GOODWILL CONQUERS

BUSHBUCKRIDGE
LOCAL MUNICIPALITY

Bushbuckridge Local Municipality

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

General Information

LEGAL FORM OF ENTITY	Municipality in terms of section 10f the Local Government: Municipal Structurers Act (Act 117 of 1998) read with section 155 (1) of the Constitution of Republic of South Africa (Act 108 of 1996)
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Provision of municipal services in terms of the Municipal Systems Act No.32 of 2000 (MSA) and Municipal Finance Management Act No.56 of 2003 (MFMA)
MEMBERS OF COUNCIL	
Member of Mayoral Commitee	Cllr CS Nxumalo : Executive Mayor
	Cllr BR Rakganya : Speaker
	Cllr BW Malandule BW : Chief Whip
	Cllr VN Mzimba : Social Development)
	Cllr ML Lekhuleni : MPAC: Chairperson
	Cllr S Mathebula : Corporate Services
	Cllr TW Ngomane: Finance
	Cllr MP Gumede : Sport,Culture & Heritage
	Cllr ML Nkuna : Technical Services
	Cllr P Gubayi : EDPE Services
	C llr PM Sambo : Community Services
Councillors	Clrr DV Mdluli
	Cllr SO Makhubela
	Cllr R Qhibi
	Cllr SC Malomane
	Cllr ST Mkhabela
	Cllr K Nukeri
	Cllr L Matsie
	Cllr AW Hlatshwayo
	Cllr SO Malatsie
	Cllr GB Sebatane
	Cllr M Mangani
	Cllr S Khumalo
	Cllr C Mnisi
	Cllr BF Moraba (Deceased 30/06/2022)
	Cllr KR Mashile
	Cllr PM Sambo
	Cllr E Mashele
	Cllr KG Malomane (Deceased 30/06/2022)
	Cllr TT Mapaila
	Cllr MG Mbazima
	Cllr OK Mokoena
	Cllr LM Mashile
	Cllr GW Nziyane
	Cllr ML Monareng
	Cllr RJ Ngomane
	Cllr T Nxumalo
	Cllr VJ Mokgotho
	Cllr KJ Shabangu
	Cllr MP Mashego
	Cllr MH Mpangane
	Cllr Z Nyathi

General Information

	Cllr SH Kubayi
	Cllr P Matlhavane
	Cllr EE Mabunda
	Cllr T Mthombeni
	Cllr BM Mpangana
	Cllr JT Madalane
	Cllr RS Mashego
	Cllr E Mashego
	Cllr TR Mashigo
	Cllr A Mkonto
	Cllr D Ngobeni
	Cllr ME Lubisi (Resigned 30/06/2022)
	Cllr BN Ngobeni
	Cllr ST Mahlakoane
	Cllr JB Malomane
	Cllr BS Mametja
	Cllr A Mashaba
	Cllr N Mogane
	Cllr SM Hlatywayo
	Cllr G Shabangu
	Cllr TM Shabangu
	Cllr SL Sithole
	Cllr TG Nzima
	Cllr RH Mokoena
	Cllr A Mokoena
	Cllr BP Mngomezulu
	Cllr BV Mnisi
	Cllr G Mashego
	Cllr T Mashinini (New engagement 1/03/2022)
	Cllr HP Thobakgale
	Cllr F Mbhandze
	Cllr ML Ndlovu
	Cllr KI Dube
	Cllr AM Mathebula
	Cllr IS Mashava
	Cllr HE Sihlabela
GRADING OF LOCAL AUTHORITY	4
ACCOUNTING OFFICER	Mr. AM Mnisi (Acting MM-November 2022)
CHIEF FINANCIAL OFFICER (CFO)	Mr. MB Matlala (Acting CFO: December 2020- Present)
REGISTERED OFFICE	R533 Graskop Road Bushbuckridge 1280
POSTAL ADDRESS	Private Bag X9308 Bushbuckridge 1280

General Information

BANKERS	First National Bank Limited Standard Bank of South Africa Limited
AUDITORS	The Auditor General South Africa (AGSA)

Contents

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

Abbreviations used:

AGSA	Auditor General South Africa
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
FMG	Finance Management Grant
EPWP	Expanded Public Works Programme
EEDG	Energy Efficiency Demand Grant
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
VAT	Value Added Tax
DORA	Division of Revenue Act
MIG	Municipal Infrastruture Grant

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officers have reviewed the municipality’s budget for the year to 30 June 2023 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. .

The annual financial statements have been prepared on the going concern basis, were approved by the accounting officer on behalf of council for submission on 31 August 2022 and were signed on its behalf by:

Mr AM Mnisi
Accounting Officer

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2022.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder and meets on a regular basis as per its approved terms of reference. During the current year six meetings were held.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Mr. J Ngobeni (Chairperson)	6
Mr. AC Keyser (term expired)	4
Ms. P Mokgope	6
Advocate G. Khoza	5
Ms. P Ntuli (CA,SA)	6

AUDIT COMMITTEE RESPONSIBILITY

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The audit committee has:

- reviewed and discussed the unaudited annual financial statements, annual perfomance information with management and were satisfied.

INTERNAL AUDIT

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

AUDITOR-GENERAL OF SOUTH AFRICA

The audit committee will meet with the Auditor-General of South Africa to ensure that there are no unresolved issues.

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Chairperson of the Audit Committee

Date: ______________________________

Accounting Officer's Report

The accounting officers submit their report for the year ended 30 June 2022.

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

The municipality is engaged in provision of municipal services in terms of the Municipal Systems Act no.32 of 2000 (MSA) and Municipal Finance Management Act no.56 of 2003 (MFMA) and operates in South Africa.

Net surplus of the municipality was 357,331,844 (2021: surplus 608,796,137).

2. GOING CONCERN

We draw attention to the fact that at 30 June 2022, the municipality had an net assets of 5,855,233,842 which is its total assets exceed its liabilities by 5,855,233,842.

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

The municipality is a going concern based on the following;

- Current assets exceed current liabilities
- Under DORA the municipality has been allocated funds for three years 2021/22 to 2023/24
- There is no indication of a possibility of default by the government in paying grants under the Act. This is corroborated by experience where National Treasury has met its obligations year on year and has therefore created a constructive obligation.
- In addition the municpality collects revenue for services rendered and this will augment cashflows in subsequent years.

3. SUBSEQUENT EVENTS

The accounting officers are state the following as subsequent events.

1. The municipal Head Office building was partiially destroyed in a fire. A case of arson has been opened at SAPS Bushbuckridge Police Station.

2. The municipal library offices in Acornhoek are was destroyed in a fire. A police case was opened at Acoernhoek Police Station.

3. The term of office for the Municipal Manager Mrs CA Nkuna ended 1 November 2022.

4. ACCOUNTING OFFICERS' INTEREST IN CONTRACTS

The Accounting Officer has completed the declaration of interest as is required in terms of Supply Chain Regulations.

