefit liability is the net total of the following amounts:

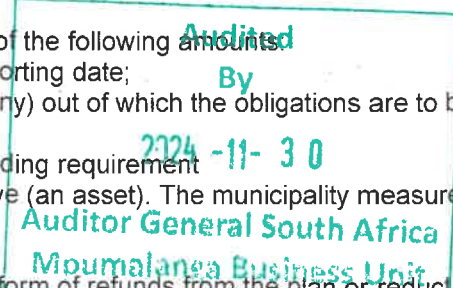
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.16 Employee benefits (continued)

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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 municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

Actuarial Assumption

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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Mpumalanga Business Unit

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.17 Provisions and contingencies (continued)

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.

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.



Accounting Policies

1.17 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 1.14 and 1.15.

If the related asset is measured using the revaluation model:

- 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;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

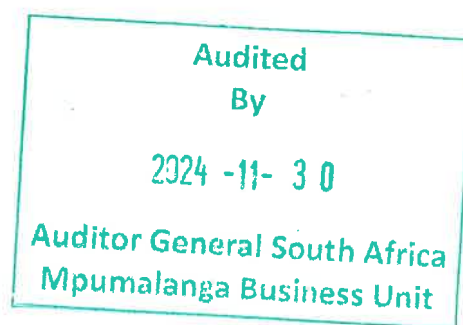
The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation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

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

1.18 Commitments

Capital commitments disclosed in the notes to the unaudited annual financial statements represents the balance committed to capital projects as at the reporting date which will be incurred in the period subsequent to the reporting period.

The municipality discloses commitments exclusive of VAT per the commitments register.



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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1.19 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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

Service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

? 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.

Meters are read on a monthly basis and the revenue is recognised when invoiced. Provisional estimates of consumptions are

made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to

provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read. In respect of estimates of consumption between the last reading date and the reporting

date, an accrual is made based on based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on average consumption history.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property

that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of

refuse containers on each property, regardless of whether or not containers are emptied during the month

Service charges from sewerage and sanitation are based on the size of the property, number of dwellings on each property and

connection, using the tariffs approved by Council and are levied monthly

Revenue from rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement

Interest, royalties and dividends

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.19 Revenue from exchange transactions (continued)

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

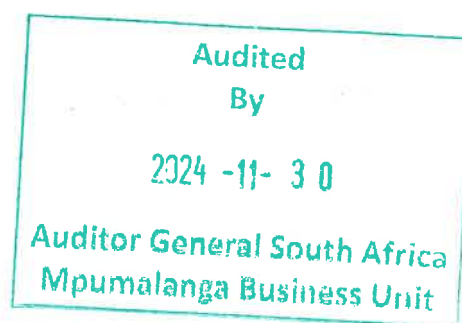
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The revenue recognised by the Municipality is in terms of the agency agreement and is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

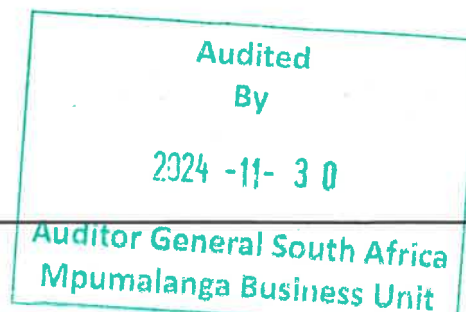
Collection charges are recognised when such amounts are incurred.



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies



1.20 Revenue from non-exchange transactions

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

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

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

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

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

Recognition

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

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

Measurement

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

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

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.

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.

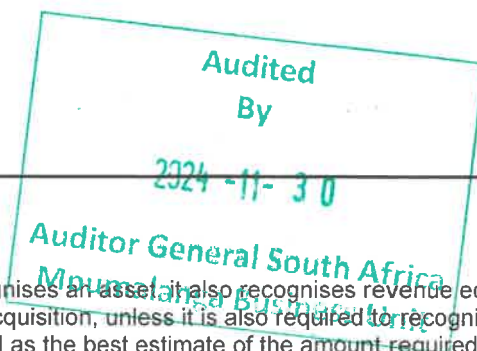
The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Fines

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

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

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

Bequests

Bequests that satisfy the definition of an asset 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.

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.

Concessionary loans received

A concessionary loan is a loan granted to or received by a property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

1.21 Key source of estimation uncertainty and judgement

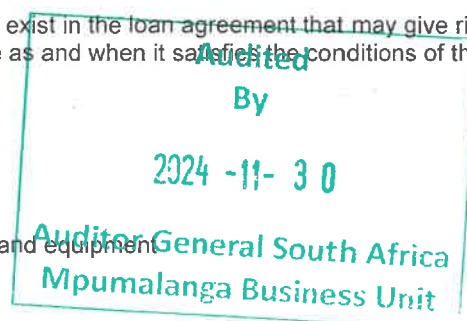
The following areas involve a significant degree of estimation uncertainty:

- ? Useful lives and residual values of property, plant, and equipment
- ? Recoverable amounts and/ recoverable service amounts of property, plant and equipment
- ? Provision for rehabilitation of landfill sites (discount rate used)
- ? Present value of defined benefit obligation
- ? Impairment allowance/ Debt impairment
- ? Impairment of cash-generating and non cash-generating assets
- ? Provision for long service awards

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made

in the process of applying the Municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- ? Impairment of cash-generating and non cash-generating assets
- ? Provisions.



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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.

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

1.24 Change in accounting policy, accounting estimates and correction of error

Identification

Changes in accounting policies are applied retrospectively in accordance with the requirements of Generally Recognised Accounting Practice (GRAP 3), except to the extent that it is impractical to determine the period specific effects or the cumulative effect of the change in accounting policy. In such instances the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

Changes in accounting estimates are applied prospectively in accordance with the requirements of Generally Recognised Accounting Practice (GRAP 3). The detailed information of the change in accounting estimates is disclosed in the notes to the annual financial statements

Correction of errors is applied retrospectively in the period to which the error has occurred in accordance with the requirements of Generally Recognised Accounting Practice (GRAP 3), except to the extent that it is impractical to determine the period specific effects or the cumulative effect of the error. In such instances the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

1.25 Comparative figures

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

1.26 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).

1.27 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).

1.28 Irregular expenditure

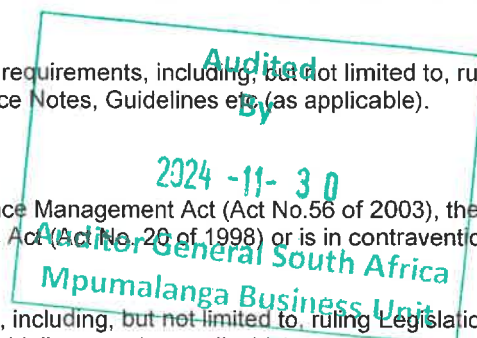
Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

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).

1.29 Segment information

A segment is an activity of an entity:

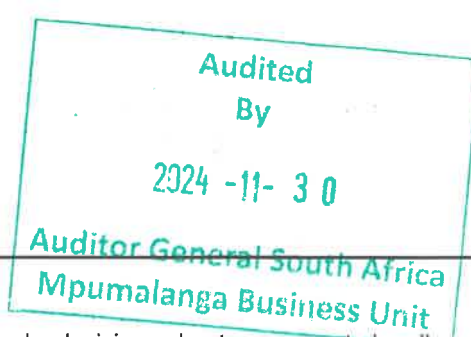
- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies



1.29 Segment information (continued)

- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

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

Measurement

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

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

1.30 Budget information

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same Municipality and period as for the approved budget. The budget is prepared on the accrual basis. The budget of the Municipality is taken for a stakeholder consultative process and upon approval, the approved budget is made publicly available. The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/07/01 to 2024/06/30.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements. The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

1.31 Related parties

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

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

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

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

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

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

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

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.31 Related parties (continued)

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.

1.32 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.

1.33 Transitional provisions

Transitional provision for Segment Reporting

The municipality changed its relating accounting policy in 2024. The change in accounting policy is made in accordance with its transitional provision as per Directive 2 of the GRAP Reporting Framework.

Until such time as the measurement period expires and relating items are recognised and measured in accordance with the requirements of the associated Standard of GRAP, the municipality need not comply with the Standards of GRAP on:

- Segment Reporting (GRAP 18)

The exemption from applying the measurement requirements of the associated Standard of GRAP implies that any associated presentation and disclosure requirements need not be complied with.

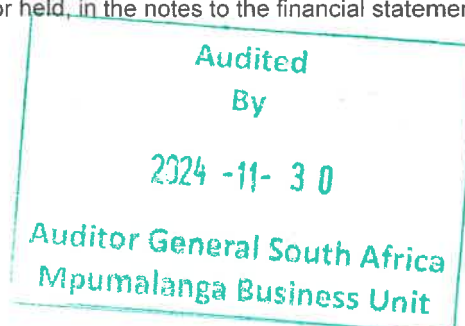
Refer to note for additional disclosure in this regard.

1.34 Value Added Tax

Collateral held includes financial assets, non-financial assets and other forms of collateral such as guarantees or encumbrances over assets.

The entity recognises assets relating to collateral held if it meets the recognition criteria in other accounting policies.

The entity disclose the nature and amounts of collateral recognised or held, in the notes to the financial statements.



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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2. Changes in accounting policy

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

There were no changes in accounting policy on the annual financial statements for the year ended 30 June 2024.

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

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

iGRAP 21: The Effect of Past Decisions on Materiality

Background

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items affect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The effective date of these interpretations have not yet been set. 01 April 2023.

The municipality has adopted the interpretation for the first time in the 2023/2024 01 April 2023.

The impact of the interpretation is set out in note 2 Changes in Accounting Policy.

GRAP 2020: Improvements to the Standards of GRAP 2020

Every three years, the Accounting Standards Board undertakes periodic revisions of the Standards of GRAP, in line with best practice internationally among standard setters.

Improvements to Standards of GRAP are aimed at aligning the Standards of GRAP with international best practice, to maintain the quality and to improve the relevance of the Standards of GRAP.

Amendments include,

GRAP 5 – Borrowing Costs

- For general borrowings, borrowing costs eligible for capitalisation determined by applying a capitalisation rate - Clarify that borrowings made specifically for purposes of obtaining a qualifying asset are excluded until substantially all the activities necessary to prepare asset for intended use or sale are complete

GRAP 13 – Leases

- Operating leases & Sale and leaseback transactions are currently assessed for impairment in accordance with GRAP 26

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

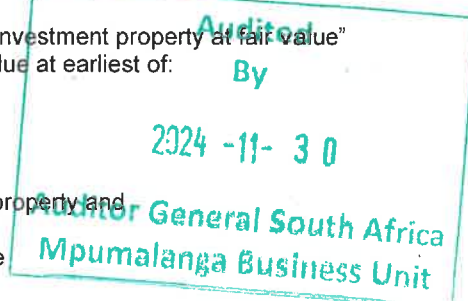
Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

- Clarify that these arrangements may also be assessed in accordance with GRAP 21

GRAP 16 – Investment Property

- Clarify that GRAP 21 may be applied to assess investment property for impairment
- Include heading "Classification of property as investment property" (par 6 and 7) & delete existing headings
- Investment property under construction (within scope of GRAP 16)
 - Added heading "Guidance on initially measuring self-constructed investment property at fair value"
 - Added clarification that investment property is measured at fair value at earliest of:
 - completion of construction or development; or
 - when fair value becomes reliably measurable
- Clarify requirements on transfers to and from Investment property
 - Change in use involves an assessment on whether:
 - property meets, or ceases to meet definition of investment property and
 - evidence exists that a change in use has occurred
 - List of examples of a change in use is regarded as non-exhaustive



GRAP 17 – Property, Plant and Equipment

- Delete example indicating that quarries and land used for landfill may be depreciated in certain instances
 - Land has an unlimited useful life and cannot be consumed through its use

GRAP 20 – Related Party Disclosures

- Clarify that entity, or any member of a group of which it is part, providing management services to reporting entity (or controlling entity of reporting entity) is a related party
 - Disclose amounts incurred by the entity for the provision of management services that are provided by a separate management entity
 - If an entity obtains management services from another entity ("the management entity") the entity is not required to apply the requirements in paragraph .35 to the remuneration paid or payable by the management entity to the management entity's employees or those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions
 - Management services are services where employees of management entity perform functions as "management" as defined

GRAP 24 – Presentation of Budget Information in Financial Statements

- Terminology amended
 - Primary financial statements amended to "financial statements" or "face of the financial statements"

GRAP 31 – Intangible Assets

- Extend requirement to consider whether reassessing useful life of intangible asset as finite rather as indefinite indicates that asset may be impaired
 - Both under cost model or revaluation model

GRAP 32 – Service Concession Arrangements: Grantor

- Clarify disclosure requirement for service concession assets
 - Disclose carrying amount of each material service concession asset recognised at the reporting date

GRAP 37 – Joint Arrangements

- Application guidance clarified
 - When party obtains joint control in a joint operation where activity of joint operation constitutes a function (GRAP 105 or GRAP 106), previous held interest in joint operation is not remeasured

GRAP 106 – Transfer of Functions Between Entities Not Under Common Control

- When party obtains control of joint operation and entity had rights to assets, or obligations to liabilities before acquisition date, it comprises an acquisition received in stages
 - Apply the requirements for an acquisition achieved in stages, including remeasuring previously held interest in joint operation

Directive 7 – The Application of Deemed Cost

- Clarify that bearer plants within scope of Directive

The effective date of these improvements is 01 April 2023.

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

The municipality has adopted the improvements for the first time in the 2023/2024 annual financial statements.

The impact of the improvements is set out in note 2 Changes in Accounting Policy.



Thaba Chweu Local Municipality
Annual Financial Statements for the year ended 30 June 2024

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4. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Investment property	564 140 763	-	564 140 763	514 672 130	-	514 672 130

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	514 672 130	49 468 633	564 140 763

Reconciliation of investment property - 2023

	Opening balance	Additions	Fair value adjustments	Total
Investment property	478 187 041	2 200 000	34 285 089	514 672 130

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. Thaba Chweu local municipality has fair valued its investment properties consisting of land and buildings held for rental and capital appreciation, using Comparable Sales method and Gross Replacement method to establish market values of each property as at 30 June 2024.

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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4. Investment property (continued)

Details of valuation

The effective date of the revaluations was Sunday, 30 June 2024. Valuations were performed by an independent valuer, Mr NB Makgakga [Professional Valuer], of Messrs Makgakga Property Valuation Pty Ltd. who are not connected to the municipality and have recent experience in location and categories of the investment properties being valued.

The valuation was based on open market value for existing use.

For investment property, totalling R 564 140 763 (2023: R 514 672 130),

Amounts recognised in surplus and deficit for the year.

Rental revenue from investment property	2 624 227	2 603 465
• a description of the investment property,		
• an explanation of why fair value cannot be determined reliably,		
• on disposal of investment property not carried at fair value:		
- the fact that the entity has disposed of investment property not carried at fair value,		
- the carrying amount of that investment property at the time of sale, and		
- the amount of gain or loss recognised.		