5. ACCOUNTING POLICIES

The annual financial statements prepared in accordance with the MFMA and standards of GRAP including any interpretations of such Statements issued by the Accounting Standards Board and as per the prescribed framework by National Treasury.

6. ACCOUNTING OFFICER

The accounting officers of the municipality during the year and to the date of this report are as follows:

Name	Nationality	Changes
Mrs. CA Nkuna	South African	Contract ended Tuesday, 01 November 2022
Mr AM Mnisi	South African	Appointed Wednesday, 02 November 2022

Accounting Officer's Report

7. CORPORATE GOVERNANCE

GENERAL

The accounting officer are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance. The accounting officer discuss the responsibilities of management in this respect, at management meetings and monitor the municipality's compliance with the code on a regular basis.

MANAGEMENT MEETINGS

The accounting officer have met the directors on separate occasions during the financial year. The accounting officer schedule to meet with senior management at least once per month.

INTERNAL AUDIT

The municipality has its own internal audit function. This is in compliance with the Municipal Finance Management Act, 2003.

8. BANKERS

The municipality's bankers did not change during the year under review. First National Bank Limited and Standard Bank were the bankers of the municipality.

9. AUDITORS

The Auditor General South Africa (AGSA) will continue to audit the financial affairs of the municipality.

Mr AM Mnisi
Accounting Officer

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	6	16,170,455	13,129,609
Receivables from non-exchange transactions	7	750,406,551	811,936,213
VAT receivable	8	11,771,205	26,186,430
Prepayments	9	10,402,142	3,650,575
Receivables from exchange transactions	10	205,388,626	151,283,241
Cash and cash equivalents	11	343,511,246	328,519,769
		1,337,650,225	**1,334,705,837**
Non-Current Assets			
Investment property	3	14,003,979	13,083,103
Property, plant and equipment	4	4,907,984,038	4,552,370,815
Intangible assets	5	616,957	978,429
Prepayments	9	-	3,650,575
		4,922,604,974	**4,570,082,922**
Total Assets		**6,260,255,199**	**5,904,788,759**
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	234,982,415	232,371,616
Consumer deposits	15	2,514,473	2,510,074
Provisions	13	66,373,450	63,409,024
		303,870,338	**298,290,714**
Non-Current Liabilities			
Provisions	13	101,151,019	108,596,047
Total Liabilities		**405,021,357**	**406,886,761**
Net Assets		**5,855,233,842**	**5,497,901,998**
Accumulated surplus		5,855,233,842	5,497,901,998
Total Net Assets		**5,855,233,842**	**5,497,901,998**

** See Note*

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	16	112,140,794	48,793,586
Rental of facilities and equipment	17	1,012,385	972,486
Agency income	18	14,833,975	13,867,943
Licences and permits	19	3,188,576	211,861
Operating income	20	5,029,549	4,355,258
Interest	21	29,043,389	20,596,254
Total revenue from exchange transactions		**165,248,668**	**88,797,388**
Revenue from non-exchange transactions			
TAXATION REVENUE			
Property rates	22	242,892,362	241,749,622
Interest - property rates	23	81,652,843	72,208,596
TRANSFER REVENUE			
Transfers and subsidies	24	1,350,431,399	1,561,945,646
Public contributions and donations	25	6,563,840	6,205,967
Fines and penalties	26	1,957,295	463,581
Total revenue from non-exchange transactions		**1,683,497,739**	**1,882,573,412**
Total revenue		**1,848,746,407**	**1,971,370,800**
Expenditure			
Employee related costs	27	(591,531,712)	(579,485,669)
Remuneration of councillors	28	(26,847,377)	(25,156,755)
Depreciation and amortisation	29	(133,419,020)	(141,504,656)
Finance costs	31	(8,825,789)	(7,299,365)
Debt impairment	32	(233,736,701)	(222,080,008)
Bad debts written off	33	(89,177,062)	-
Contracted services	34	(304,235,681)	(196,087,567)
Transfers and subsidies	35	(3,073,201)	(10,109,048)
General Expenses	36	(110,638,251)	(168,071,054)
Total expenditure		**(1,501,484,794)**	**(1,349,794,122)**
Operating surplus		**347,261,613**	**621,576,678**
Gain/(Loss) on disposal of assets		(3,064,795)	1,371,860
Actuarial (losses)/gains		998,932	(4,560,249)
Gain/(loss) on provisions	37	12,136,094	(385,091)
Impairment loss	30	-	(9,207,061)
		10,070,231	**(12,780,541)**
Surplus for the year		**357,331,844**	**608,796,137**

** See Note*

Statement of Changes in Net Assets as at 30 June 2022

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance as previously reported at 1 July 2020	4,942,346,763	4,942,346,763
Correction of errors - (see Note 47	(53,240,902)	(53,240,902)
Restated balance as at 1 July 2020	**4,889,105,861**	**4,889,105,861**
Surplus for the year	608,796,137	608,796,137
Total changes	608,796,137	608,796,137
Balance at 1 July 2021	**5,497,901,998**	**5,497,901,998**
Net income recognised directly in net assets		
Surplus for the year	357,331,844	357,331,844
Surplus for the year	357,331,844	357,331,844
Total changes	357,331,844	357,331,844
Balance at 30 June 2022	**5,855,233,842**	**5,855,233,842**

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		254,208,253	241,373,823
Grants		1,350,431,399	1,503,353,797
Interest income		6,586,676	3,934,812
		1,611,226,328	1,748,662,432
Payments			
Employee costs		(621,443,573)	(612,585,465)
Suppliers		(486,989,042)	(418,805,681)
Finance costs		(385,966)	(667,240)
		(1,108,818,581)	(1,032,058,386)
Net cash flows from operating activities	48	**502,407,747**	**716,604,046**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(487,416,270)	(593,778,252)
Purchase of investment property	3	-	(324,490)
Proceeds from sale of investment property	3	-	1,844,746
Net cash flows from investing activities		**(487,416,270)**	**(592,457,996)**
Net increase/(decrease) in cash and cash equivalents		**14,991,477**	**124,146,050**
Cash and cash equivalents at the beginning of the year		328,519,769	204,373,719
Cash and cash equivalents at the end of the year	11	**343,511,246**	**328,519,769**

** See Note*

Statement of Comparison of Budget and Actual for the period ending 30 June 2022

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	55,252,000	-	**55,252,000**	112,140,794	**56,888,794**	A1
Rental of facilities and equipment	1,000,000	-	**1,000,000**	1,012,385	**12,385**	
Agency income	13,000,000	-	**13,000,000**	14,833,975	**1,833,975**	A2
Licences and permits	4,933,000	-	**4,933,000**	3,188,576	**(1,744,424)**	A3
Operating income	218,980,000	32,661,000	**251,641,000**	5,029,549	**(246,611,451)**	A4
Interest	137,706,000	-	**137,706,000**	29,043,389	**(108,662,611)**	A5
Total revenue from exchange transactions	**430,871,000**	**32,661,000**	**463,532,000**	**165,248,668**	**(298,283,332)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	243,458,000	-	**243,458,000**	242,892,362	**(565,638)**	
Property rates - interest	-	-	**-**	81,652,843	**81,652,843**	
Transfer revenue						
Transfers and subsidies	1,348,663,000	-	**1,348,663,000**	1,350,431,399	**1,768,399**	
Public contributions and donations	-	-	**-**	6,563,840	**6,563,840**	A6
Fines and penalties	3,068,000	-	**3,068,000**	1,957,295	**(1,110,705)**	A7
Total revenue from non-exchange transactions	**1,595,189,000**	**-**	**1,595,189,000**	**1,683,497,739**	**88,308,739**	
Total revenue	**2,026,060,000**	**32,661,000**	**2,058,721,000**	**1,848,746,407**	**(209,974,593)**	
Expenditure						
Employee related costs	(602,948,000)	(3,133,000)	**(606,081,000)**	(591,531,712)	**14,549,288**	
Remuneration of councillors	(34,870,000)	8,399,000	**(26,471,000)**	(26,847,377)	**(376,377)**	
Depreciation and amortisation	(143,000,000)	-	**(143,000,000)**	(133,419,020)	**9,580,980**	A8
Finance costs	(2,103,000)	(4,997,000)	**(7,100,000)**	(8,825,789)	**(1,725,789)**	A9
Debt Impairment	(34,245,000)	(200,809,000)	**(235,054,000)**	(233,736,701)	**1,317,299**	
Bad debts written off	-	-	**-**	(89,177,062)	**(89,177,062)**	A10
Contracted services	(268,431,000)	(30,000,000)	**(298,431,000)**	(304,235,681)	**(5,804,681)**	
Transfer and subsidies	(4,000,000)	-	**(4,000,000)**	(3,073,201)	**926,799**	
General expenses	(196,142,000)	35,496,000	**(160,646,000)**	(110,638,251)	**50,007,749**	A11
Total expenditure	**(1,285,739,000)**	**(195,044,000)**	**(1,480,783,000)**	**(1,501,484,794)**	**(20,701,794)**	
Operating surplus	**740,321,000**	**(162,383,000)**	**577,938,000**	**347,261,613**	**(230,676,387)**	
(Loss)/Gain on disposal of assets	2,000,000	-	**2,000,000**	(3,064,795)	**(5,064,795)**	A12
Actuarial gains/losses	-	-	**-**	998,932	**998,932**	A13
Gain on provisions	-	-	**-**	12,136,094	**12,136,094**	A14
	2,000,000	**-**	**2,000,000**	**10,070,231**	**8,070,231**	
Surplus before taxation	**742,321,000**	**(162,383,000)**	**579,938,000**	**357,331,844**	**(222,606,156)**	

Statement of Comparison of Budget and Actual for the period ending 30 June 2022

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**742,321,000**	**(162,383,000)**	**579,938,000**	**357,331,844**	**(222,606,156)**	
Reconciliation						

Statement of Comparison of Budget and Actual for the period ending 30 June 2022

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	10,345,000	(8,400,000)	**1,945,000**	16,170,455	**14,225,455**	B1
Receivables from non-exchange transactions	69,371,000	337,076,000	**406,447,000**	750,406,551	**343,959,551**	B2
VAT receivable	-	-	**-**	(12,627,641)	**(12,627,641)**	B3
Prepayments	-	-	**-**	10,402,142	**10,402,142**	B10
Receivables from exchange transactions	942,129,000	-	**942,129,000**	205,388,626	**(736,740,374)**	B4
Cash and cash equivalents	92,415,000	370,727,000	**463,142,000**	343,511,246	**(119,630,754)**	B5
	1,114,260,000	**699,403,000**	**1,813,663,000**	**1,313,251,379**	**(500,411,621)**	
Non-Current Assets						
Investment property	14,080,000	(1,322,000)	**12,758,000**	14,003,979	**1,245,979**	
Property, plant and equipment	4,905,459,000	396,998,000	**5,302,457,000**	4,907,984,038	**(394,472,962)**	B6
Intangible assets	2,638,000	(465,000)	**2,173,000**	616,957	**(1,556,043)**	B7
	4,922,177,000	**395,211,000**	**5,317,388,000**	**4,922,604,974**	**(394,783,026)**	
Total Assets	**6,036,437,000**	**1,094,614,000**	**7,131,051,000**	**6,235,856,353**	**(895,194,647)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	372,442,000	-	**372,442,000**	234,982,415	**(137,459,585)**	B8
VAT payable	-	-	**-**	(24,398,846)	**(24,398,846)**	B3
Consumer deposits	2,479,000	(31,000)	**2,448,000**	2,514,473	**66,473**	
Provisions	-	-	**-**	66,373,450	**66,373,450**	B9
	374,921,000	**(31,000)**	**374,890,000**	**279,471,492**	**(95,418,508)**	
Non-Current Liabilities						
Provisions	29,504,000	79,092,000	**108,596,000**	101,151,019	**(7,444,981)**	B9
Total Liabilities	**404,425,000**	**79,061,000**	**483,486,000**	**380,622,511**	**(102,863,489)**	
Net Assets	**5,632,012,000**	**1,015,553,000**	**6,647,565,000**	**5,855,233,842**	**(792,331,158)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	5,632,012,000	1,015,553,000	**6,647,565,000**	5,855,233,842	**(792,331,158)**	

Statement of Comparison of Budget and Actual for the period ending 30 June 2022

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Receipts	292,906,000	199,348,000	**492,254,000**	260,794,929	**(231,459,071)**	C1
Grants	1,348,663,000	-	**1,348,663,000**	1,350,431,399	**1,768,399**	
	1,641,569,000	**199,348,000**	**1,840,917,000**	**1,611,226,328**	**(229,690,672)**	
Payments						
Suppliers and employee costs	(1,029,828,000)	85,955,000	**(943,873,000)**	(1,105,359,414)	**(161,486,414)**	
Finance costs	(20,000,000)	12,900,000	**(7,100,000)**	(385,966)	**6,714,034**	C2
Transfers and subsidies	(4,000,000)	-	**(4,000,000)**	(3,073,201)	**926,799**	C3
	(1,053,828,000)	**98,855,000**	**(954,973,000)**	**(1,108,818,581)**	**(153,845,581)**	
Net cash flows from operating activities	**587,741,000**	**298,203,000**	**885,944,000**	**502,407,747**	**(383,536,253)**	
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment & intangible assets	502,000	870,000	**1,372,000**	-	**(1,372,000)**	
Purchase of capital assets	(742,320,000)	162,383,000	**(579,937,000)**	(487,416,270)	**92,520,730**	C4
Net cash flows from investing activities	**(741,818,000)**	**163,253,000**	**(578,565,000)**	**(487,416,270)**	**91,148,730**	
Net increase/(decrease) in cash and cash equivalents	(154,077,000)	461,456,000	**307,379,000**	14,991,477	**(292,387,523)**	
Cash and cash equivalents at the beginning of the year	-	328,520,000	**328,520,000**	328,519,769	**(231)**	
Cash and cash equivalents at the end of the year	**(154,077,000)**	**789,976,000**	**635,899,000**	**343,511,246**	**(292,387,754)**	

Statement of Comparison of Budget and Actual for the period ending 30 June 2022

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

Variances of morethan 10% betwen actaul results and budgeted amounts are considered material and explanation for these variances are included below.