Thaba Chweu Local Municipality

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Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2024

Figures in Rand

5. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	64 064 512	-	64 064 512	64 064 512	-	64 064 512
Buildings	75 359 591	(42 832 822)	32 526 769	76 655 225	(41 176 966)	35 478 259
Plant and machinery	18 163 281	(3 313 536)	14 849 745	4 617 689	(2 503 927)	2 113 762
Furniture and fixtures	8 119 405	(4 504 843)	3 614 562	8 221 497	(4 319 672)	3 901 825
Motor vehicles	29 037 225	(8 532 635)	20 504 590	28 965 168	(8 459 693)	20 505 475
IT equipment	9 408 913	(2 795 584)	6 613 329	9 098 924	(2 781 925)	6 316 999
Infrastructure	1 351 664 770	(462 084 091)	889 580 679	1 287 320 674	(460 743 960)	826 576 714
Community	173 145 561	(95 481 692)	77 663 869	173 145 561	(88 131 523)	85 014 038
Other property, plant and equipment (WIP)	161 351 358	-	161 351 358	72 585 520	-	72 585 520
Landfill Site	21 340 926	(7 772 000)	13 568 926	21 505 777	(6 294 248)	15 211 529
Total	1 911 655 542	(627 317 203)	1 284 338 339	1 746 180 547	(614 411 914)	1 131 768 633

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Notes to the Annual Financial Statements

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5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals / Write off	Transfers	Depreciation	Total
Land	64 064 512	-	-	-	-	64 064 512
Buildings	35 478 259	1 376 513	(1 071 131)	-	(3 256 872)	32 526 769
Plant and machinery	2 113 762	13 741 196	-	-	(1 005 213)	14 849 745
Furniture and fixtures	3 901 825	309 430	-	-	(596 693)	3 614 562
Motor vehicles	20 505 475	2 874 382	(600 980)	-	(2 274 287)	20 504 590
IT equipment	6 316 999	1 764 856	(394 956)	-	(1 073 570)	6 613 329
Infrastructure	826 576 714	47 552 322	(16 991 361)	53 620 264	(21 177 260)	889 580 679
Community	85 014 038	-	-	-	(7 350 169)	77 663 869
Other property, plant and equipment (WIP)	72 585 520	145 138 968	(2 752 866)	(53 620 264)	-	161 351 358
Landfill site	15 046 678	-	-	-	(1 477 752)	13 568 926
	1 131 603 782	212 757 667	(21 811 294)	-	(38 211 816)	1 284 338 339

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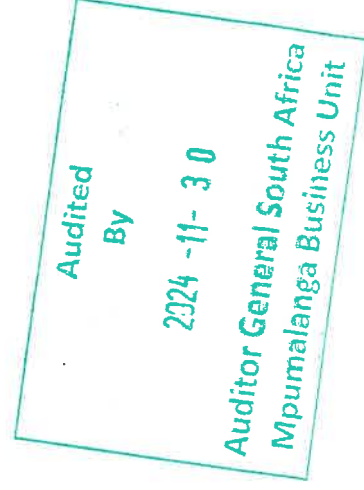
5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfer Out	Transfers	Depreciation	Impairment loss	Total
Land	64 064 512	-	-	-	-	-	-	64 064 512
Buildings	38 437 634	291 701	-	-	-	(3 251 076)	-	35 478 259
Plant and machinery	2 025 125	408 400	(105 763)	-	-	(214 000)	-	2 113 762
Furniture and fixtures	4 235 326	243 371	(56 542)	-	-	(520 330)	-	3 901 825
Motor vehicles	20 640 388	1 729 863	(3 911)	-	-	(1 860 865)	-	20 505 475
IT equipment	7 142 309	619 302	(532 149)	-	-	(912 463)	-	6 316 999
Infrastructure	835 724 897	11 599 805	-	-	24 926 182	(45 674 170)	-	826 576 714
Community	92 350 412	-	-	-	-	(7 336 374)	-	85 014 038
Other property, plant and equipment (WIP)	34 733 847	76 643 892	-	(1 574 409)	(24 926 182)	-	(12 291 628)	72 585 520
Landfill site	16 591 969	-	-	-	-	(1 380 440)	-	15 211 529
	1 115 946 419	91 536 334	(698 365)	(1 574 409)	-	(61 149 718)	(12 291 628)	1 131 768 633

Pledged as security

As at 30 June 2024, all assets that fall under Property, Plant and Equipment as per GRAP 17, were not pledged as security.



Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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5. Property, plant and equipment (continued)

Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	5 - 50 years
Landfill sites	Straight-line	4 - 30 years
Plant and machinery	Straight-line	5 - 15 years
Furniture and fixtures	Straight-line	5 - 15 years
Transport assets	Straight-line	4 - 20 years
Office equipment	Straight-line	5 - 15 years
Computer equipment	Straight-line	1 - 15 years
Computer software	Straight-line	1 - 15 years
Infrastructure	Straight-line	3 - 100 years
Community assets	Straight-line	5 - 50 years

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	71 278 892	1 306 194	72 585 086
Additions/capital expenditure	144 762 357	376 435	145 138 792
Disposal	(2 529 107)	(223 759)	(2 752 866)
Transferred to completed items	(53 620 264)	-	(53 620 264)
	159 891 878	1 458 870	161 350 748

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Total
Opening balance	25 811 523	8 922 324	34 733 847
Additions/capital expenditure	76 643 457	-	76 643 457
Impairment Loss	(4 675 497)	(7 616 130)	(12 291 627)
Transferred to completed items	(24 926 182)	-	(24 926 182)
Transfer out	(1 574 409)	-	(1 574 409)
	71 278 892	1 306 194	72 585 086

Expenditure incurred to repair and maintain property, plant and equipment

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

Contracted services	34 560 814	63 718 947
Material and supplies	-	303 625
	34 560 814	64 022 572

Included in the carrying amount of work in progress are two projects which are long outstanding and impaired. The projects were halted due to cashflow constraints. The remaining balance at at 30 June 2024; R4 804 242 (2023: R4 804 242). The projects in question relates to stadium and substation located in Sabie.

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5. Property, plant and equipment (continued)

Land under ownership of the municipality where control is lost

Thaba Chweu municipality has lost control of certain vacant land parcels registered in the name of the municipality. Although the municipality currently hold title deeds, permanent structures were erected on the vacant lands..

The properties affected are as follows:

Business Informal	15	15
Informal Housing	1 187	1 180
Unregistered township	4	4
Schools	6	6
Churches	11	11
	1 223	1 216

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6. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	14 918 783	(12 619 021)	2 299 762	11 822 706	(8 123 497)	3 699 209

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	3 699 209	3 096 077	(4 495 524)	2 299 762

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software, other	4 731 669	2 109 655	(3 142 115)	3 699 209

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7. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	360 338	-	360 338	360 338	-	360 338

Reconciliation of heritage assets 2024

Art Collections, antiquities and exhibits	Opening balance 360 338	Total 360 338
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Reconciliation of heritage assets 2023

Art Collections, antiquities and exhibits	Opening balance 360 338	Total 360 338
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8. Employee benefit obligations

Defined benefit plans - General information

Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contribution 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 and past service cost, were measured using the Projected Unit Credit Method. The projected liability is based on actuarial assumption about the future. The liability for inservice members is accrued over their expected working lifetime.

At the valuation date of 30 June 2024, membership of health care arrangements entitled to post-employment medical aid subsidy was 267 in service members (employees) and 20 continuation members (retired and widows).

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(12 088 000)	(13 205 000)
Present value of the defined benefit obligation-partly or wholly funded	(42 279 000)	(38 533 000)
	(54 367 000)	(51 738 000)
Non-current liabilities	(51 175 000)	(47 101 000)
Current liabilities	(3 192 000)	(4 637 000)
	(54 367 000)	(51 738 000)

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

Opening balance	(76 889 482)	(74 943 482)
Current service cost	(1 822 000)	(3 040 000)
Current interest cost	(4 756 000)	(5 911 000)
Medical contribution subsidies for continuation pensioners	1 243 000	2 230 000
Actual gain/(loss) for the year	1 589 000	6 863 000
Net expense recognised in the statement of financial performance	(7 266 000)	(2 088 000)
	(87 901 482)	(76 889 482)

Net expense recognised in the statement of financial performance are as follows:

Service cost	(2 939 000)	(3 040 000)
- Past service cost	(2 939 000)	(3 040 000)
- Current service cost - defined benefit plan	(1 822 000)	(1 886 000)
- Current service cost - long service awards	(1 117 000)	(1 154 000)
Remeasurements of the net defined benefit liability (asset)	(6 036 000)	(5 911 000)
- Interest cost - defined benefit plan	(4 756 000)	(4 597 000)
- Interest cost - long service awards	(1 280 000)	(1 314 000)
Actuarial (gain) losses - defined benefit plan	1 589 000	6 156 000
Actuarial (gains) losses - long service awards	120 000	707 000
	(7 266 000)	(2 088 000)

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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8. Employee benefit obligations (continued)

Calculation of actuarial gains and losses

Actuarial (gains) losses – defined benefit	1 589 000	6 156 000
Actuarial (gains) losses – long service awards	120 000	707 000
	1 709 000	6 863 000

Changes in the fair value of plan assets are as follows:

Opening balance	(13 205 000)	(12 469 000)
Current service cost	(1 117 000)	(1 154 000)
Current interest cost	(1 280 000)	(1 314 000)
Actuarial gains for the financial year	120 000	707 000
Benefit paid	3 394 000	1 025 000
	(12 088 000)	(13 205 000)

Key assumptions used

Assumptions used at the reporting date:

Discount rates [D] - Defined Benefit Plan	12.32 %	12.54 %
Discount rates [D] - Long Service Awards	11.05 %	11.08 %
General salary inflation rate - Long term	6.47 %	6.47 %
Health care cost inflation [H]	7.79 %	8.14 %
Defined benefit plan - Net discount rate - $[(1+D)/(1+H)-1]$	4.20 %	4.07 %
Long service awards - Net discount rate	4.57 %	4.33 %



Other Assumptions

Healthcare cost trends

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	2024	2023	2022	2021	2020
Defined benefit obligation	45 603 000	38 533 000	39 411 000	37 732 000	28 769 654
Long term service award obligation	12 088 000	13 205 000	12 469 000	1 112 600	9 752 000
	-	-	-	-	-
	-	-	-	-	-

Defined contribution plans

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.

Included in the 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 defined benefit plan(s). The municipality accounted for this (these) plan (s) as a defined contribution plan(s)

9. Overpayment to contractors

Overpayment to contractors	473 589	678 842
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Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
9. Overpayment to contractors (continued)		
The prior amount reduced by R205 253 which was recovered against the withheld retention of one of the contractors.		
10. Inventories		
Consumable stores	10 038 640	7 490 187
Water for distribution	230 372	167 818
Land inventory	289 494 147	288 850 644
	299 763 159	296 508 649

Land inventory held for sale balances are disclosed after taking into account the adjustment of lower of cost or NRV. The net adjustments are 2024 , R1 916 343 and 2023 (R106 756).

Water for distribution

Opening balance	167 818	138 764
System input volume	62 554	29 054
Closing balance	230 372	167 818

11. Statutory receivables

Fines	4 862 519	4 794 081
Consumer debtors - Rates	11 271 610	19 000 025
	16 134 129	23 794 106

Gross balances

Fines	29 700 378	21 677 140
Consumer debtors - Rates	259 225 558	223 242 718
	288 925 936	244 919 858

Financial asset receivables included in receivables from non-exchange transactions above (272 791 807) (221 125 752)

Total receivables from non-exchange transactions	16 134 129	23 794 106
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Statutory receivables pledged as security

None of the other receivables from non-exchange transactions were pledged as security for overdraft facilities.

Statutory receivables impaired

As of 30 June 2024, other receivables from non-exchange transactions of R 259 225 558 (2023: R 223 242 718) were impaired and provided for.

The amount of the provision impairment was R247 953 948 as at 30 June 2024 (2023: R 204 242 693).

The ageing of these debtors is included under note 12

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Figures in Rand	2024	2023
12. Consumer debtors		
Gross balances		
Electricity	119 098 549	102 190 702
Water	228 054 591	189 477 896
Sewerage	84 066 650	68 613 637
Refuse	88 999 739	73 069 973
Housing rental	20 511 864	17 200 163
Other (specify)	9 507 513	8 847 346
	550 238 906	459 399 717
Less: Allowance for impairment		
Electricity	(104 751 990)	(92 890 442)
Water	(217 210 942)	(180 606 427)
Sewerage	(80 816 259)	(65 684 234)
Refuse	(85 417 935)	(70 229 582)
Housing rental	(20 177 348)	(16 967 588)
Other (specify)	(9 286 147)	(8 665 542)
	(517 660 621)	(435 043 815)
Net balance		
Electricity	14 346 559	9 300 260
Water	10 843 649	8 871 469
Sewerage	3 250 391	2 929 403
Refuse	3 581 804	2 840 391
Housing rental	334 516	232 575
Other (specify)	221 366	181 804
	32 578 285	24 355 902
Included in note 11 of statutory receivables is rates from non-exchange transactions		
Rates	11 271 610	19 000 025
Net balance	11 271 610	19 000 025
Rates		
Current (0 -30 days)	10 260 929	8 393 872
31 - 60 days	5 601 404	4 699 001
61 - 90 days	5 003 612	4 469 803
91 - 120 days	4 811 802	4 334 967
121 - 365 days	233 547 811	201 345 075
Less Impairment	(247 953 948)	(204 242 693)
	11 271 610	19 000 025
Electricity		
Current (0 -30 days)	10 397 392	6 406 412
31 - 60 days	3 864 175	3 100 320
61 - 90 days	2 553 266	1 948 759
91 - 120 days	3 068 459	2 122 394
121 - 365 days	99 215 257	88 612 817
Less Impairment	(104 751 990)	(92 890 442)
	14 346 559	9 300 260

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Figures in Rand	2024	2023
12. Consumer debtors (continued)		
Water		
Current (0 -30 days)	7 571 117	5 432 087
31 - 60 days	4 783 274	4 214 525
61 - 90 days	5 003 558	3 688 622
91 - 120 days	4 821 005	3 503 002
121 - 365 days	205 875 637	172 639 660
Less Impairment	(217 210 942)	(180 606 427)
	10 843 649	8 871 469
Sewerage		
Current (0 -30 days)	2 412 943	2 003 717
31 - 60 days	1 772 528	1 487 449
61 - 90 days	1 727 243	1 428 418
91 - 120 days	2 812 396	1 378 542
121 - 365 days	75 341 541	62 315 512
Less Impairment	(80 816 259)	(65 748 333)
	3 250 392	2 865 305
Refuse		
Current (0 -30 days)	2 690 730	2 380 849
31 - 60 days	1 859 249	1 694 455
61 - 90 days	1 811 726	1 617 442
91 - 120 days	2 355 381	1 560 113
121 - 365 days	80 282 652	65 817 114
Less Impairment	(85 417 935)	(70 165 483)
	3 581 803	2 904 490
Housing rental		
Current (0 -30 days)	399 411	302 272
31 - 60 days	306 771	247 940
61 - 90 days	410 677	245 230
91 - 120 days	272 116	273 870
121 - 365 days	19 119 004	16 130 852
Less Impairment	(20 177 348)	(16 967 589)
	330 631	232 575
Other (specify)		
Current (0 -30 days)	404 922	190 431
31 - 60 days	84 786	36 984
61 - 90 days	93 780	26 239
91 - 120 days	136 762	40 512
121 - 365 days	8 787 262	8 563 593
Less Impairment	(9 286 146)	(8 665 542)
	221 366	192 217