A1. Service charges -the municipality resolved to bill all reticulated cutsomers .

A2. Agency income- the automated process through e-Natis has improved the operations of the DLTCs hence the capacity to serve more people.

A3. License and permits- less business fees were received during the year than were anticipated.

A4. Operating income-The cash reserves which were made available to enable utilisation of funding in the current year projects and activities.

A5.The debtors balances were reduced in the current year through interest write off ,thus interest billing was lower than anticipated .

A6.The municipality was not informed that donations would be made to the municipality during the budget stage.

A7.The were considerable cancelled and reductions in tickets issued.

A8. Ageing infrastructure .

A9. The interest cost for landfill sites, long service awards and late payment of supplier invoices led to the incurrence of interest.

A10.Bad debts written off- the wirte off was to cushion customers of the impact of COVID-19, however this was not budgeted.

A11.The municipality did not fully fully utilie funds under general expenses due to restrictions of advertising transansactions above 30 000.

A12.Loss of the building which which was gutted by fire in Dwarslop,insurance payout was still outstanding by year end.

A13. Actuarial gains/losses were not budgeted for in the current year.

A14. Gain on provisions- the change in landfill closure provision due to changes attributable to CPI and the passage of time. This was not budgeted for.

B1. Sufficient materials were procured during the year and they had not been fully utilised during the end of the year.

B2.Implentation of the supplementary valuation roll.

B3. The vat receivable was not budgeted for as per the budgeting regulations.

B4. The budget is as per the gross amount while the actuals reflect the balances net of impairment.

B5. The collection rate was low from customers specifically government thus the anticipated cashflows were not reached.

B6. The municipality had anticipated to acquire, construct a considerable assets base during the year but limitations due to resources hindered the intended purposes .

B7. The acquisition of software did not meet the definition of intangibles.

Statement of Comparison of Budget and Actual for the period ending 30 June 2022

Budget on Accrual Basis

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

B8. The municipality honoured its obligations during the course of the year hence these amounts for payables . .

B9.The increase in current service cost, increase in change in provisions due to CPI,prime rate changes.

C1. The expected collections did not materialize as the government debtors did not settle as envisaged.

C2. The interest cost paid was significantly lower as other are non cash payments relating to current service cost.

C3. The transfer and subsidies were accrued.

C4. Acquistions for property ,plant and equipment did not materialise as planned

Reasons for adjustment budget

1.To cater for the anticipated income under operating income and fully utilise the funds

2.To ensure the debt impairment expenditure is appropropriately budget for

3. All other expenditure are in sync with expenditure incurred at mid year.

4. The following grants were not catered for in the financial year 2022 and all programs and activities had .

-INEP, RBIG,MDG .

5.Reprioritization of funds to ensure operational, contracted services expenditure is achieved.

6. Resolutions of the strategic planning session had to be implemented

1. Presentation of Annual Financial Statements

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

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

Management has used assessments and estimates in preparing for the annual financial statements- these are based on the best information available at the time of preparation.

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of annual financial statements, is disclosed below.

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

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

1.2 GOING CONCERN ASSUMPTION

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

1.3 MATERIALITY

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

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

1.4 SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the municipality's accounting policies, which are described below, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered to reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.4 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

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

Allowance for slow moving, damaged and obsolete inventories

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

Fair value estimation

The 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 goodwill and 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. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 13 - Provisions.

Useful lives of waste water and water network assets and other assets

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

Allowance for doubtful debts

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

1.4 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Depreciation and carrying value of items of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate.The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.5 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.

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

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

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

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

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Property - land	indefinite
Property - buildings	3- 41 years

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

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.6 PROPERTY, PLANT AND EQUIPMENT

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment .

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

Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Community	Straight line	3-82 years
Buildings	Straight line	3-41 years
Infrastructure	Straight line	2-100 years
Motor vehicles	Straight line	3-10 years
Computer equipment	Straight line	2-10 years

Accounting Policies for the period ending 30 June 2022

1.6 PROPERTY, PLANT AND EQUIPMENT (continued)

Furniture and office equipment	Straight line	1-12 years
Other property and equipment	Straight line	1-20 years
Temporary operational buildings	Straight line	5-60 years
Library books	Straight line	3 years

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

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

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

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.

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.

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Significant delays in assets under construction

The municipality regards delays in assets under construction of more than three years as significant.

1.7 SITE RESTORATION AND DISMANTLING COST

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

If the related asset is measured using the cost model:

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

1.7 SITE RESTORATION AND DISMANTLING COST (continued)

If the related asset is measured using the revaluation model:

(a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
- a decrease in the liability (subject to (b)) is credited 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
- an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

(b) 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; and

(c) 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 end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.8 INTANGIBLE ASSETS

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

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.

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

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.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Computer software, other	4-6 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

1.9 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.

1.9 FINANCIAL INSTRUMENTS (continued)

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivable from exchange transactions	Financial asset measured at amortised cost
Receivable from non exchange transactions	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	Category
Payable from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

Initial recognition

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

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.

1.9 FINANCIAL INSTRUMENTS (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

1.9 FINANCIAL INSTRUMENTS (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

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

Financial liabilities

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

The difference between the carrying amount of a financial liability and the consideration paid is recognised in surplus or deficit.

Presentation

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including petty cash) , demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash that are held with registered banking institutions and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

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

Trade payables

Trade payables are measured at fair value.

Liabilities for annual bonus (accrued bonus) are recognised as they accrue to employees. Accrual is based on potential liability to the municipality.

Receivables

Receivables are measured at fair value.

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.Significant financial difficulties of the debtor, probabiliy that the debtor will enter bankruptcy or financial reorganisation, and default or deliquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

Amounts receivable within 12 months from date of reporting are classified as current.

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

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 purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.10 LEASES

Operating leases - lessor

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

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

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

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.

1.11 INVENTORIES

Inventories consist of raw materials, water and consumables.

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

The cost of inventories 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.

1.11 INVENTORIES (continued)

Redundant and slow-moving inventory are identified and written down to their estimated net realisable values estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise.

Water inventory

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

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

1.12 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.

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 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.

Identification

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

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

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

1.12 IMPAIRMENT OF CASH-GENERATING ASSETS (continued)

Value in use

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

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Accounting Policies for the period ending 30 June 2022

1.12 IMPAIRMENT OF CASH-GENERATING ASSETS (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

1.12 IMPAIRMENT OF CASH-GENERATING ASSETS (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

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.

1.13 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.

Accounting Policies for the period ending 30 June 2022

1.13 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (continued)

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:

1. The objective of using the asset

2. The intended use of the assets

Designation

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

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

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

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

Identification

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

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

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

1.13 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 asset 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.

Accounting Policies for the period ending 30 June 2022

1.13 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (continued)

Reversal of an impairment loss

The municipality assess 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.

1.14 SHARE CAPITAL / CONTRIBUTED CAPITAL

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited / debited against accumulated surplus / deficit. Prior year adjustments, relating to income and expenditure, are credited / debited against accumulated surplus when retrospective adjustments are made.An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

Accounting Policies for the period ending 30 June 2022

1.15 EMPLOYEE BENEFITS

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

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.

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs. The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

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 recognises the expected cost of bonus, incentive and performance related payments when the entity 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.

Long-service Allowance

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

1.16 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.

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

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

Accounting Policies for the period ending 30 June 2022

1.16 PROVISIONS AND CONTINGENCIES (continued)

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

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

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 deficit.

Management’s judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes . Contingencies are disclosed in note 40.

- the amounts are determined using the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets.

1.16 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 test 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 1.12 and 1.13.

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.

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation.

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

1.17 COMMITMENTS

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. Commitments represent goods/services that have been ordered, but no delivery has taken place at the reporting date.

Approved and contracted commitments represent expenditure that has been approved and the contract awarded at the reporting date.

Approved and not yet contracted commitments represent the expenditure that has been approved and the contract is yet to be awarded or is awaiting finalisation at the reporting date.

Commitments are dislosed in the financial statements if they meet the following criteria;

Accounting Policies for the period ending 30 June 2022

1.17 COMMITMENTS (continued)

- the underlying contracts are non-cancellable or only cancellable at significant cost; and
- contracts relate to non- routine transactions.

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Perfomance but are shown in the dislosure notes to the extent that such amounts have not been recorded in the financial statements.Commitments dislosed in the notes to the financial statements represent the aggregate amount of the capital and current expenditure at the reporting date.

1.18 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

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

1.18 REVENUE FROM EXCHANGE TRANSACTIONS (continued)

Service Charges

Service Charges

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

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

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

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

1.19 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 arise 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.

1.19 REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)

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.

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.

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.

1.20 BORROWING COSTS

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

1.20 BORROWING COSTS (continued)

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

1.21 COMPARATIVE FIGURES

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

1.22 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).

1.23 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).

1.24 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).

1.25 SEGMENT INFORMATION

A segment is an activity of an entity:

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

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

1.25 SEGMENT INFORMATION (continued)

Measurement

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

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

1.26 DISTRIBUTION LOSSES

Distribution losses are calculated as the difference between water consumed and billed, water freely given to the community and water produced.

1.27 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budged amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. Municipality is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

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

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

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

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material. .

Comparative information is not required.

1.28 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.

Accounting Policies for the period ending 30 June 2022

1.28 RELATED PARTIES (continued)

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

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

Only transactions with related parties with arm's length or not in th ordinary caurse of business are disclosed.

1.29 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.

1.30 EXPENDITURE

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.
Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. 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.

Expenses include write downs of inventory and decreases in fair values of financial instruments classified as held at fair value.
Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.

Major expense items disclosed in the Statement of Financial Performance include;

- **Contracted services** – caters for all the external services and is further categorised into outsourced,consultants,professional services and contractors. Repairs and maintanace is also part of contracted services. *Outsourced services* - the municipality should have capacity to carry out the function but choose to enlist the services of an external service provider. *Consultant & professional services* - refers to specialist services and skills provided.These skills are unnecessary to mantain inhouse and are required on a once off or temporary basis**.** *Contractors* - provides services that are not the core business of the municipality.
- **Transfers and grant**s which relate to expenditure pertaining to free basic services, donations to the community, electrification of the townships, bursaries and general expenses constitute several expense items which are not individually significant.
- **Write downs** of inventory and decreases in fair values of financial instruments classified as held at fair value.
- **Losses on the disposal** of non-current asssets are reported separately from expenses in the Statement of Financial Performance.

An expense is recognised in the municipality's Statement of Financial Performance when, and only when, the following criteria are satisfied:

- The cost or value may involve estimation. Where an item possesses the essential characteristics of an expense but fails to meet the criteria for recognition it is disclosed in the note.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure.
The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, repairs and maintenance expenditure, bulk purchases and general expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

1.31 VALUE ADDED TAX

The municipality accounts for VAT on an acrual basis and is liable for VAT on a payment basis in accordance with section 15(2)(a) of the VAT Act (Act No 89 of 1991) .The municipality is liable to account for VAT at the standard rate (14%) and **(15% from 1 April 2018 as annouced by the minister of Finance)** in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes.The municipality accounts for VAT on a monthly basis.

2. New standards and interpretations

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

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

2.2 STANDARDS AND INTERPRETATIONS EARLY ADOPTED

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	30 April 2022	The impact is not material.
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	The impact is not material.
• GRAP 104 (as revised): Financial Instruments	01 April 2025	The impact is not material.
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact is not material.

2.3 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2099	Unable to reliably estimate the impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand

3. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	22,829,645	(8,825,666)	14,003,979	21,099,988	(8,016,885)	13,083,103

3. Investment property (continued)

Reconciliation of investment property - 30 June 2022

	Opening balance	Transfers	Depreciation	Total
Buildings	13,083,103	1,729,657	(808,781)	14,003,979

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

3. Investment property (continued)

Reconciliation of investment property - 30 June 2021

	Opening balance	Additions	Depreciation	Total
Buildings	14,080,450	324,490	(1,321,837)	13,083,103

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.

Maintenance of investment property

The following maintenance costs were incurred:
Corrective Maintenance incurred on

	2022	2021
Revenue generating investment property	-	159,290

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand

4. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	161,089,921	-	161,089,921	161,089,921	-	161,089,921
Buildings	102,869,195	(38,846,677)	64,022,518	92,757,636	(36,970,371)	55,787,265
Infrastructure	4,686,424,470	(688,870,218)	3,997,554,252	4,038,698,612	(579,555,019)	3,459,143,593
Community	261,043,148	(86,572,605)	174,470,543	220,642,494	(79,023,909)	141,618,585
Other property, plant and equipment	194,379,108	(98,046,836)	96,332,272	160,322,854	(85,656,714)	74,666,140
Work in progress (WIP)	410,839,958	-	410,839,958	655,949,379	-	655,949,379
Other Assets (Books)	7,663,988	(5,937,687)	1,726,301	7,597,622	(5,495,602)	2,102,020
Other assets (WIP)	1,149,376	-	1,149,376	1,149,376	-	1,149,376
Assets under investigations	798,897	-	798,897	864,536	-	864,536
Total	**5,826,258,061**	**(918,274,023)**	**4,907,984,038**	**5,339,072,430**	**(786,701,615)**	**4,552,370,815**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2022