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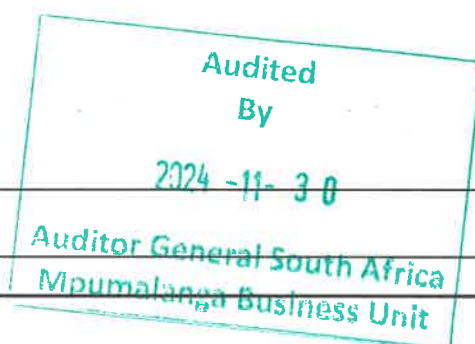
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Figures in Rand	2024	2023
12. Consumer debtors (continued)		
Summary of debtors by customer classification		
Residential households		
Current (0 -30 days)	11 045 702	12 167 971
31 - 60 days	8 317 874	9 573 221
61 - 90 days	8 334 894	8 913 509
91 - 120 days	9 250 041	8 660 689
121 - 365 days	359 473 487	415 198 592
	396 421 998	454 513 982
Less: Allowance for impairment	(381 817 906)	(435 043 815)
	14 604 092	19 470 167
Business and commercial		
Current (0 -30 days)	14 670 300	10 282 512
31 - 60 days	5 040 702	4 592 439
61 - 90 days	3 886 156	3 429 123
91 - 120 days	4 353 377	3 500 307
121 - 365 days	189 347 776	169 895 085
	217 298 311	191 699 466
Less: Allowance for impairment	(203 470 707)	(173 546 080)
	13 827 604	18 153 386
Government institution		
Current (0 -30 days)	4 525 354	2 659 160
31 - 60 days	2 156 516	1 312 014
61 - 90 days	1 647 579	1 081 882
91 - 120 days	1 710 718	1 052 400
121 - 365 days	38 179 881	30 330 945
	48 220 048	36 436 401
Less: Allowance for impairment	(38 775 843)	(6 803 929)
	9 444 205	29 632 472
Total		
Current (0 -30 days)	34 139 295	25 109 643
31 - 60 days	18 273 888	15 480 674
61 - 90 days	16 603 861	13 424 514
91 - 120 days	18 375 222	13 213 396
121 - 365 days	722 169 496	615 424 622
	809 561 762	682 652 849
Less: Allowance for impairment	(765 621 583)	(619 806 832)
	43 940 179	62 846 017
Less: Allowance for impairment		
Current (0 -30 days)	(34 139 295)	(22 798 013)
31 - 60 days	(18 273 888)	(14 055 501)
61 - 90 days	(16 603 861)	(12 188 663)
91 - 120 days	(18 375 222)	(12 892 358)
121 - 365 days	(678 229 317)	(557 872 327)
	(765 621 583)	(619 806 862)



Thaba Chweu Local Municipality

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12. Consumer debtors (continued)

Reconciliation of allowance for impairment

Balance at beginning of the year	(619 806 832)	(563 769 116)
Contributions to allowance	(145 814 751)	(56 037 716)
	(765 621 583)	(619 806 832)

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	1 080 497	21 849 216
Short-term deposits	340 737	4 821 245
	1 421 234	26 670 461

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cashbook statement balances		
	31 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Standard Bank- RngFenced Electricity- Call (448-610-621-004)	52 822	8 410	5 518	14 772	8 410	5 518
Standard Bank- Primary Account (24-320-336-5)	1 081 311	21 850 030	1 299 563	1 073 693	21 850 030	1 423 707
Standard Bank- Traffic- Call (250-970-627-000)	28	28	28	28	28	28
Standard Bank - Call- Post Office - Guarantee (488-610-621-001)	148 679	137 499	129 009	147 701	137 499	128 708
Standard Bank - MIG -Call (488-610-621-002)	81 200	75 357	29 316	80 689	75 357	29 316
Standard Bank - MWIG - Call (488-610-621-003)	55 484	4 597 504	13 442	54 965	4 597 504	13 436
Standard Bank - Call (7488610621-007)	1 710	1 633	1 633	1 633	1 633	1 633
Total	1 421 234	26 670 461	1 478 509	1 373 481	26 670 461	1 602 346

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Integrated National Electrification Programme Grant	-	9 483 302
Municipal Infrastructure Grant	374	433
Water Services Infrastructure Grant	539	15 696 041
Regional Bulk Infrastructure Grant	756	4 107 196
	1 669	29 286 972

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and Unfulfilled conditions and other contingencies attaching to government assistance that has been recognise.

See note 27 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised. At 30 June 2024 the municipality did not have balance of unspent grant where rollover application needs to be submitted to the National Treasury.

Thaba Chweu Local Municipality

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15. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Interest Charge	Change in provision cost	Total
Landfill	29 979 870	3 424 181	(164 851)	33 239 200

Reconciliation of provisions - 2023

	Opening Balance	Interest Charge	Change in provision cost	Total
Landfill	33 046 624	3 505 752	(6 572 506)	29 979 870

Environmental rehabilitation provision

The municipality has an obligation to rehabilitate its landfill site in terms of its license stipulations. The net present value of the rehabilitation cost of landfill sites has been determined as at 30 June 2024 by environmental experts

The environmental rehabilitation provision relates to three landfill sites namely Lydenburg, Graskop and Sabie. The number of years till closure for these respective landfill sites have been listed below.

The prior year amount for environmental rehabilitation provision has been restated due to the recalculation of the of the provision for rehabilitation. Refer to note 44 for detail of the restatement.

Number of years till closure of landfill sites

Site	2024	2023
Lydenburg	11	12
Graskop	27	28
Sabie	21	22
	-	-

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15. Provisions (continued)

Financial assumptions used

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

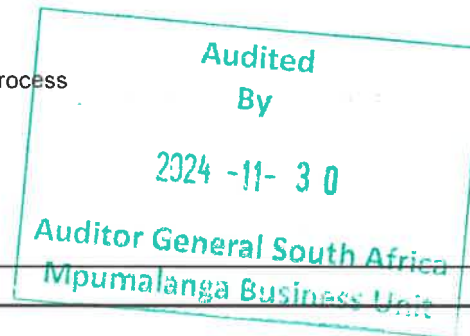
The average of the CPI for the last quarter amounted to 5.1704%. GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability

Normally corporate bond rates are used to determine the discount rate. In line with GRAP 19, on Defined benefit plans, government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used. The rate most consistent with the remaining life of the landfills published at the end of the quarter that includes the financial year-end date was used. The table below summarises the key financial assumptions used:

Indicator	Lydenburg	Graskop	Sabie
CPI	5.1704 %	5.1704 %	5.1704 %
Discount rate	10.6704 %	10.6704 %	10.6704 %
Net effective discount rate	5.5000 %	5.5000 %	5.5000 %

16. Payables from exchange transactions

Trade payables	430 667 030	1 476 949 694
Payments received in advanced - contract in process	33 321 334	30 273 391
Accrued leave pay	22 370 400	21 614 204
Accrued bonus	6 045 209	5 657 909
Deposits received	20 300 539	16 130 356
Retentions	7 694 867	8 165 839
Other Payables	10 837 141	9 479 522
Unallocated Deposit	2 501 082	5 908 237
	533 737 602	1 574 179 152



17. Consumer deposits

Electricity	2 700 416	2 894 925
Water	4 126 511	3 088 500
	6 826 927	5 983 425

18. Service charges

Sale of electricity	198 864 572	162 483 631
Sale of water	66 226 937	54 125 220
Sewerage and sanitation charges	20 097 856	16 933 066
Refuse removal	22 699 303	19 717 575
	307 888 668	253 259 492

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Figures in Rand	2024	2023
19. Rental of facilities and equipment		
Premises		
Premises	2 624 227	2 630 465
Venue hire	33 765	-
	2 657 992	2 630 465
20. Fines, Penalties and Forfeits		
Building Fines	57 678	-
Illegal Connections Fines	-	511 268
Law Enforcement Fines	9 595 465	8 165 904
Unclaimed Money Forfeits	3 722 887	1 994 141
	13 376 030	10 671 313
21. Licences and permits (non-exchange)		
Trading permits and licences	283 693	294 779
22. Lease rentals on operating lease		
Equipment		
Contractual amounts	2 629 289	2 629 289
23. Other income		
Reconnections	242 735	259 728
Advertisement boards	73 138	104 100
Grave fees	78 497	77 013
Information supplied	193 950	298 846
Tender documents	994 371	805 287
Sundry income	5 758 701	2 845 015
	7 341 392	4 389 989
24. Interest revenue		
Interest revenue		
Interest received from investments	3 060 011	1 886 255
Interest charged on trade and other receivables	31 149 635	24 480 232
	34 209 646	26 366 487

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25. Property rates		
Rates received		
Residential	49 235 055	46 125 391
Commercial	24 932 970	22 568 129
Public Service Purposes	11 118 417	7 192 498
Agricultural	24 977 048	12 236 693
Public Benefit Organisations	346 039	211 796
Industrial property	3 901 432	3 537 830
Undeveloped land	9 569 060	9 224 667
	124 080 021	101 097 004
Property rates - penalties imposed	18 136 635	15 163 137
	142 216 656	116 260 141

Valuations

Residential	6 839 314 300	8 765 823 750
Commercial	1 632 416 700	1 625 936 700
Agricultural	8 870 339 650	6 918 935 500
Public Service Purpose	755 684 950	755 594 050
Undeveloped	823 707 200	623 161 200
Industrial property	255 281 300	249 741 400
Public Benefit Organisation	218 975 300	220 645 300
	19 395 719 400	19 159 837 900

Every five years the municipality compiles a valuation roll based on the market value of property. The last general valuation came into effect on the 1 July 20219. Interim valuation are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R 0.01550 (2023: R 0.0147) is applied to property valuations to determine assessment rates. Rebates of 50% (2023: 50%) are granted to residential and state property owners. Farm properties used for agricultural purpose (AGR) as well as Public Benefit Organisations (PBO) receive rebates of 75% (Ratio 1:0.25). Public Service Infrastructure organisations (PSI) receive rebates of 100% whilst indigents receive property tax rebates of 100%.

Rates are levied on an annual basis with the final date for payment being Sunday, 30 June 2024 (Friday, 30 June 2023). Interest at prime plus 1% per annum (2023: 1%)

The new general valuation will be implemented on 01 July 2024.

26. Grants and subsidies paid

Grants paid to Thaleda (Pty) Ltd

Grants paid to Municipal Entity	1 000 000	800 000
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Other subsidies

Donation Eskom	-	1 574 409
	1 000 000	2 374 409

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27. Government grants & subsidies

Operating grants

Equitable share	207 969 000	187 934 000
National EPWP grant	1 731 000	1 932 000
Financial Management Grant	3 000 000	3 000 000
Municipal Disaster Relief Grant	14 680 000	-
	227 380 000	192 866 000

Capital grants

Municipal Infrastructure Grants	46 079 059	53 906 998
Municipal Water Infrastructure Grant	80 000 000	24 304 487
Integrated National Electrification Program Grant	-	8 516 698
Regional Bulk Infrastructure Grant	4 999 244	992 804
	131 078 303	87 720 987
	358 458 303	280 586 987

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	150 515 303	92 652 987
Unconditional grants received	207 969 000	187 934 000
	358 484 303	280 586 987

Equitable Share

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

All registered indigents receive 100% subsidy on rates, refuse and sanitation. Indigents receive up to 10KL of free water every month as well as 50KWH free electricity. Indigents can also purchase the first 350KWH monthly electricity at a subsidised rate.

Integrated National Electrification Programme Grant (INEP)

Balance unspent at beginning of year	9 483 302	-
Current-year receipts	-	18 000 000
Surrendered to Treasury	(9 483 302)	-
Conditions met - transferred to revenue	-	(8 516 698)
	-	9 483 302

Conditions still to be met - remain liabilities (see note 14).

This grant is used to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

Municipal Infrastructural Grant (MIG)

Balance unspent at beginning of year	433	433
Current-year receipts	46 079 000	53 907 000
Conditions met - transferred to revenue	(46 079 059)	(53 907 000)
	374	433

Conditions still to be met - remain liabilities (see note 14).



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27. Government grants & subsidies (continued)

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions, in order to provide for new, rehabilitation and upgrading of municipal infrastructure.

Financial Management Grant (FMG)

Current-year receipts	3 000 000	3 000 000
Conditions met - transferred to revenue	(3 000 000)	(3 000 000)
	-	-

Conditions still to be met - remain liabilities (see note 14).

This grant is used to assist in support and implementation of financial management reforms, attendance at accredited training and capacity building programmes on financial management.

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	15 696 041	96 528
Current-year receipts	80 000 000	40 000 000
Conditions met - transferred to revenue	(80 000 000)	(24 304 487)
Surrendered to Treasury	(15 695 502)	(96 000)
	539	15 696 041

Conditions still to be met - remain liabilities (see note 14).

The grant has been provided by department of Water Affairs to try to get water to areas where it was recognised that full services would not become available.

Expanded Public Works Programme (EPWP)

Current-year receipts	1 731 000	1 932 000
Conditions met - transferred to revenue	(1 731 000)	(1 932 000)
	-	-

Conditions still to be met - remain liabilities (see note 14).

The grant relates to the labour component within water infrastructure

Municipal Disaster Relief Grant

Current-year receipts	14 680 000	-
Conditions met - transferred to revenue	(14 680 000)	-
	-	-

Conditions still to be met - remain liabilities (see note 14).

The grant has been provided by department of Water Affairs to try to get to fund bulk reticulation infrastructure to areas within the municipality.

Regional Bulk Infrastructure Grant (RBIG)

Balance unspent at beginning of year	4 107 196	-
Current-year receipts	5 000 000	5 100 000
Conditions met - transferred to revenue	(4 999 244)	(992 804)
Surrendered	(4 107 196)	-

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
27. Government grants & subsidies (continued)	756	4 107 196

Conditions still to be met - remain liabilities (see note 14).

The grant has been provided by department of water affairs to try to get to fund bulk reticulation infrastructure to areas within the municipality.

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28. Employee related costs		
Basic	135 350 230	126 396 592
Bonus	11 263 094	10 354 092
Medical aid - company contributions	10 939 247	9 854 410
UIF	908 479	893 962
Other payroll levies	57 797	54 216
Leave pay provision charge	2 434 849	1 464 787
Defined contribution plans	26 837 203	25 244 169
Overtime payments	12 942 019	12 036 710
Long-service awards	1 149 155	1 112 037
Acting allowances	2 409 599	2 565 549
Car allowance	20 613 211	18 862 534
Housing benefits and allowances	773 149	711 273
Group Life Insurance	709 814	641 154
Post employment medical aid	1 708 675	1 820 335
Shift allowance	1 779 247	1 676 848
Cellphone allowance	3 742 500	3 179 100
Standby allowance	4 994 631	4 718 412
	238 612 899	221 586 180

Remuneration of municipal manager

Annual Remuneration	632 216	425 928
Car Allowance	207 726	135 446
Contributions to UIF, Medical and Pension Funds	1 131	878
Cellphone allowance	9 000	4 800
Remote allowances	25 766	21 671
Acting allowance	-	165 969
	875 839	754 692

Remuneration of chief finance officer

Annual Remuneration	869 098	989 807
Acting Allowance	24 321	-
Cellphone allowance	15 000	15 900
Car allowance	292 589	323 908
Contributions to UIF, Medical and Pension Funds	2 062	2 255
Remote allowance	54 279	51 825
	1 257 349	1 383 695

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Remuneration of director - Corporate Services

Annual Remuneration	1 085 992	989 807
Acting allowance	-	153 742
Cellphone allowance	18 000	15 900
Car Allowance	349 191	323 908
Contributions to UIF, Medical and Pension Funds	2 262	2 255
Remote allowance	54 315	51 825
	1 509 760	1 537 437

Remuneration of director - Technical services

Annual Remuneration	913 172	989 807
Car Allowance	292 589	323 908
Acting allowance	57 108	-
Contributions to UIF, Medical and Pension Funds	2 062	2 255

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Figures in Rand	2024	2023
28. Employee related costs (continued)		
Cellphone allowance	15 000	15 900
Remote allowance	54 280	51 825
	1 334 211	1 383 695
Remuneration of director - Community services		
Annual Remuneration	432 059	-
Car Allowance	141 500	-
Remote Allowance	18 086	-
Contributions to UIF, Medical and Pension Funds	942	-
Acting Allowance	-	292 521
Cellphone Allowance	7 500	-
	600 087	292 521
Remuneration of director - Local Economic Development		
Annual Remuneration	259 229	-
Acting Allowance	82 507	297 238
Remote Allowance	11 307	-
Contributions to UIF, Medical and Pension Funds	567	-
Car Allowance	84 903	-
	438 513	297 238
29. Remuneration of councillors		
Executive Major	1 041 168	992 953
Mayoral Committee Members	2 375 744	2 239 189
Speaker	912 222	793 751
Councillors	7 460 498	7 179 894
Councillors' pension contribution	821 739	796 962
	12 611 371	12 002 749
30. Depreciation and amortisation		
Property, plant and equipment	38 211 816	61 149 718
Intangible assets	4 495 524	3 142 114
	42 707 340	64 291 832
31. Impairment loss		
Impairments		
Property, plant and equipment	-	12 291 627
32. Finance costs		
Trade and other payables	74 163 132	81 646 202
Interest cost - Landfill sites	3 424 181	3 505 752
Long service award interest cost	1 280 000	1 314 000
Medical interest cost	4 756 000	4 597 000
	83 623 313	91 062 954

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33. Debt impairment		
Provision for traffic fines	7 954 799	6 737 645
Contributions to debt impairment provision	126 328 062	75 517 507
Bad debts written off	6 135 509	8 486 069
	140 418 370	90 741 221
34. Bulk purchases		
Electricity - Eskom	281 594 352	232 747 095
Electricity losses		
Units purchased (KWH)	(144 138 716)	(135 202 536)
Units sold (KWH)	72 041 597	72 879 162
Total loss	(72 097 119)	(62 323 374)
Comprising of:		
Technical losses	10 089 710	9 464 178
Non-technical losses	62 007 409	52 859 196
Total	72 097 119	62 323 374
Percentage Loss:		
Electricity (Losses expressed as %)	50 %	46 %
Non-technical losses	43 %	39 %
Water losses		
Units purchased (Kilolitres)	(7 707 935)	(7 177 905)
Units sold (Kilolitres)	3 642 709	3 404 487
Total	(4 065 226)	(3 773 418)
Comprising of:		
Technical losses	770 793	717 790
Non-technical losses	3 294 433	3 055 628
Total	4 065 226	3 773 418
Percentage Loss:		
Water (Losses expressed as a %)	52 %	53 %
Non-technical losses	42 %	43 %

Water losses are due to aging infrastructure that causes leakages and unmetered HH.

Electrical losses are mainly due to illegal connections and tempered meters.

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35. Contracted services		
Outsourced Services		
Burial Services	17 000	6 800
Business and Advisory	5 792 950	5 171 104
Call Centre	2 400 985	740 254
Clearing and Grass Cutting Services	-	290 329
Connection/Dis-connection	-	663 206
Refuse Removal	6 294 074	6 112 795
Researcher	357 245	101 836
Security Services	16 725 931	16 600 928
Consultants and Professional Services		
Business and Advisory	21 807 099	13 180 125
Infrastructure and Planning	5 666 271	6 344 547
Legal Cost	8 769 059	10 680 590
Contractors		
Aerial Surveillance	2 060 258	-
Auctioneers	-	150 597
Bore Waterhole Drilling	46 345	21 564
Catering Services	378 190	199 978
Electrical	36 183 425	32 843 208
Employee Wellness	262 763	290 694
Event Promoters	1 745 541	765 660
Maintenance of Buildings and Facilities	2 708 462	964 400
Maintenance of Equipment	109 579	323 385
Maintenance of Unspecified Assets	29 450 753	29 176 708
Preservation/Restoration/Dismantling/Cleaning Serv	4 986	-
Traffic and Street Lights	2 146 731	357 150
Sewerage Services	2 745 656	1 765 784
Sports and Recreation	468 856	-
	146 142 159	126 751 642

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Figures in Rand	2024	2023
36. General expenses		
Learnerships and Internship expenses	5 301 909	4 859 606
Advertising	1 030 854	597 900
Auditors remuneration	9 890 663	8 139 959
Bank charges	887 205	842 752
Commission paid	5 379 799	9 206 695
Consumables	9 318 040	8 234 356
Fines and penalties	34 698	28 898
Hire	2 997 556	4 606 665
Insurance	9 670 461	8 432 672
Conferences and seminars	3 033 645	2 474 078
IT expenses	1 744 565	9 417 346
Horticulture	2 830 176	2 493 000
Levies	1 986 225	1 823 844
Magazines, books and periodicals	2 369 610	14 000
Motor vehicle expenses	450 123	385 978
Fuel and oil	4 828 360	5 597 530
Printing and stationery	122 923	372 254
Protective clothing	1 508 752	1 494 923
Research and development costs	1 554 232	1 479 642
Transport and freight	130 679	-
Travel - local	3 023 578	2 103 379
Title deed search fees	1 286 405	1 900 936
Assets expensed	173 250	6 234
Electricity	4 628 897	5 847 209
Other expenses	3 112 889	1 543 318
	77 295 494	81 903 174
37. Fair value adjustments		
Investment property (Fair value model)	49 468 634	34 285 089
38. Auditors' remuneration		
Fees	9 890 663	8 139 959

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39. Cash generated from operations		
Surplus (deficit)	210 468 940	(198 340 403)
Adjustments for:		
Depreciation and amortisation	42 707 340	64 291 832
Gain on disposal of assets and liabilities	21 591 294	(740 582)
Fair value adjustments	(49 468 634)	(34 285 089)
Eskom interest waiver	(98 283 103)	-
Municipal debt relief benefit	(211 655 170)	-
Finance costs	9 460 182	9 416 752
Impairment deficit	-	12 291 627
Debt impairment	140 418 370	90 741 221
Movements in provisions	5 888 329	1 535 303
Inventory losses or write-downs	(1 916 343)	(106 756)
Donations and other movements	(19 315 983)	(2 200 000)
Actuarial (gains) and losses	(1 709 000)	(6 863 000)
Changes in working capital:		
Inventories	(27 917 317)	(7 764 761)
Other Receivable	(784 842)	-
Consumer debtors	(90 839 189)	(55 662 870)
Statutory receivables	(47 064 607)	(30 296 093)
Overpayments to contractors	205 253	-
Payables from exchange transactions	321 015 467	217 843 675
VAT	(21 470 290)	8 455 916
Unspent conditional grants and receipts	(29 285 303)	29 286 972
Consumer deposits	843 502	625 018
	152 888 896	98 228 762



40. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	210 468 830	63 872 783
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Total capital commitments

Already contracted for but not provided for	210 468 830	63 872 783
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This committed expenditure relates to work in progress and will be financed conditional grants, which the municipality will receive as per Division of Revenue Act allocation.

Investment properties

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	3 444 170	2 629 337
- in second to fifth year inclusive	6 888 341	-
	10 332 511	2 629 337

Operating lease payments represent rentals payable by the municipality for office printing machines. Lease payments are fixed for the period of three years. No contingent rent is payable.

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41. Contingencies		
CLAIMANT		
WILLEM FREDERICK VENTER - is suing the municipality for having suffered damages caused by a hole that he fell on within the municipal street and construction that was not marked or cautioned to the road users. (Best estimate used)	480 000	480 000
SINENHLANHLA MANQELE//BALOYI MASANGO INC ATTORNEYS,JIMMY BALOYI &TCLM - Technical Director is suing the attorneys appointed by the municipality to conduct an investigation on sewer spillage in Lydenburg, which resulted in criminal case against the municipality and fined R10 million for none compliance (Original claim amount used)	2 000 000	2 000 000
Jubalani Mthomothi & Phala Papana Applicants are suing the municipality for being arrested by SAPS on reported case of fraud committed within municipality as employees and having been charged internally with fraud, dishonesty and other charges by the employer. (Original claim amount used)	2 400 000	2 400 000
Blom & others/ TCLM Applicant is claiming an amount suffered for building collapse based on submitted plans to TCLM. (Best estimate used)	3 045 965	3 045 965
CHRYSELDA BUILDING CONSTRUCTION//TCLM Service Provider is suing the municipality for loss of income and breach of contract. An appointment was given to the service provider and alleges to have rendered services. (Original claim amount used)	5 833 760	5 833 760
Matabane Civils Construction/ TCLM On 29 May 2014 the Plaintiff instituted an action for breach of contract against the Municipality for non-payment of outstanding invoices. (Original claim amount used)	3 543 064	3 543 064
Jako de Klerk & Marietjie Malan/ TCLM & Surprise Maebela The plaintiff is suing the Municipality for damages amounting to R750 000 for five horses allegedly electrocuted as a result of the Municipality's negligence in not maintaining such electrical poles on the plaintiff's farm. (Best estimate used)	450 000	450 000
Magoveni Business Trust/ TCLM A service provider has obtained a default judgement without serving the municipality with necessary court documents and attached the municipal bank account through sheriff of court. (Original claim amount used)	9 100 000	9 100 000
Landsberg/Tclm Landsberg is suing the municipality for amount of R3 000 000 for the death of their minor child who died of electric shock . (Best estimate used)	1 800 000	1 800 000
Mihandzu Consulting Engineers/ TCLM Municipality is being sued by applicant for services rendered in terms of SLA. (Original claim amount used)	445 341	445 341
Eben Blignaut Applicant is suing the municipality for damages suffered that were caused by a pothole on the road. (Best estimate used)	880 000	880 000
Zim electrical/ tclm Municipality is being sued by the applicant for service rendered in terms of SLA. (Original claim amount used)	435 041	435 041
RUVEN GOVENDER Plaintiff is suing Municipality for damages, the plaintiff collided with a pothole on the Sabie road which led to the overturning of the vehicle. (Best estimate used)	915 200	915 200
Graskop Pale CC//TCLM The plaintiff is suing the Municipality for damages caused by fire, their plantation caught fire on the 20 July 2020. (Original claim amount used)	3 982 862	3 982 862
Anton Steenkamp // TCLM The plaintiff is suing the municipality for motorbike accident that allegedly is caused by pothole within the municipal road intersection. (Best estimate used)	968 000	968 000
Raul Machado Salvatori/ TCLM Applicant is claiming for a collision of motor vehicle with a pot hole within TCLM jurisdiction. (Best estimate used)	7 496	7 496
LYBASOL BEHEREND (PTY)LTD// TCLM Plaintiff is suing for moneys owed to the them by the TCLM for service rendered. (Original claim amount used)	87 558	87 558
Mariana Van Rooyen T/A A1 Dry Cleaners TCLM Plaintiff is suing the municipality for damages or property caused by deteriorating of roads surface on large street where their business is situated. Alleges that the dust from main road caused damages to the dry clean machines. (Original claim amount used)	612 898	612 898
Alpheus Petros Komane// Sun Security & TCLM Plaintiff is suing the municipality jointly with private security for injuries sustained on allegation of being assaulted by both the security service provider and the municipal By-laws. (Original claim amount used)	1 800 000	-
	38 787 185	36 987 185

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41. Contingencies (continued)

MMB Consulting Services (Pty) Ltd was previous disclosed as contingent liability with a balance of R14 million and additional as existing creditor in the trade payables with a balance of R7 million . Upon review of current concessions management have concluded that the disclosure of liabilityto the total value of R14 140 981 will achieve fair presentation and thus restatement of the prior period amount. Refer to Prior Period note 44 for further information.

Additionally prior period figure were adjusted to reflect best estimates of the contingent outcomes. In cases where the best estimate were not availble, the original claim amount was used to account for the liability.

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42. Related parties

Relationships

Accounting Officer

Controlled entity

Municipal Councillors

Members of key management

Refer to accounting officers' report note

Thaleda (Pty) Ltd

Refer to transaction listing below

Mr RS Makwakwa (Municipal Manager)

Mr. MR Mnisi (Chief Financial Officer)

Mr. MP Mankga (Director: Corporate Services)

Mr. SL Manqele (Director: Technical Services)

Mr. TM Rikhotso (Director: Local Economic

Development and Planning)

Mr. T Segoane (Director: Community Services)

Mr. KP Mashego (Acting Chief Financial Officer)

Mr. CM Mashego (Acting Director : Technical Services)

Related party balances

Amount included in Trade receivables (Trade payable) regarding related parties:

Key Employees (Management)

Ms. SS Matsi (Contract ended 31 October 2023)

Mr. RM Mnisi (Contract ended 30 April 2024)

Mr.KP Mashego

Mr. CM Mashego

Mr. TM Rikhotso

-	3 893
-	1 434
2 483	-
581	-
894	-

Thaleda (Pty) Ltd enjoys the benefit of using facilities of Thaba Chweu Local Municipality as their operation office in the form of Sabie Caravan Park. The audit fees of Thaleda (Pty) Ltd are also paid by the parent being Thaba Chweu Local Municipality.