	Opening balance	Additions	Disposals	Transfers	Other changes	Depreciation	Total
Land	161,089,921	-	-	-	-	-	161,089,921
Buildings	55,787,265	-	(668,269)	11,297,027	-	(2,393,505)	64,022,518
Infrastructure	3,459,143,593	8,255,423	(2,635,831)	642,121,396	-	(109,330,329)	3,997,554,252
Community	141,618,585	-	-	40,400,654	-	(7,548,696)	174,470,543
Other property, plant and equipment	74,666,140	34,056,098	-	-	-	(12,389,966)	96,332,272
Work in progress	655,949,379	450,439,313	-	(695,548,734)	-	-	410,839,958
Other Assets (Library books)	2,102,020	66,367	-	-	-	(442,086)	1,726,301
Other assets-Security Upgrades (WIP)	1,149,376	-	-	-	-	-	1,149,376
Assets under investigations	864,536	-	-	-	(65,639)	-	798,897
	4,552,370,815	**492,817,201**	**(3,304,100)**	**(1,729,657)**	**(65,639)**	**(132,104,582)**	**4,907,984,038**

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2021

	Opening balance	Additions	Disposals	Transfers received	Other changes	Depreciation	Impairment loss	Total
Land	190,216,483	35,388,943	(64,515,505)	-	-	-	-	161,089,921
Buildings	57,871,129	1,691,573	-	-	-	(3,662,168)	(113,269)	55,787,265
Infrastructure	3,327,551,901	15,931,107	(159,650)	232,102,713	(864,536)	(107,023,744)	(8,394,198)	3,459,143,593
Community	150,569,530	981,682	-	309,550	-	(10,242,177)	-	141,618,585
Other property, plant and equipment	54,318,891	34,983,651	(353,673)	-	-	(13,583,135)	(699,594)	74,666,140
Work in progress (WIP)	418,323,854	470,037,788	-	(232,412,263)	-	-	-	655,949,379
Other Assets (Library books)	4,634,561	-	-	-	-	(2,532,541)	-	2,102,020
Other Assets - Security upgrades (WIP)	383,860	765,516	-	-	-	-	-	1,149,376
Assets under investigations	-	-	-	-	864,536	-	-	864,536
	4,203,870,209	**559,780,260**	**(65,028,828)**	**-**	**-**	**(137,043,765)**	**(9,207,061)**	**4,552,370,815**

Pledged as security

There were no assets pledged as security.

Assets under investigations

Infrastructure assets
Included in Infrastructure are the following assets under investigation to confirm existence

- Bridge	-	648,481
- Gabion	-	150,414
- Road signs	65,639	65,639
	65,639	**864,534**

4. Property, plant and equipment (continued)

Reconciliation of Work-in Progress 30 June 2022

	Included within Infrastructure	Included within Community	Included within Buildings	Total
Opening balance	573,620,640	80,489,969	1,838,812	655,949,421
Additions/capital expenditure	404,229,210	39,330,750	6,879,356	450,439,316
Transferred to completed items	(638,092,155)	(48,738,412)	(8,718,168)	(695,548,735)
	339,757,695	**71,082,307**	**-**	**410,840,002**

Reconciliation of Work- in Progress 30 June 2021

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	368,017,052	50,297,040	-	418,314,092
Additions/capital expenditure	437,837,987	30,370,781	1,838,812	470,047,580
Transferred to completed items	(232,234,441)	(177,852)	-	(232,412,293)
	573,620,598	**80,489,969**	**1,838,812**	**655,949,379**

Expenditure incurred to repair and maintain property, plant and equipment

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

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand

5. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	6,629,370	(6,012,413)	616,957	6,629,370	(5,650,941)	978,429

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

5. Intangible assets (continued)

Reconciliation of intangible assets - 30 June 2022

	Opening balance	Amortisation	Total
Computer software	978,429	(361,472)	616,957

Reconciliation of intangible assets - 30 June 2021

	Opening balance	Amortisation	Total
Computer software	1,638,375	(659,946)	978,429

Pledged as security

Carrying value of intangible assets pledged as security:

6. Inventories

	2022	2021
Maintenance materials	16,170,455	13,129,609

7. Receivables from non-exchange transactions

	2022	2021
Property rates	441,347,995	492,578,422
Property rates -Interest	284,630,733	301,752,146
Fines	3,135,688	1,939,478
Deposits	6,793,916	4,976,296
Other taxes	1,074,723	903,042
Other receivables- (credit balances)	7,730,153	6,833,905
Other receivables -Cash in transit ,Unallocated deposits and Agency fee payable	5,693,343	2,952,924
	750,406,551	**811,936,213**

Property rates

The ageing of property rates is as follows:

	2022	2021
Gross balance	1,042,199,396	1,032,125,180
Impairment	(600,851,401)	(539,546,758)
	441,347,995	**492,578,422**

Rates	2022	2021
Current (0-30 days)	19,472,639	12,014,241
31-60 days	19,246,120	11,809,078
60-90 days	19,226,513	10,487,074
90-120 days	19,181,007	10,100,793
448139786	364,221,716	448,167,236
	441,347,995	**492,578,422**

Figures in Rand	2022	2021

7. Receivables from non-exchange transactions (continued)

Fines

The net balances for fines is as follows:1042199396

Gross balance	5,594,721	3,865,498
Impairment	(2,458,851)	(1,926,020)
	3,135,870	**1,939,478**

Deposits

Eskom deposits	6,793,916	4,976,296

Reconciliation of provision for impairment of receivables from non exchange transactions

Opening balance	540,471,427	432,861,625
Provision for impairment-property rates	61,304,643	106,685,133
Provision for impairment-traffic fines	-	924,669
	601,776,070	**540,471,427**

8. VAT receivable

VAT	11,771,205	26,186,430

9. Prepayments

The curent year prepayments relates to payment of vehicles which were not yet delivered at the end of the financial year.

The municipality prepaid for the warranty and maintenance of vehicles procured in 2020/21 financial year.

Current portion		
Prepayments	10,402,142	3,650,575
Non current portion		
Prepayments	-	3,650,575
	10,402,142	**7,301,150**

10. Receivables from exchange transactions

Gross balances		
Water	272,867,080	173,330,370
Waste water	23,361,691	20,843,572
Rental	3,797,983	2,680,283
Waste	58,149,202	55,866,880
Interest	41,007,164	17,242,619
Housing rental	2,601,804	2,601,804
Service Charges	12,100,405	11,965,484
Payroll debtors	6,471,132	6,471,132
	420,356,461	**291,002,144**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

10. Receivables from exchange transactions (continued)

Less: Allowance for impairment		
Water	(157,312,574)	(90,342,940)
Waste water	(13,471,759)	(10,847,162)
Rental	(2,189,635)	(1,392,909)
Waste	(33,535,398)	(29,056,837)
Housing rental	(1,483,069)	(1,352,125)
Service Charges	(6,975,400)	(6,726,930)
	(214,967,835)	**(139,718,903)**

Net balance		
Water	115,554,506	82,987,430
Waste water	9,889,932	9,996,410
Rental	1,608,348	1,287,374
Waste	24,613,804	26,810,043
Waste	6,471,132	6,471,132
Interest	41,007,164	17,242,619
Housing rental	1,118,735	1,249,679
Service Charges	5,125,005	5,238,554
	205,388,626	**151,283,241**