Related party transactions

Subsidy paid to related party

Thaleda (Proprietary) Limited	1 000 000	800 000
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Service charges

Thaleda (Proprietary) Limited	42 525	33 921
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Salaries

Salary Mrs. MF Nkadameng Executive Mayor	1 041 167	992 953
Salary Ms.PT Nkadameng Members of immediate family	1 031 226	929 364
Executive Mayor Assistant Manager Revenue Management		
Cllr. M.D. Sibanyoni (Ward Cllr) Ward 1	791 914	747 241
Cllr. C.J. Sibiya (PR Cllr) Ward 1	362 986	338 928
Cllr. G.M. Sanqvu (Ward Cllr) Ward 2	362 986	338 928
Cllr. S.T. Mokwena(Ward Cllr) Ward 3	362 986	338 928
Cllr B.T. Mabuza (PR Cllr) Ward 3	362 986	338 928
Cllr. P.T. Mkhonto (Ward Cllr) Ward 4	362 986	338 928
Cllr. S.A. Manzini (PR Cllr) Ward 4	791 914	755 603
Cllr. A. Rankwe (Ward Cllr) Ward 5	362 986	338 928
Cllr. J.L. Mosotho (PR Cllr) Ward 5	362 986	338 928
Cllr. P. B. Mokgosinyane (Ward Cllr) Ward 6 (Resigned)	23 760	338 928
Cllr AS Mhlana (Ward Cllr) Ward 6	190 090	-
Cllr. G.P. Raphiri (PR Cllr) Ward 6	791 914	751 028
Cllr. H. Trower (Ward Cllr) Ward 7	842 042	793 752
Cllr W.S. Sekgobela (PR Cllr) Ward 7	362 986	338 928
Cllr. C.M Mohlala (Ward Cllr) Ward 8	362 986	338 928



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42. Related parties (continued)		
Cllr. P.D. Marobela (PR Cllr) Ward 8	362 986	338 928
Cllr. G.M. Mashile (Ward Cllr) Ward 9	362 986	338 928
Cllr. B. Makhubedu (PR Cllr) Ward 9	362 986	338 928
Cllr. Q.B. Lawrence (Ward Cllr) Ward 10	791 914	747 241
Cllr. P.S. Makhubela (PR Cllr) Ward 10	362 986	338 928
Cllr. N.M. Masimola (Ward Cllr) Ward 11	362 986	338 928
Cllr. M.L. Netshirembe (PR Cllr) Ward 11	449 922	436 364
Cllr. S. Couavaras (Ward Cllr) Ward 12	362 986	338 928
Cllr. G.D.S. Venter (PR Cllr) Ward 12	362 986	338 928
Cllr. D. T. Maphanga (Ward Cllr) Ward 13	362 986	338 928
Cllr. M. Pillay (PR Cllr) Ward 13	362 986	338 928
Cllr. M. Opperman (Ward Cllr) Ward 14	362 986	338 928



Post-employment medical aid benefit (PEMA)

Thaba Chweu Local Municipality paid PEMA benefittowards the following medical aids
Bonitas, Keyhealth, LA Health, Samwumed and Sizwe-Hosemed

1 129 675 1 139 335

Key management information

Remuneration of management

Management class: Councillors

Refer to note 29 "Remuneration of councillors" and page 1 of General information for listing of coucillors

Refer to note 28 Remuneration of management

43. Prior-year adjustments

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

Statement of financial position

2022

	Note	As previously reported	Accumulated surplus	Restated
Investment properties		197 881 961	280 305 080	478 187 041
Accumulated surplus		(31 222 635)	(280 305 080)	(311 527 715)
		166 659 326	-	166 659 326

2023

	Note	As previously reported	Correction of error	Accumulated surplus	Re-classification	Restated
Land Inventory		162 981 646	-	133 527 003	-	296 508 649
Statutory receivables		117 293 358	(924 988)	-	-	116 368 370
Other property and equipment (WIP)		90 254 702	(16 094 773)	-	(1 574 409)	72 585 520
Landfill site asset		16 450 113	(938 584)	-	-	15 511 529
Investment properties		478 187 041	36 485 089	-	-	514 672 130
Infrastructure		822 929 662	-	(78 047)	3 725 098	826 576 713
Payables		(1 559 626 412)	(7 465 376)	(7 087 364)	-	(1 574 179 152)
Landfill site provision		(57 397 599)	10 080 102	14 078 297	-	(33 239 200)
Accumulated surplus		(311 527 715)	-	(140 439 889)	-	(451 967 604)
		(240 455 204)	21 141 470	-	2 150 689	(217 163 045)

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43. Prior-year adjustments (continued)					
Statement of financial performance					
2023					
	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		(260 295 461)	-	7 035 969	(253 259 492)
Fines		(5 618 642)	(3 058 530)	(1 994 054)	(10 671 226)
Availability charges		-	-	(7 035 969)	(7 035 969)
Depreciation		74 195 256	(9 903 424)	-	64 291 832
Impairment PPE		-	12 291 627	-	12 291 627
Debt impairment		85 783 994	4 957 227	-	90 741 221
Bulk purchases		148 293 792	-	84 453 303	232 747 095
General expenses		166 356 477	-	(84 453 303)	81 903 174
Transfers and Subsidies		800 000	1 574 409	-	2 374 409
Fairvalue adjustment		(5 543 656)	(28 741 433)	-	(34 285 089)
Public contributions and donations		-	(2 200 000)	-	(2 200 000)
Contracted services		120 260 246	6 491 396	-	126 751 642
Employee related cost		231 832 458	-	(4 597 000)	227 235 458
Other income		(6 384 130)	-	1 994 054	(4 390 076)
Finance cost		88 585 331	(2 119 377)	4 597 000	91 062 954
Surplus (deficit) for the year		(219 048 506)	20 708 103	-	(198 340 403)
Surplus for the year		419 217 159	(2)	-	419 217 157

Cash flow statement

2023

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities		-	-	-
Receipts		-	-	-
Taxation		80 549 231	37 909 824	118 459 055
Service Charges		266 323 738	(963 979)	265 359 759
Interest Income		5 826 664	32 080	5 858 744
Other Income		18 547 121	(2 391 531)	16 155 590
Payments		-	-	-
Employee costs		(237 114 215)	(3 413 751)	(240 527 966)
Suppliers		(319 830 188)	(57 023 323)	(376 853 511)
		(185 697 649)	(25 850 680)	(211 548 329)
Cash flow from investing activities				
Purchase of property, plant and equipment		(73 663 557)	1 512 999	(72 150 558)
Proceeds from sale of property, plant and equipment		1 438 947	(215 544)	1 223 403
		(72 224 610)	1 297 455	(70 927 155)

Contingencies

MMB consulting service was previously disclosed as a contingent liability with R14 140 891, while a payable amounting to R7 053 257 was also recognised in the financial position. Management has reviewed documents supporting the liability and are of the opinion that the amount owed is not under dispute. Therefore the liability was adjusted to the value of R14 140 891 and the contingent liability was removed.

The best emistate data available were utilised to value the existing contingent liabilities to achieve fair presentation. This resulted in the adjustment of prior year disclosed amount by (R20 068 526).

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43. Prior-year adjustments (continued)

Landfill Site

Landfill site asset was restated after accounting for the impact of the adjusted remaining useful life of the respective landfill sites as per the assessment report of the expert.

Property, Plant and Equipment, Investment Property and Land Inventory

Work in progress was restated with impairment recognised after assessment of the vandalised long outstanding capital projects still under construction and also with transfer out of completed projects.

Land inventory was adjusted to account for released established townships by deeds office

Investment property was restated to account for donated developed erf's by the Mpumalanga Department of Public works which the municipality will hold for strategic use. Prior period market values were adjusted to reflect market rate. Incorrect market value rate were used on vacant land thus were subsequently adjusted to correct the error.

Revenue and Expenditure

Traffic fines was restated after correction of completeness of traffic fine tickets issued and impact on impairment.

Service charges was reclassified to account separately for the Availability charges from exchange to non exchange transaction in alignment with mSCOA requirements

Bulk accounts were reclassified from general expenses

Statutory receivables

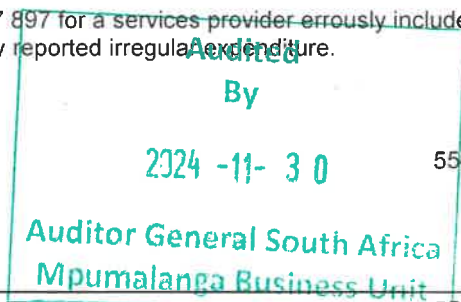
Traffic fines was restated after correction of completeness of traffic fine tickets issued and impact on impairment.

Irregular expenditure

The irregular expenditure for prior was restated by R9 617 897 for a services provider erroneously included in the non compliance listing. The impact resulted in a reduction of the previously reported irregular expenditure.

44. Unauthorised expenditure

Opening balance as previously reported	554 973 710	386 082 085
Operational	-	-
Finance	-	16 289 179
Office of the MM	-	152 602 446
Capital	-	-
Closing balance	554 973 710	554 973 710



The Included in the opening balance of unauthorised expenditure of R554 973 710 is the 2022/2023 addition of R168 891 625 which the accounting officer has tabled the report to council in terms of MFMA Sec 32(4). Council has referred the report to MPAC for investigation.

45. Fruitless and wasteful expenditure

Opening balance as previously reported	182 931 057	101 284 855
Add: Fruitless and wasteful expenditure identified - current	74 153 379	81 646 202
Less: Amount written off - current	(65 218 988)	-
Less: Amount written off - prior period	(154 500 488)	-
Closing balance	37 364 960	182 931 057

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45. Fruitless and wasteful expenditure (continued)

Included in the opening balance of R182 931 057 is the fruitless and wasteful expenditure incurred in 2022/2023 financial which the accounting officer has tabled a report to council in terms of MFMA 32(4). The report was referred to MPAC by council for further investigations. Subsequent to the MPAC investigation the municipal council approved the write off of R121 436 373 included in the 2022/23 opening balance.

The Municipality has benefited from interest write off by Eskom as part of Municipal debt relief program condition amounting to R98 283 103 as of 30 June 2024.

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45. Fruitless and wasteful expenditure (continued)

Amount written-off

After the council committee investigations, on the 1 November 2024 council adopted the Municipal public accounting committee recommendation to write-off an amount of R 121 436 373 from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

46. Irregular expenditure

Opening balance as previously reported	610 308 070	625 420 906
Add: Irregular expenditure - current	73 270 861	-
Add: Irregular expenditure - prior period	-	70 659 806
Less: Amount written off - prior period	(17 004 923)	(85 772 642)
Closing balance	666 574 008	610 308 070

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46. Irregular expenditure (continued)

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

Irregular expenditure identified in prior year and paid in current year.	352 844	47 109 178
Municipal rates over 90 days	700 346	1 658 631
Awards made to suppliers who did not comply with stipulated qualifying criteria	5 590 516	2 092 986
Award made to an expired panel	-	6 953 226
Contracts extended without following proper process	1 216 800	-
Inconsistency in the bid evaluation and adjudication	5 928 000	-
No system in place to select from panels	34 195 550	12 673 784
Deviations not compliant with SCM regulation 36(1)	1 825 452	-
Bids not advertised for the minimum prescribed period.	18 424 654	-
Competitive bidding was not followed.	3 270 999	-
Quotation not advertised on the Municipality's website.	620 137	-
MBD6.1 not fully completed	916 563	-
Deviation not included in the deviation register and financial statements.	229 000	-
BBBEE certificate not attached	-	172 000
	73 270 861	70 659 805

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46. Irregular expenditure (continued)

Cases under investigation

Included in the restated opening balance of irregular expenditure amounting to R610 308 070, is the 2023/2024 balance of R70 6549 806 which the accounting officer has tabled a report to council in terms of MFMA section 32 (4). Council has referred the report to MPAC for further investigation.

MPAC has completed 2020/2021 irregular expenditure investigations, whereby by R17 004 926 was recommended for write off , R21 000 for recovery and R7 470 497 was recommended for special investigations.

The municipality will investigate the full extent of the amount as it relates to irregular expenditure identified during the audit . Follow up with section 32 of MFMA will be made in the made in the next financial period with this irregular expenditure .

Amount written-off

After the Municipal Public Account Committee part II investigations report for 2020/21 financial period, council adopted the MPAC recommendation to write-off an amount of R 17 004 923 from the remaining irregular expenditure amount of R24 446 720 being irregular expenditure reported in 30 June 2021 financial year, as it was proven without reasonable doubt that the amount was not recoverable. Council further recommended a balance of R21 000 to be recovered and R7 470 797 for further special investigations.

47. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Opening balance	189 626	2 626 569
Current year expense	11 636 279	9 414 198
Amount paid - current year	(10 325 936)	(9 224 572)
Amount paid - previous years	(189 627)	(2 626 569)
	1 310 342	189 626

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PAYE and UIF

Opening balance	3 092 192	2 976 757
Current year expense	42 194 488	37 984 263
Amount paid - current year	(38 301 447)	(34 892 065)
Amount paid - previous years	(3 092 192)	(2 976 757)
	3 893 041	3 092 198

Pension and Medical Aid Deductions

Opening balance	4 680 282	3 832 882
Current year expense	59 562 661	55 072 779
Amount paid - current year	(54 446 876)	(50 392 497)
Amount paid - previous years	(4 680 282)	(3 832 882)
	5 115 785	4 680 282

Councillors' arrear consumer accounts

No accounts of Councillors were in arrears for more than 90 days as at 30 June 2024 and 30 June 2023.

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48. Deviation from supply chain management regulations

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

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

The disclosure below relates to the instances whereby the Accounting Officer complied with the requirements of regulation 36 of the Supply Chain Management Regulations of 2005 in dispensing the below procurements which were due to emergency and impracticality situations

Emergencies	-	-
Replacement Of Damaged Medium Voltage Cable With Accessories	108 307	-
Breakdown At Mashishing High School Mini Sub 315Kva/11Kv/1415V Has Been Stolen, Which Was Required To Be Replaced.Mashishing High School Had Been With No Power Since The Mini-Sub Has Been Stolen And Also The Community Supplied From Same Mini Sub Station.	1 195 000	-
The Compactor Truck That Is Used For Refuse Collection In Mashishing Township Broke Down Since November 2022, Which Is A Problem As The Refuse Is Piling Up Without Collection And Could Have A Bad Impact Towards The Community As A Whole And Is In Incontradiction With The Related Legislative Of Waste In Municipal Environment.	184 690	-
Breakdown At Potlotoospruit Farm Enc4 Pole Transformer Burnt-Out 25Kva/11Kv/415V. Household Had No Power Since The Breakdown Happened Required To Replaced With A New Pole Transformer 25Kva/11Kv/415V.	98 325	-
The New Owner Of The Sip Sop Garage Evicted The Occupants Of The Back Rooms Late In The Evening On A Rainy Weather, Whereby The Municipality Was Not Made Aware Of The Sale Of The Property And Change Of Ownership Which Affected The People, It Was In That Manner That Forced The Municipality To Intervene By Hiring A Tent Forevicted People To Protect Their Dignity.	41 900	-
The New Owner Of The Sip Sop Garage Evicted The Occupants Of The Back Rooms Late In The Evening On A Rainy Weather, Whereby The Municipality Was Not Made Aware Of The Sale Of The Property And Change Of Ownership Which Affected The People, It Was In That Manner That Forced The Municipality To Intervene By Hiring A Tent Forevicted People To Protect Their Dignity.	295 000	-
The Old Dosing System Was Having Heavy Leakage ,It Was Then Realised That The External Support Was Needed As The Water Was Been Contaminated With High E-Coli Bacteria.The New Dosing Pipeline Was Installed And New Grunfos Gas Chlorinator 0-1000Kg/H With Advance Gauge And Venturi And Commission.	125 060	-
There Was An Unfortunate Incident When The Only Motor That Was Running Burned Out In Moremela. Moremela Does Not Have Water And The Municipality Does Not Have Enough Water Tankers To Supply Such S Big Area And Hiring Will Not Be As Quick And/Or Cost Effective, Hence Such Application For Deviation Was Applied For.	136 850	-
There Was A Breakdown At Lydenburg Fisheries Which Required A Service Provider To Sectionalisers And Link Isolator As The Community Had No Power.	420 284	-
Tlb Hire For Maintenance And Breakdown Related Matters In	132 480	-
Supply And Delivery Of 18Kw Pump And Motor At Moremela Taxi Rank	198 897	-
On The 18Th June 2022, We Had A Breakdown On The Main Pump And Motor That Pumps Water Into The Main Reservoir For Us To Open Water To The Community After Seven Day Circle.	156 339	-
Community Had No Electricity Due To Faulty Power; We Have Required Service Provider To Built 11Kv Line	341 555	-

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48. Deviation from supply chain management regulations (continued)		
On The 23Rd And 24Th Of April 2023It Was Reported The Unblocking,Cleaning And Repair Work.The Municipal Team Charged To Make Attempts To Unblocked It But It Was Realised That External Support Was Needed As The Volume To The Stream Was Huge And Extra Work Was Needed.This Comprised Exposing,Disjointing Scouring And Repairing The Line Which ,Due To Inadequate Internal Capacity Was Just Too Much For The Stuff.	163 823	-
Replacement Of A Water Pump Which Require Strip And Quote Due To Mecahnical Failure	166 584	-
Strip And Quote Of 80Mm Sp-3L+Water Pump Machined-Standard :Components Bell Housing;Coupling;Rubber Insert;Billet And Labour- (Deviation)	179 876	-
On The 11Th Of September 2023 11Kv Cable Fault Between Johannes Coetzee Street Cable Burnt Underground,There Was A Need To Be Assisted By Service Provider As The Municipal Store Didn'T Have All The Necessity Material.	72 853	-
Strip And Quote Of Stand By Motor For The Northern Areas	191 432	-
Hiring Of A Water Tanker For 30 Days At Leroro And Moremela	126 856	-
Supply And Delivery Of 3 Sets Of Submersible Borehole Pumps And Motors (15Kw,18Kw &22Kw) For Moremrla, Matibidi And Leroro.	486 364	-
Supplyand Installation Of Ksb Etanorm 65-50-250/2P Pump And Motor For Moremela Pumpstation	167 040	-
Community Had No Electricity Service Provider Was Required To Assist With Delivery Of Airdeck Cable 10Mm2 X 500M As A Matter Of Urgency.	394 995	-
We Have Been Waiting The Tender Proceed To Unfold, Which Is Taking Time And The Tender Was Re-Advertise And It Is Prolonging The Process And It Is Affecting The Service Delivery As Roads Need To Markedand Pose Risk To The Municipality And Community At Large.The Finance Department Has Identified A Service Provider Who Assisted The Municipality With Similar Services In The Past Which Helped The Institution To Achieve Positive Audit Outcome.	265 181	-
Lybasol Are Agents That Sell And Service This Type Of Machinery And It Was Cost Effective To Procure Locally And To Advance Local Economic Development	380 501	-
On The 13Th Of June The Unit Reported That A Number Of Our Pumpstations At The Cbd,Harmony Hill And Simile Were Showing Advanced Signs Of Failure And Interventions Had To Be Made Urgently To Avoid A Total Breakdown That Would Result Into A Potential Crisis In Sabie	368 057	-
On The 31 July 2023, The Was Faulty Vacuum Circuit Breakers That Need To Be Repaired By The Service Provider.The Main Substaion Was Off Completely Due To Damaged Vacuum Breakers	78 200	-
During The Recent Storm ,Our Sewer Network Was Hampered And Was Limited In Containing And Conveying Sewage And The Consequences Of This Were Spillage At A Number Of Street And Household S Especially In Town.	252 246	-
Mv Underground Cable Was Stolen, Hence Overhead Line Had To Be Built To Restore Electricity Supply.	392 626	-
Breakdown In Jansen Street And Lydenburg Street Xlpe Medium Voltage Cable Fault Need To Be Replaced.	528 667	-
The Lydenburg Compactor Truck Unexpectedly Broke Down And To Avoid Environmental Impact Due To Uncollected Waste, Management Requested To Deviate And Procure The Services Of A Waste Truck On An Emergency Basis	49 900	-
On The 3Rd June A Report Came About Of The Boreholes That Were Defective.Then A Crane Had To Be Hired As The Municipality One Was Out Of Service At The Time.The Scope Of Work As Well As The Condition In The Areas And Also With The Challenges Of Extracting The Pump From The Boreholes Prolonged The Refurbishment Operations.	185 010	-
Supply And Delivery Of 18000L Of Water Tanker To Supply Water At	177 060	-
On The 13Th October 2023, The Community Of Riverside Mashishing Had To Experience A Breakdown Due To Heavy Rain ,Three Poles Fall Down And Abc Bundle,Airdec Cable Was Also Being Replaced.	107 182	-
Being, Service Provider Was Required To Build A New Structure And Restored Back Electricity.	138 868	-
On The 09 October 2023 ,The Community Of Lydenburg Had To Experience A Breakdown Due To The Mv Cable Burnt And Being Replaced.	199 905	-
There Was A Breakdown At Mashishing Cru Flats Which Required	1 236 000	-
Supply; Delivery And Installatmini Sub 500Kva 11Kv/420 Alu K3Af li	1 231 000	-

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48. Deviation from supply chain management regulations (continued)

The Facility Was Commission In The 2020-2021 Financial Year, And Was Again Refurbished In The Following Year, But We Experienced A Failure Of One Set Of Its Pump And Motor In September 2023. Upon Assessment It Was Recommended That Both The Gearboxes Had To Be Replaced Along With The Servicing Of The Motors And Panel As Well	324 300	-
There Was A Breakdown At Lydenburg, Underground Mv Cable	46 265	-
On The 15 August 2023, The Community Of Potlodspruit Had To Experience A Breakdown Due To The Burnt Transformer And Replaced.	153 000	-
The Municipality Requested The Procurement Of A High Pressure Sewer Jet Machine For Unblocking Sewer System, Ian Dickie Are Agents In South Africa That Offer This Type Of Machines And To Avoid Cost Escalation In Procurign Through Third Parties.	2 139 553	-
Department Of Community Services And Sabie Adminstrative Offices Are Confronted With Challenges During The Electrical Breakdowns Emanating From Persisting Loadshedding Which Disrupts Municipal Offices To Ensure Consistence Service Delivery.	785 108	-
There Was An Incident Of Theft Cable That Took Place In Various Streets Around Lydenburg Industrial Areas, Which Needed To Be Replaced And The Community And Industrial Areas Had No Power Supply.	176 000	-
It Was Urgent To Procure The Materials As The Jet Patcher And Team Could Not Leave Site Without Completing The Work.	183 489	-
Accomodation Of Executive Mayor, Speaker And Chief Whip To Attend The Launch Of The Manifesto Rally On The 24Th February 2024, Due To The Various Candidates From Different Places Most Venues Are Booked, The Recommended Venue It Is The Only One Available.	39 033	-
Accommodation And Meals For Municipal Manager For The Period Of 60 Days.	124 080	-
There Was Breakdown At Mosterhoek Farm Pole Transformer 50Kva/11Kv/415V, Which Resulted The Community To Had No Electricity Due The Burnt-Out Pole Transformer.	162 000	-
The Dosing System At Moremela Broke Down And It Became Evident When Sampling Results Showed The Existence Of E-Coil Bacteria In The Water. To Avoid The Closure Of The Substation Which Would Have Had Severe Social And Financial Implication It Was Deem Prudent To Acquire The Necessary Set And Have It Installed Immediately And, On An Emergency, Which Resulted In Deviating The Normal Process.	97 729	-
The Area Had No Water Due To The Breakdown Of Those Boreholes And Swift Remedial Action In Form Of Gettinga Service Provider.	230 301	-
The Refuse Compactor Truck Is Broken And Sent To The Workshop For Repair And There Is No Alternative Truck To Be Utilised To Collect Waste In The Community Of Mashishing	187 018	-
Supply And Delivery Of 15Kw Submersible Motor And Pump As The Length Steel Pipes That Were Supplied For The Refurbishment Of A Borehole In Moremela. A Borehole That Supplies A Large Section Of That Area Failed, Leaving Them Without Water Supply.	244 700	-
These Borehole Have Justfailed And Are Currently Down And Quite A Large Number Of Households Are Affected.	124 604	-
Electrification Of Graskop Emergency Work And Installation Of 12M Poles Stringing Bare Conductor Line Mv Supply.	1 920 411	-
Hiring Of Water Tanker For Northern Areas.	189 750	-
Community Had No Electricity Supply Due To Breakdown In Sabie.	395 000	-
On The 04 February 2024, The Community Of Ext 02 Had To Experience A Breakdown Due To The Burnt Mini Sub And Being Replaced.	1 195 000	-
Breakdown In Lydenburg Due To Heavy Rains Line Conductors Fell Down, 70Mm2X4Core Abc Bundle Conductor Was Required. The Community Had No Power Due To Breakdown Required.	116 656	-
315Kva/11Kv/240V Transformer For Skhila Including Transportation	396 000	-
On The 24 January, The Community Of Pootlodspruit Had To Experience A Breakdown Due To The Burnt Transformer And Being Replaced.	370 000	-
In December 2023, There Were Defects At Simile Booster And Graskop Main Substations Pumpstation In Need Of Refurbishment But These Is Currently No Mechanism In Place Through Which Procurement Can Be Timeous.	274 000	-
There Was A Breakdown In Sabie A Complete Minisub Burnt-Out 500 Kva/11Kv/420V And The Communtiy Had No Power Supply Due To The Breakdown.	677 316	-
When The Secondary Pump Was Out For Service, This One Failed Unexpected.	1 162 000	-
	391 782	-

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48. Deviation from supply chain management regulations (continued)

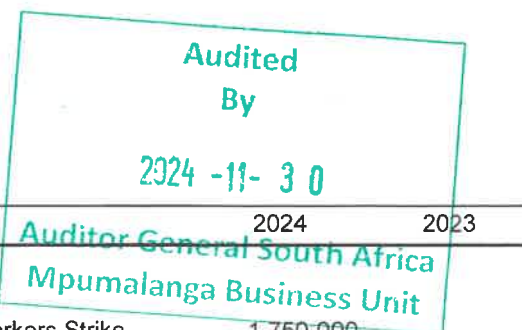
Repair Work Was Done At This Facility But Was Not Comprehensive As Focus Was Only To Get The Pumpstation Functional With One Set On The Go. Getting The Standby Set Installed Always Proved Difficult Due To Reasons That Include Long Procurement Processes As Well Budget Constraints.		-
Supply Of Four Pumps For Graskop Hostel And Klein Sabie Booster Pumpstations. The Two Mentioned Pumpstations Are Currently Down And Houses Depending On Them Are Without Water.	197 400	-
Dolomite Holes Cannot Be Detected Until The Sinkholes Develop.Human Right Commission Had Given A Directive To Comply Until By The 5Th Of April 2024 And Tclm Had To Comply To Avoid Loss Of Life.	110 160	-
Breakdown At Sabie Simile Three Cable Burnt Out. Required To Build A T-Structure With Fox Conductor	594 390	-
15Kw Submersible Pump And Motor	193 630	-
Supply Anf Repair - 31Kw 400 Flygt Submersible Pump	162 863	-
The Skip Loader Is Brokedown For Two Weeks And Business Refuse Has Not Been Collected .Business Owners Are Complaining Of The Bad Smell From The Over Flowing Bins That The Municipality Is Not Collected.	118 378	-
On The 13Th Of May 2024 The Sewage Plant Remain Non-Operational Due To Theft Of Motor And This Has Resulted In Raw Sewage Flowing Into The Nearby River Thereby Causing Pollution To The River And May Further Result In The Being Contaminated And Also Causing A Stench Which Negatively Affects The Health Of The Nearby Residents Of Extension 5.	395 000	-
Repairing Of Streetlight At Sabie Town And Lydenburg Town Replacing With Led Streetlight Fitting 160Watts.Due To High Volume Of Theft ,Reported By Saps Most Main Street Lights Are Dark ,Required To Be Replaced As The Municipality Doesn'T Have Active Contractor In Place To Perform The Work.	2 923 062	-
In Order To Circumvent The Volatile Situation Of Angry Customer S Affected By The Outage ,Supply ,Deliver And Installation Of The Mini Sub.	2 944 000	-
Repairing Of Traffic Lights At Various Street In Lydenburg Due To Vandalism And Theft Of Components.In Order To Prevent Fatal Accidents On Our Intersection The Municipality Need To Replace Damage Control Circuits And Heads Components.	1 789 781	-
The Minisubstation At Industrial Park Was Vandalized Resulting In The Outage Of Laerge Portion Of Lydenburg.	1 860 000	-
There Was A Need To Provide Water To The Community As There Was A Breakdown Of The Pump	115 500	-
The Water Tanker Was Needed As There Was A Breakdown Of The Motor And A Pump Supply And Delivery Of 500Kva 22Kv/420V Mini Substation At Lydenburg	182 000	-
Simile Community In Sabie Did Not Have Water And Urgent Repair Work Had To Be Done.	1 421 400	-
Community Had No Electricity Since Blackout,Due To Failure Of 200Kva/11Kv/415V Transformer	263 252	-
The Pumpstation Has Recently Been Refurbished However,A Fault From The Supplier Side Resulted In The Lastest Burning Of Motors	647 680	-
Refurbishment WkIn Ksb Pump & Motor	386 397	-
There Was A Need To Provide Water To The Community As There Was A Breakdown Of The Pump At Simile Therefore There Was A Need To Source A Water Tanker,The Community Wanted To Strike And Cause Damage To Property.The Municipality Needed To Provide Water As It Is A Basic Right For Community.	747 614	-
	271 400	-
Exceptional Cases	-	-
The Building Structure Does Not Comply With Occupational Health Safety Act And Good Hbr Standard Act 103 Of 1977.	-	-
The Vehicle It Is Used For Roads Maintenance And It Is The Only Vehicle In The Unit To Be Utilised ,Which Thus Hamper Service Delivery When It Is Broken.	379 892	-
Due To The Strike The Training Could Not Be Done And The Officials Had To Attend The District And Provincial Forums And The Soma Preparation Also Disturbed The Training Which In Now Urgent.	29 916	-
	198 375	-