Water		
Current (0 -30 days)	9,474,300	1,167,030
31 - 60 days	8,869,442	1,170,046
61 - 90 days	8,899,329	1,017,092
91 - 120 days	8,905,308	1,128,539
121 - 365 days	79,406,127	78,504,723
	115,554,506	**82,987,430**

Waste water		
Current (0 -30 days)	218,994	162,339
31 - 60 days	276,034	161,598
61 - 90 days	274,012	156,168
91 - 120 days	271,649	154,282
121 - 365 days	8,849,243	9,362,023
	9,889,932	**9,996,410**

Rental		
Current (0 -30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 120 days	-	-
121 - 365 days	1,608,348	1,287,374
	1,608,348	**1,287,374**

Waste		
Current (0 -30 days)	769,817	406,224
31 - 60 days	638,805	398,004
61 - 90 days	714,625	405,331
91 - 120 days	701,471	395,090
121 - 365 days	21,789,086	25,205,394
	24,613,804	**26,810,043**

Figures in Rand	2022	2021

10. Receivables from exchange transactions (continued)

Payroll debtors		
Current (0 -30 days)	-	6,471,132
> 365 days	6,471,132	-
	6,471,132	**6,471,132**
Interest		
Current (0 -30 days)	8,298,084	4,946,873
31 - 60 days	8,212,155	4,977,184
61 - 90 days	7,902,314	2,345,258
91 - 120 days	7,973,146	2,345,258
121 - 365 days	8,621,465	2,628,046
	41,007,164	**17,242,619**
Housing rental		
> 365 days	1,118,735	1,249,679
Service charges		
Current (0 -30 days)	15,522	27,978
31 - 60 days	1,873	11,653
61 - 90 days	2,443	96,474
91 - 120 days	518,101	15,735
121 - 365 days	4,587,066	5,086,714
	5,125,005	**5,238,554**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

10. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	22,064,551	39,261,854
31 - 60 days	26,047,743	167,314
61 - 90 days	25,586,822	20,862,525
91 - 120 days	25,416,927	19,198,579
121 - 365 days	50,579,195	38,428,866
> 365 days	842,313,929	785,835,590
	992,009,167	**903,754,728**

Industrial/ commercial		
Current (0 -30 days)	2,140,221	5,717,829
31 - 60 days	2,885,364	22,848
61 - 90 days	2,857,325	2,736,078
91 - 120 days	2,941,832	2,504,632
121 - 365 days	2,920,928	5,201,888
> 365 days	177,996,748	174,229,086
	191,742,418	**190,412,361**

National and provincial government		
Current (0 -30 days)	5,836,802	17,767,028
31 - 60 days	8,490,518	(54,624)
61 - 90 days	8,800,082	8,949,503
91 - 120 days	8,736,071	8,297,597
121 - 365 days	8,758,311	17,502,472
> 365 days	984,716,239	821,801,797
	1,025,338,023	**874,263,773**

Total		
Current (0 -30 days)	30,041,573	62,746,711
31 - 60 days	37,423,625	135,538
61 - 90 days	37,244,229	32,548,105
91 - 120 days	37,094,830	30,000,807
121 - 365 days	37,157,913	61,133,227
> 365 days	2,005,026,916	1,779,912,305
	2,183,989,086	**1,966,476,693**

Receivables past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2022, 842,245,322 (2021: 844,363,455) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	8,490,518	9,214,550
2 months past due	8,800,082	8,845,415
3 months past due	824,954,722	826,303,490

Figures in Rand	2022	2021

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	341,239,290	265,062,550
Call account balances	2,137,397	63,440,168
Cash on hand	134,559	17,051
	343,511,246	**328,519,769**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
FNB Bank IA09591	15,137,251	22,548,681	5,805,602	15,137,251	22,548,681	5,805,602
FNB Bank IA09538	38,358,336	72,869,338	14,786,430	38,358,336	72,869,338	14,786,430
FNB Bank IA09494	1,063,656	13,108,220	100,567,662	1,063,656	13,108,220	100,567,662
FNB Bank IA09538	1,073,741	50,331,948	4,371,695	1,073,741	50,331,948	4,371,695
Standard Bank IA09518	287,743,702	169,644,531	78,823,473	287,843,702	169,644,531	78,823,473
Total	**343,376,686**	**328,502,718**	**204,354,862**	**343,476,686**	**328,502,718**	**204,354,862**

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

MOVEMENT DURING THE YEAR

Balance at the beginning of the year	-	58,561,849
Additions during the year	468,718,000	488,166,205
Income recognition during the year	(468,718,000)	(546,728,054)
	-	-

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 recognised.

See note 24 for reconciliation of grants from National/Provincial Government.

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

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

13. Provisions

Reconciliation of provisions - 30 June 2022

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Actuarial gains/loss	Total
Environmental rehabilitation provision	76,587,360	5,417,407	-	(12,136,094)	-	69,868,673
Leave provision	60,272,731	354,675	-	-	-	60,627,406
Long service awards	35,144,980	3,211,982	(2,831,372)	2,755,683	(1,252,883)	37,028,390
	172,005,071	**8,984,064**	**(2,831,372)**	**(9,380,411)**	**(1,252,883)**	**167,524,469**

Reconciliation of provisions - 30 June 2021

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Actuarial gains/loss	Total
Environmental rehabilitation provision	71,949,547	-	-	4,637,813	-	76,587,360
Leave	51,226,238	9,046,493	-	-	-	60,272,731
Long service awards	30,508,882	2,855,674	(5,159,228)	2,379,403	4,560,249	35,144,980
	153,684,667	**11,902,167**	**(5,159,228)**	**7,017,216**	**4,560,249**	**172,005,071**

	2022	2021
Non-current liabilities	101,151,019	108,596,047
Current liabilities	66,373,450	63,409,024
	167,524,469	**172,005,071**

Environmental rehabilitation provision

The municipality has an obligation to rehabilitate the landfill sites in the Bushbuckridge municipal area. The environmental rehabilitaion provision represents the estimated costs to rehabilitate and close existing waste landfill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation.It is carried at the armotised cost. The rehabilitaion cost were determined by Environmental & Sustainability Solutions CC. The general landfill closure cost model (GLCCM) was used to estimate the final rehabilitation and closure costs for the genral landfills.

Key assumptions used		
CPI	6,6085%	4,8235%
Discount rate	9,3585%	7,0735%
Net effective discount rate	2,75%	2,25%

Leave provision

Leave provision consist of an obligation to pay out the annual leave days in the year the employment status of the employee changes due to various reasons. The obligation presents a liability to the employer and the value is represnted by the the present value of the total number of days the employee would have termination date that is expected to become payable under ther municipality's current policy.

The calculation for the leave provision is as follows;
Total annual Leave days capped at 48 days/250 X Current basic salary X12.