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	2024	2023
48. Deviation from supply chain management regulations (continued)		
The TcIm Annual Financial Statement Preparation Has Been Impacted By Workers Strike That Lasted 6 Weeks Which Unfortunately Has Resulted In Loss Of Critical Time For Preparation Of Annual Financial Statement .To Mitigate Against The Lost Time And The Possibility Of Not Submitting The Afs On Time.	1 750 000	-
The Was A Breakdown In Lidenburg Traffic Lights Were Not Working Due To Cable Theft, Controller Boexs Units Mulfunctioning.	495 400	-
Building Assessment Was Conducted By The Building Inspector In Conjunction With Department Of Labour.The Facility Was Deemed To Be Unconductive And Unsafe To Be Utilised By Both The Community And The Municipal Officials.	215 981	-
Building Assessment Was Conducted By The Building Inspector In Conjunction With Department Of Labour.The Facility Was Deemed To Be Unconductive And Unsafe To Be Utilised By Both The Community And The Municipal Officials.	172 451	-
The Mfma Scm Regulation 36(1)(V) Allows The Accounting Officer To Deviate From Normal Procurement Processes In Any Exceptional Case Where It Is Impractical To Follow Official Procurement Process.The Municipal Insurance Brokers Have Pre-Selected The Service Provider To Repair The Offices.	895 670	-
The Municipality Utilises The System Offered By Truvelo For Provision Of Traffic Fines Therefore The System Can Only Be Serviced/Repaired By The Agent.	166 000	-
Idp Technical Strategic Planning, Will Require Full Equiped Conference Facility With Catering For 55 People	78 100	-
In Terms Of Sec 36(1)V Of Scm Regulation Allows That In Any Other Exceptional Case Where It Is Impractical To Follow The Official Procurement Processes.	47 770	-
In Terms Of Sec 36(1)V Of Scm Regulation Allows That In Any Other Exceptional Case Where It Is Impractical To Follow The Official Procurement Processes.	145 314	-
It Is Impractical To Follow The Scm Process, Advert Must Be Issued Within 14 Days Of Council Resolution In Terms Of The Regulations On Conditions Of Appointment Of Senior Managers.	61 603	-
According To The Process Plan The Political Lekgotla Was Supposed To Be Held On The 30 & 31 January 2024, However It Was Delayed Due To Unforseen Circumstances.This Will Affect Service Delivery As The Idp And Budget For The 2024/2025 Must Be Concluded.	145 903	-
Accomodation For Municipal Manager For A Period Of Two Months	59 972	-
Renewal Of Caseware License	315 335	-
Advertisemnet Of Non-Executive Directors For Thaleda In National News,As It Was Impossible To Follow Scm Process Due To Time Constriants As The Advert Was To Be Published On National Newspaper .	67 770	-
The Register Of Deeds Is The Custodians Of The Data Including Ownership Of All Properties In The Country,And As Such It'S For The Same Reason That We Require The Lexisnexis Windeed To Extract Data To Check Against The Compiled Valuation Roll.If There Are Any Properties Omitted From The Roll,To Check The Ownership Of All Properties Are Captured Correctly On The Roll And Other Related Information To Ensure Accurate Billing By The Municipality.	316 586	-
Hiring Of Conference Venue For Mpac Session At Forver Resort Blyde	87 808	-
In Any Other Exceptional Case Where It Is Impractical Or Impossible To Follow The Official Procurement Processes Due To The Quotation Quoted Above The Threshold Of 3 Quotation And It Was Already Late To Be Advertised On The Notice Board.	134 780	-
The Internal Audit Unit Utilise Audit Software For Wolter Kluwer. The License Is Rewed On An Annual Basis	134 304	-
The Confirmation Of The Programme Was Received Late Which Is Today 18 April 2024 And The Programme Start On The 22/04/2024 Which Make It Impractical To Follow The Normal Process.	125 520	-
The Municipality Utilises The System Offered By Truvelo For Provision Of Traffic Fines Therefore The System Can Only Be Serviced/Repaired By The Agent.	41 500	-
The Accounting Officer May Dispense With The Oficial Procurement Processes If Any It Was Due To The Reason That There Rt Contrcat:Rt57-2022 That Were Out Of Stock Until July 2024 .Tis Goes For All Passenger And Light Cpmmercial Vehicles	68 770	-
Lybasol Are Agents That Sell And Service This Type Of Machinery And It Was Cost	347 940	-
The Was Urgency In Ensuring Recruitment For The Position Which Are Considered Critical Takes Place	776 250	-
Renewal Of Security System Software	80 730	-
	692 500	-

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48. Deviation from supply chain management regulations (continued)

The Municipal Office At Graskop Office Were Recently Renovated And As A Result The Entire Roof Had To Be Replaced, Which Resulted Into Cables Network Being Damaged Some Cut Off And The Solar Panels To Be Removed For Safe Storage .Repair For The Solar Panels To Avoid Further Damages And Reprogramming The Access Control In All The Affected Areas To Restore Our Systems And Continue Providing Services.	51 904	-
Conference Venue And Catering For Mpac Working Session For 13 Members Attending Mpac Sesion For 2 Days Requested By S Kgalane	69 706	-
Raw Sewerage Spillage At Graskop Hostel Caused By A Sceptic Tank Which Was Full Contaminating The Environment	241 500	-
Government Printing Work Is The Only Sole Provider For Gazetting Services	13 619	-
Lybasol Are Agents That Sell And Service This Type Of Machinery And It Was Cost Effective To Procure Locally And To Advance Local Economic Development	319 700	-
Hiring Of Venue For Officials To Attend Minimum Competency Class With Wits Business School For Four Days In Lydenburg.	123 532	-
The South African Revenue Services Verified TcIm Vat 201 Declaration For The Years 201906 -202206 And Was Selected For Audit. TcIm Requested The Services Of Tax Professionals To Ensure That The Audit Is Conducted In A Prioessional Manner And TcIm Submitt The Relevant Information.	1 438 241	-
Supply And Delivery Of Renewal System Software License For TcIm.	1 894 979	-
The Municipality Has Advertised Three Times For The Appointment Of A Panel Of Service Providers To Provide Ict Support And Other Hardware, The Municipality Could Not Appoint Suitable Service Providers Due To Internal Delays. A Cooling Off Period Must Be Provided Before Re-Advertisement	1 999 908	-
The Municipality Has Advertised Three Times For The Appointment Of A Panel Of Service Providers To Provide Ict Support And Other Hardware, The Municipality Could Not Appoint Suitable Service Providers Due To Internal Delays. A Cooling Off Period Must Be Provided Before Re-Advertisement. Newly Appointed Staff Require Tools Of Trade	2 369 296	-
There Is No Contract Or Plan In Place For The Support And Maintenance Of The Existing Close Circuit Television"Cctv"The Previous Service Provider Cancelled Their Services After Having Some Challenges With The Project Due To The Financial Dire Straits Which Resulted To Them Not To Further Perform Their Contractual Obligations As Set Out In The Service Level Agreement.The Preventative Maintenance Of The Cctv Servelliance Cameras Can Improve The Security Of The Premisis	973 010	-
Supply And Delivery Of Incident And Complaints Management System Applications	56 290 010	-

Using a sole supplier

Excess Fee For Replacing A Desktop	2 500
Excess Fee For Replacing A Desktop	2 500
Public Notice Of Adoption Of dp;Budget;Performance Management Process2023/2024 Financial Year	5 639
Public Notice Of Electricity Pre Payments System	6 634
Publication Of Vacancy Advert On Erratum Newspaper	10 112
Publication Of Vacancy Advert On Erratum Newspaper	16 137
Public Notice Of Tender Advert (Deviation)	32 726
Publication Of Vacancy Advert On Local Newspaper On The 18 August 2022	44 313
Car Rental For Executive Mayor ;Speaker And Mpac Chairperson AttendingNcop Local Government Week	72 738
Publication Of Vacancy On National Newspaper	80 911
Car Hire For Executive Mayor ;Speaker And Mpac Chairperson At Cape Tow Attending Local Government Week Ncop From 12-16 Sep 2022	99 575
Renewal:License And Teamcloud Hosting 2022 Maintenance Renewal Fee	118 341
Teamcloud Hosting Fee	165 324
Refurbishment Of Two Boreholes In Nyakalang And Shaga Villages	213 073
Installation Of 100Kva 22Kv/400V At Obaro In Lydenburg(Deviation)	267 750
Accommodation For Officials Attending Imssa Games At Polokwane For 5 Days From 09-14 October 2022	287 500
Meter Installation & Verification At Spar And Romans Pizza(Deviation)	329 512
Building Of Medium Voltage Line At Sterkspruit Farms And Ext79 Booysendal Estate	

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48. Deviation from supply chain management regulations (continued)		
Supply And Deliver Two Trf 315 Kv/11Kv/420V For Sabie Rdp'S And A 315 Kv/22Kv/240 For Graskop Rdp.		805 000
Accommodation For Mr Kmm Mashilo &Ms Tp Nkadimeng From 09-14 October 20 Durban		955 430
Accommodation For Mr Kmm Mashilo &Ms Tp Nkadimeng From 09-14 October 20 Durban		43 313
Accommodation;Food & Registration For Joanita Brits;Mike Mashilo;Thapel And Silvester Moraba Attending Munsoft Agm 05 December 2022		43 700
Machine Dumper Lid;Ht Usad;Earth Usad Repair		68 980
Hiring Of Conference Venue For 36 People To Attend Cpmd Programme Offe Wits Business School For Four (4) Days In Lydenburg (Deviation)		73 200
Transportation Of People For Imssa Games From Lydenburg To Polokwane & Destination:09 Oct 22;Departure Date 09 Oct 22;Depature Time:07:00 ;Re 14 Oct 22;Bus Type: Semi Lux Bus		63 500
Conference Venue For Hire For 37 People Attending Cpmd Programme Offering By Wits Business School For 3 Days In Lydenburg (Deviation)		60 440
Tboss Sec 56 Modules (Deviation)		166 000
Construction Of Tripple Pole Structures In Sabie Area		187 381
Rebuild Of 10 Damaged Elctrical Poles At Sabie (Deviation)		190 579
Call Out To Lydenburg Substation		196 880
Cube Compactor Truck Dry Rate With Driver And Three Assistants (Dev		197 800
Service Provider To Replace Kva Meter Fault At Old Mutual Required To With A New Elster A1700 And Programming (Deviation)		230 000
Preliminary And General		238 667
667 Refurbishment Of Moremela Pumpstation 22Kw 400V 50A With Star Delta;3 (Deviation)		271 669
Preliminary And General		283 274
Preliminary And General		288 779
Additional Material Required For Minisub Installation 2X3 Circuit Brea Ht Putty For Insulation On Ht Termination ;Red;Blue;White And Black In		295 000
Fixing Of 20Mm Bust Pipe At Mashishing Ext 2 (Deviation)		300 760
At Mashishing Due To Stolen Cable At Different Household/Sta Airdleek		387 900
Joint 35-95 Xlpe-Supply And Installation Of 8 Straight Joints For Sabi Lydenburg (Deviation)		388 976
Supply Of 11Kv T3 Switchgear;Installation Of T3 Switchgear And Three M Terminations And Braided Wire Earthing (Deviation)		762 000
Automatic Relieve Valve ;Oil Filled Electric Motor 30Kw-6;Galvanised B And Consumable S Mounting & Adjusting Bolts . Servicing Of Pump Installation Cabling &Wire Baskets		931 850
Supply,Delivery And Installation Of 3 Phase 250Kva Generator For Sabie And Graskop Water Treatment		1 800 000
Auctioneer Services To Auction Municipal Vehicles		1
Calibration Of Pro Laser Machine		29 509
Hiring Of Refuse 22 Cube Compactor Truck For 20 Days And Three Assistans In Lydenburg		197 800
Car Rental For The Executive Mayor For 14 Days		63 750
Hiring Of Tlb For 30 Days To Assist In Maintenance In Sabie		150 000
Lydenburg Industrial Pole Replacement Cable Installation And Abc Condu Installation		185 420
Refurbishment Of Borehole Pump A And Motor In Draaikraal		450 500
Supply And Installation Of Borehole 15/Kw Motor And 24 Stage Pump		377 477
Switching Station Relay Battery		540 477
Request For Strip,Quote,Repair And Reconditioning Of Old Transformer		890 847
Hiring Of Refuse 22 Cube Compactor Truck For 20 Days And Three Assistans In Lydenburg		197 800
Repair Of Mashishing Water Supply Line		195 855
Construction Of Mv Line Overheadline		439 132
Defective Floor Carpet And Installation Of Tiles In Six Offices Of The Main Building Including Build In Kitchen Unit		141 200

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48. Deviation from supply chain management regulations (continued)		
Repairs Of Traffic Signal At Voortrekker Street In Lydenburg		192 150
Installation Of Mv Transformers And Switchgear At Graskop Hostel		906 818
Car Rental Of Executive Mayor For 24 Days		86 400
Accommodation & Conference Room For Mpac Members From The 07 Th To 8Th March 2023		82 225
Extension Of Car Rental For 28 Days For The Executive Mayor		108 080
Tender Advert On National Newspaper		42 228
Supply And Delivery Of Drinking Water In Matibidi And Leroro For 10 Days		30 000
Hiring Of Conference Venue For Wits Students		86 934
Refurbishment Of The Simile Booster Substation		114 529
Refurbishment Of The Mashishing Ext 2 Sewer Substation		119 239
Hiring Of Refuse 22 Cube Compactor Truck For 20 Days And Three Assistans In Lydenburg		197 800
Replacement Of Spares,Repairs And Replacement Work At Mashishing Pumpstation		111 033
Conference Venue And Catering For 37 Municipal Official Attending Cpmg Guest House From 20-22 February 2023		77 669
Repairs Of Vehicle Jxc 661Mp		15 371
Supply,Installation And Commissioning Of 45Kw Motor Moremela Pump Station		136 850
Breakdown Of Ht Cable At Ext 79 In Lydenburg		245 392
Supply, Delivery, And Installation Of A Booster Pump In Leroro		191 392
Supply And Installation Of A Booster Pump; Mamorapama Village		168 121
Renewal Of License Fee		125 746
Ict Services		1 260 842
Gazetting Of Public Notice		18 158
Refurbishment Of Municipal Office In Sabie		716 173
Expertise For Grap 19 And Grap		750 000
Replacement Of Defective Floor Carpets		47 500
Detailed Electricity Cost Of Supply And Pricing Study		762 687
Vetting For 18 Staff Members-Deviation		80 730
Preliminary And General		209 248
Preventative Maintenance Exercise Of All Aircons		344 864
Inspection; Services Repairs And Maintenance Of Fire: Inspected Fire		365 025
Service Of 6000 Hrs For Tlb Reg No Jbh 871 Mp		28 745
Towing Of A Municipal Vehicle From Nelspruit To Lydenburg		13 650
Service And Replacement Of Brake Pads Of Hardbody		6 187
Gazetting Of Public Notice For Supplementary Valuation Roll		2 018
Hiring Of 22 Cube Compactor Truck In Mashishing For 20 Days For Refu Collection		197 800
Installation And Constructiion Of Potloodsprut Farms Line		219 800
Supply And Installation Of 16Kva Transformer And Accessories At Harmony Hill		210 048
Hiring Of Conference Venue For Wits Students		107 472
Hiring Of Executive Mayor'S Car For 60 Days		172 500
Afs Difference Investigation		549 000
		23 946 555

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49. Segment information

General information

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49. Segment information (continued)

Identification of segments

The municipality is organised and reports to management on the basis of eight major segment areas: community and social services, energy sources, finance and administration, planning and development, roads and transport, solid waste, waste water and water services. The segments were organised around the type of service delivery and management uses these same segments for determine strategic objectives.

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

The municipality's operations are in Mpumalanga Province. Separate financial and other relevant information on geographical areas in which the municipality operate is not available for Sabie, Graskop, Northern Areas and Mashishing . The cost to develop the necessary information will be excessive.

Aggregated segments

There were no aggregation of segments in the 2023/24 and 2022/23 financial years

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
Segment 1	Community and Social Services
Segment 2	Energy Sources
Segment 3	Finance and Administration
Segment 4	Planning and Development
Segment 5	Roads and Transport
Segment 6	Solid Waste
Segment 7	Waster Water
Segment 8	Water services

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Community and Social services is made of the following services:

- Disaster management, Library services, Community halls and facilities, Sports and recreational facilities, Museum and art galleries, Health services, Traffic and Street parking control and Environmental protection.

Finance and administrations is made of the following services:

- Finance sections (Assets and fleet management, IT, SCM, Revenue management, Budget, Expenditure), Corporate support, Human Resources, Legal services, Security services, Communications and marketing, Internal audit, Risk Management, Executive and administration.

Planning and development is made of the following services:

- Housing, Local Economic Development, IDP, Town planning and building regulations

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49. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Community and Social Services	Energy Sources	Finance and Administration	Planning and Development	Roads and Transport	Solid Waste	Waste Water	Water Services	Total
Revenue									
Revenue from non-exchange transactions	24 275 465	222 877 105	357 179 204	46 429 578	-	2 961 235	2 949 837	86 426 746	743 099 170
Revenue from exchange transactions	166 640	199 107 307	4 701 682	4 803 993	-	22 699 303	20 119 931	66 289 197	317 888 053
Gains and Losses	-	-	53 093 977	-	-	-	-	-	53 093 977
Interest revenue exchange	-	7 084 312	4 608 497	-	-	5 317 734	4 773 824	12 425 279	34 209 646
Interest waiver	-	98 283 103	-	-	-	-	-	-	98 283 103
Interest revenue non exchange	-	-	18 136 635	-	-	-	-	-	18 136 635
Total segment revenue	24 442 105	527 351 827	437 719 995	51 233 571	-	30 978 272	27 843 592	165 141 222	1 264 710 584
Entity's revenue									1 264 710 584

Expenditure

Salaries and wages	52 111 838	20 730 954	110 071 122	14 014 337	5 625 356	18 165 318	18 902 447	17 618 656	257 240 028
Depreciation and Amortisation	7 350 169	-	35 357 170	-	-	-	-	-	42 707 339
Gains and Losses	7 954 799	489 137	151 551 947	-	-	384 709	449 926	1 179 145	162 009 663
Interest Expense	-	-	83 623 313	-	-	-	-	-	83 623 313
Other Expenses	1 672 294	11 911 660	59 363 675	2 525 434	77 173	1 652 234	181 437	3 569 432	80 953 339
Bulk services	-	281 594 352	-	-	-	-	-	-	281 594 352
Contracted services	1 630 259	40 881 530	70 095 838	5 651 186	14 913 176	6 936 204	2 745 656	3 288 311	146 142 160
Total segment expenditure	70 719 359	355 607 633	510 063 065	22 190 957	20 615 705	27 138 465	22 279 466	25 655 544	1 054 270 194
Total segmental surplus/(deficit)	(46 277 254)	171 744 194	(72 343 070)	29 042 614	(20 615 705)	3 839 807	5 564 126	139 485 678	210 440 390

Assets

Current Assets	(436 228)	742 865 103	(557 344 522)	203 993 328	(165 318 032)	28 134 775	1 734 933	400 339 731	653 969 088
Non Current Assets	(28 407 193)	(17 703 293)	1 707 058 137	3 421 039	9 279 040	324 942	118 399 104	58 461 751	1 850 833 527
Total segment assets	(28 843 421)	725 161 810	1 149 713 615	207 414 367	(156 038 992)	28 459 717	120 134 037	458 801 482	2 504 802 615

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	Community and Social Services	Energy Sources	Finance and Administration	Planning and Development	Roads and Transport	Solid Waste	Waste Water	Water Services	Total
49. Segment information (continued)									
Total assets as per Statement of financial Position									2 504 802 615
Liabilities									
Current Liabilities	(3 168 164)	(739 592 040)	(332 397 952)	(5 757 953)	(2 304 652)	(24 248 086)	(10 570 337)	(36 153 734)	(1 154 192 918)
Non Current Liability	-	-	(714 859 382)	-	-	(875 648)	-	-	(715 735 030)
Total segment liabilities	(3 168 164)	(739 592 040)	(1 047 257 334)	(5 757 953)	(2 304 652)	(25 123 734)	(10 570 337)	(36 153 734)	(1 869 927 948)
Total liabilities as per Statement of financial Position									(1 869 927 948)

2023

	Community and Social Services	Energy Sources	Finance and Administration	Planning and Development	Roads and Transport	Solid Waste	Waste Water	Water Services	Total
Revenue									
Revenue from non-exchange transactions	8 123 642	9 875 941	298 451 924	53 906 998	42 262	2 529 654	2 447 141	26 508 488	401 886 050
Revenue from exchange transactions	82 105	162 743 359	1 868 732	4 790 701	-	19 717 575	16 952 253	54 125 220	260 279 945
Interest Revenue	-	5 801 559	3 435 260	-	-	4 050 703	3 568 732	9 510 233	26 366 487
Gains and Losses	-	-	42 051 969	(56 542)	-	-	-	-	41 995 427
Interest revenue - non exchange	-	-	15 163 137	-	-	-	-	-	15 163 137
Total segment revenue	8 205 747	178 420 859	360 971 022	58 641 157	42 262	26 297 932	22 968 126	90 143 941	745 691 046
Entity's revenue									745 691 046

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Prior period error

855 626 695 were not disclosed.
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49. Segment information (continued)

The composition of the reportable segments were changed, the corresponding items of segment information for earlier periods were restated by removing "Other segment" to remain with eight reportable segments as listed above

Details of changes

The other expense segments from prior year had been move to, community and social services as follows: Education R509 882, Pollution control R217 334 and Health service R188 073

The governance segment of R8 319 905 was moved to Finance and administration

50. Budget differences

Material differences between budget and actual amounts

Revenue: Increase in revenue from the sale of electricity, fair value adjustments, grants received, public donations, and interest waivers from Eskom contributed to the overall revenue growth.

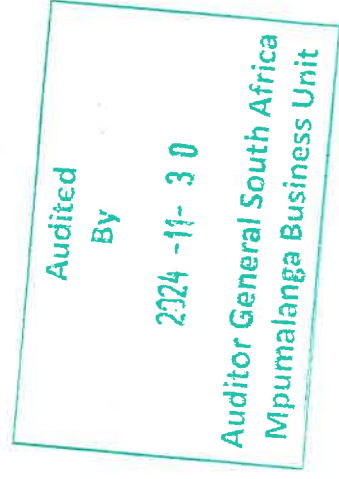
Expenditure: Higher employee costs, bulk purchases, contracted services, and payables related to Eskom accounts impacted expenditure levels.

Assets and Liabilities: Inventories, investment properties, and property plant and equipment increased due to new developments and conditional grants. Payables and provisions for landfill sites also saw notable changes.

Conclusion

The Municipality's financial position has improved significantly, with a net asset balance of R111 602 253 against an accumulated loss in prior periods. Ongoing efforts to enhance financial performance and address financial challenges are expected to sustain the Municipality's positive momentum going forward.

Changes from the approved budget to the final budget



Thaba Chweu Local Municipality

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50. Budget differences (continued)

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

51. Other Receivable

Other debtors	2 611	490 609
Sale of land inventory	1 272 840	-
	1 275 451	490 609

52. Agency services for prepaid electricity

Prepaid electricity sales	103 953 107	89 568 858
Hydro Plant_Electricity Generation Sales	767 614	-
	104 720 721	89 568 858

The municipality entered into agreement with Cigicell (Pty) Ltd to distribute, process and manage the sale of prepaod electricity on behalf of the Thaba Chweu. The municipality is the principal in the relationship and Cigicell an agent to the transaction in accordance with GRAP 109: Principal Agent arrangements. Commission paid for 2024 amounted R5 379 799 (2023: R9 312 858).

Thaba Chweu and MBB Consuting Service entered into an Agency agreement where, MBB operate and maintain the Lydenburg Hydro Plant for the purpose of generating electricity which is sold to a third patry. The transaction allows monthly cashflow from the generated electricity. Although the municipality and the Agency are still in the final stages of concluding the financial model , Thaba Chweu for the year ended 30 June 2024 derived revenue amounting to R7 476 859. Which consitute 30% of the total generated revenue

53. Public Private contributions and donations

Public contributions and donations	19 315 983	2 200 000
Private contributions and donations	6 709 245	-
	26 025 228	2 200 000

54. Comparative figures

Service charges for prior was reduced by R7 035 967 reclassification to non-exchange revenue: Availability charges on the face of financial performance.

General expenditure for prior year was reduced by R84 453 303 reclassification to Bulk purchases on the face of financial performance.

Employee related cost was reduced by R4 597 000, reclassification to finance cost on the face of the statement of financial performance

55. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks which predominantly includes credit risk and liquidity risk.

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55. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unauthorised expenditure. The municipality manages liquidity risk through an ongoing review of future commitments and available cash flow. Cash flow forecasts are prepared on monthly basis and adequately monitored. However as at 30 June 2024 the municipality was still unable to meet its financial obligation towards maintaining Eskom bulk account, which has accumulated balance of R1 575 936 832. This amount is included in the trade payables line item.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Trade payable	(505 321 993)	(1 546 907 039)
Consumer deposits	(6 826 927)	(5 983 425)
	(512 148 920)	(1 552 890 464)

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 . The utilisation of credit limits is regularly monitored.

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

Financial instrument	Audited By 2024 -11- 30 Auditor General South Africa Mpumalanga Business Unit		
Cash and cash equivalents		1 421 234	26 670 461
Current		1 413 679	886 196
60 - 90 days		750 211	571 597
90 - 120 day		686 827	474 739
121 -150 days		797 301	470 695
150 days		28 930 266	21 952 674
Consumer debtor		32 578 285	24 355 902

Interest rate risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates. All short term investments are on a fixed interest bearing rates.

The Municipality does not account for any fixed rate financial assets and liabilities at fair value through surplus and deficit, therefore a change in interest rates at reporting date will not affect surplus for the year.

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56. Going concern

As of 30 June 2024, Thaba Chweu Municipality owes Eskom R1 575 936 832, which exceeds its current assets of R653 663 411. This liability alone has rendered the municipality's budget unfunded, thereby casting significant doubt on the validity of the going concern assumption.

On 22 May 2024, the municipality adopted a budget totalling R952 million. This budget is financed by internally generated revenue amounting to R589.6 million (62%) and national transfers of R362.4 million (38%), of which only R224.6 million is disposable revenue at the discretion of the municipality.

The directors of the municipality believe that with this approved budget, the municipality will be able to continue its operations in the foreseeable future.

Mitigation plans to address the material uncertainties are also being implemented through the introduction of a Budget Funding and Financial Recovery Plan. The success of these plans will ensure that the municipality addresses its unfunded budget status and improves cash flow management.

Furthermore, the municipality intends to sign a new repayment agreement with Eskom. This agreement aims to preserve the benefits of the Municipal Debt Relief program while restructuring the debt into current and non-current portions. This restructuring is crucial to achieving a funded budget status during the budget adjustment period.

We draw your attention to the fact that the municipality has successfully reduced its deficit from R198 340 403 in 2023 to a surplus of R210 468 940 in 2024. Additionally, total assets exceed total liabilities by R634 874 671. Based on this progress, we believe the municipality is moving in a positive direction, substantiating the presentation of the annual financial statements on a going concern basis.

The management of Thaba Chweu Local Municipality has evaluated the municipality's ability to continue to operate as a going concern. The evaluation considers the ongoing financial recovery initiative, including the Budget funding plan, Financial Recovery Plan and Eskom Debt Relief. Based on the assessment, the municipality is confident in its capacity to remain operational and fulfil its financial obligations in the foreseeable future.

57. VAT input accrual

VAT input accrual	Audited By	302 017 564	257 062 103
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58. VAT output accrual

VAT output accrual	2024 -11- 3 0	183 513 774	141 958 801
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59. VAT payable

VAT payable	Auditor General South Africa Mpumalanga Business Unit	5 432 946	22 529 038
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60. Municipal debt relief liability

Ringfencing of the approved municipal debt relief balance of R1 264 464 000 in compliance with MFMA circular 124 accounting guidance. The liability has been present valued to account for interest benefit arising from the ringfenced capital amount which suppressed interest charge of R211 655 170. A three (3) year government bond interest rate of 9.75% was applied to present value the liability. The municipal debt will be written off over a period of 3 years if the municipality adheres to the conditions of the approval.

61. Financial instruments disclosure

Categories of financial instruments

2024

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61. Financial instruments disclosure (continued)

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the audited annual financial statements approximate their fair values. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of financial position, are as follow:

Financial assets

	At amortised cost	Fair Value
Other receivable	1 275 451	1 275 451
Consumer debtors	32 578 285	32 578 285
Cash and cash equivalents	1 421 234	1 421 234
	35 274 970	35 274 970

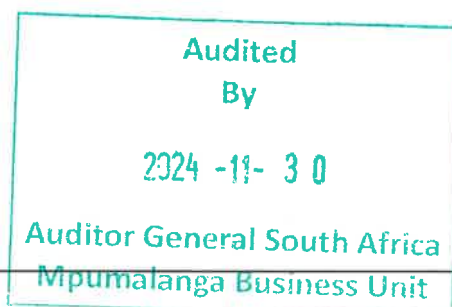
Financial liabilities

	At amortised cost	Fair Value
Trade and other payables from exchange transactions	(505 321 993)	(505 321 993)
Consumer deposit	(6 826 927)	(6 826 927)
	(512 148 920)	(512 148 920)

2023

Financial assets

	At amortised cost	Fair Value
Other receivables	490 609	490 609
Consumer debtors	24 355 902	24 355 902
Cash and cash equivalents	26 670 461	26 670 461
	51 516 972	51 516 972



Financial liabilities

	At amortised cost	Fair Value
Trade and other payables from exchange transactions	(1 546 907 039)	(1 546 907 039)
Consumer deposit	(5 983 425)	(5 983 425)
	(1 552 890 464)	(1 552 890 464)

62. Eskom interest waiver

For the year ended 30 June 2024, Thaba Chweu received interest waiver from Eskom amounting to R98 283 103 as a benefit of complying with the approved municipal debt relief from November 2023 to March 2024. Where the total Eskom monthly account was paid in full on the due date as one of the conditions of the municipal debt relief stated in MFMA circular 124.

63. Municipal debt relief

1. Debt Relief Approval: The National Treasury approved Thaba Chweu's debt relief application on November 23, 2023, with conditions outlined in the MFMA circular 124. This approval granted the municipality an opportunity to write off a significant debt amount within a 36-month period of uninterrupted compliance with maintaining the current account

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63. Municipal debt relief (continued)

2. Compliance and Write-off: After 12 months of compliance with the conditions, Eskom will write off one-third of the ringfenced debt. However, as of June 30, 2024, the municipality was behind in payments of the current account by R35,249,885.

3. Recognition of Receivable: The municipality did not recognize a receivable for the debt waiver for the first anticipated write-off due to not meeting the conditions outlined in the MFMA circular 124. Therefore, as of June 30, 2024, the probability of inflow of economic benefits from the debt waiver was deemed remote.

Overall, the disclosure note provides transparency regarding the municipality's debt relief approval, compliance status, and the impact on the financial statements. It is important for stakeholders to understand the potential implications of non-compliance with the conditions outlined in the debt relief approval and the subsequent impact on the municipality's financial position. It is recommended to continue monitoring compliance with the conditions and assess the potential risks associated with the outstanding payments and debt relief agreement.

64. Availability charge

Service charge	9 220 722	7 035 967
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The municipality charges service rendered on vacant stands which are serviced but not yet utilised by consumers. The services are classified as availability service charges disclosed on the face of the statement of financial performance

65. Events after the reporting date

On the 1st November 2024 council adopted the recommendation of the Municipal public accounting committee to write-off an amount of R 121 436 373 from the total fruitless and wasteful expenditure amount as it was proven with reason that the amount was not recoverable.

The effect on the current period is a reduction in the fruitless and wasteful expenditure to the values as in Note 45.