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

13. Provisions (continued)

Long service awards

Long service awards consist of an obligation to pay out a bonus in the year of the employee attaining the required length of service. The obligation presents a liability to the employer and the value is represented by the presnet value of the total long service bonus awards expected to become payable under the municipality's current policy. The municipality offers long service bonus every five (5) years continous service complted,starting from ten (10) years to forty five (45) years.Long service accumulated leave must be taken within one year of receiving such leave or maybe wholly or partially settled in cash.

The actuarial valuation of the long service awards acrued liability was carried out by D.T Mureriwa, a fellow of the Institute of Actuaries.

Key assumptions		
Net Discount Rate		
Discount rate	10,77%	8,17%
CPI	6,74%	4,64%
Salary increase rate	7,74%	5,64%
Net discount rate	2,81%	2,39%
Demographic and Mortality assumption		
Assumed retirement age (years)	63	63

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

14. Payables from exchange transactions

Electricity	765,955	4,409,256
Retention and Surety	95,797,331	95,160,649
Bonus accrual	14,713,959	14,583,528
Trade payables	112,797,971	107,325,222
Debtors with credit balances	7,730,153	6,833,905
Salary payables	2,012,249	1,585,143
PAYE	264,123	104,819
Other payables- Cash in transit & Agency payable	-	1,095,003
Auditor General South Africa	9,309	100,513
Staff advances	891,365	781,807
Unallocated deposits	-	391,771
	234,982,415	**232,371,616**

15. Consumer deposits

Water	2,490,667	2,489,445
Refuse	23,806	20,629
	2,514,473	**2,510,074**

16. Service charges

Water reconnection fees	24,600	28,964
Sale of water	98,970,640	36,247,671
Refuse	8,597,505	8,088,554
Sewerage and sanitation charges	4,548,049	4,428,397
	112,140,794	**48,793,586**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

17. Rental of facilities and equipment

Premises		
Premises	971,913	925,040
Facilities and equipment		
Rental of equipment	40,472	47,446
	1,012,385	**972,486**

18. Agency income

Management fees	14,833,975	13,867,943

19. Licences and permits

Trading licenses	3,188,576	211,861

20. Operating income

Sundry income	182,270	171,053
Proof of residence	1,794,789	1,985,408
Sale of tender documents	889,280	955,005
Plan approval	260,937	400,958
Amendment of names	1,427	28,498
Clearance certificates	29,089	18,550
Library fees	1,165	-
Administration fee	292,383	322,851
Photocopies	17,863	8,445
Cemetery	64,235	83,161
Construction Education and Training Authority (CETA)	1,138,055	381,329
Fire services	356,976	-
Commission earned	1,080	-
	5,029,549	**4,355,258**

21. Interest

Interest revenue		
Interest earned	6,467,367	3,934,812
Interest charged on trade and other receivables	22,456,713	16,661,442
Interest received from SARS	119,309	-
	29,043,389	**20,596,254**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

22. Property rates

Rates levied

Residential	44,207,218	42,822,106
Commercial	50,873,723	50,849,537
State owned	57,504,612	57,503,915
Industrial properties	1,646,100	1,656,562
Vacant land	22,162,156	21,975,306
Protected area	67,658,888	68,572,170
Agriculture	4,711,720	4,711,720
Public Benefit Organisation and Public Service Infrastructure	211,968	211,968
Less: Income forgone	(6,084,023)	(6,553,662)
	242,892,362	**241,749,622**

Valuations

Agriculture	1,715,152,000	1,715,152,000
Commercial	1,776,778,000	1,777,997,800
Public Benefit Organisations	139,096,100	139,096,100
Public Service Infrastructure	19,961,270	19,960,070
Residential	4,298,000,800	4,288,269,700
State	2,055,750,000	2,055,750,000
Vacant land	633,155,020	629,525,020
Municipality	61,730,100	61,730,100
Protected Area	28,296,912,550	28,336,222,550
Protetected Area Residential	870,805,000	854,305,000
Protected Area Business	1,858,815,000	1,908,865,000
	41,726,155,840	**41,786,873,340**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to improvements and subdivisions.

23. Interest from non-exchange receivables

Interest - Property rates	81,652,843	72,208,596

Figures in Rand	2022	2021

24. Transfer and subsidies

Operating grants		
Equitable Share	879,945,000	1,013,412,000
Financial Management Grant	2,650,000	2,600,000
Local Government Sector Education Training Authority	1,768,399	1,805,592
Expanded Public Works Programme Grant	5,379,000	4,974,000
	889,742,399	**1,022,791,592**
Capital grants		
Municipal Infrastructure Grant	396,689,000	366,822,000
Regional Bulk Infrastructure Grant	-	23,000,000
Municipal Disaster Grant	-	6,270,205
Water Services Infrastructure Grant	60,000,000	138,561,849
Energy Efficiency Demand Management Grant	4,000,000	4,500,000
	460,689,000	**539,154,054**
	1,350,431,399	**1,561,945,646**

Equitable share

In terms of section 227 of the Constitution, the Equitable Share Grant provides funding for the municiplaity to deliver free basic services to the indigent community househoulds and subsidises the cost of adminstration and other core services for the municipality . This grant is used to enable the municipality to provide basic services and perform functions allocated to it.

Municipal Infrastructure Grant (MIG)

Current-year receipts	396,689,000	366,822,000
Conditions met - transferred to revenue	(396,689,000)	(366,822,000)
	-	-

This grant is mainly used to fund infrastructure related projects (mainly as part of service delivery). Capitalised projects funded by this grant are included in property,plant and equipment whilst the unspent portion of the grant is included in current liabilities.

Financial Management Grant (FMG)

Current-year receipts	2,650,000	2,600,000
Conditions met - transferred to revenue	(2,650,000)	(2,600,000)
	-	-

The purpose of the grant is to promote and support reforms in financial managment by bulding capacity in municipalities to implement the MFMA.

Expanded Public Works Programme (EPWP)

Current-year receipts	5,379,000	4,974,000
Conditions met - transferred to revenue	(5,379,000)	(4,974,000)
	-	-

The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with EPWP guidelines.

Regional Bulk Infrastructure Grant (RBIG)

Current-year receipts	-	23,000,000
Conditions met - transferred to revenue	-	(23,000,000)

Figures in Rand	2022	2021

24. Transfer and subsidies (continued)

	-	-

The purpose of this grant is to construct bulk water line that will enable the municipality to reticulate water in its various areas..

Integrated National Electrification Programme (INEP)

The pourpose of the grant is to implement the INEP by providing capital subsidies to municipalities to address electrification of occupied residential dwellings, and installation of bulk infrastructure and rehabilitaion and refurbishment of electricity infrastructure in order to improve quality of supply.

Municipal Disaster Grant

	2022	2021
Current-year receipts	-	6,270,205
Conditions met - transferred to revenue	-	(6,270,205)
	-	-

The grant is to assist municipality in dealing with alleviating disasters and COVID-19 related procurement.

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

24. Transfer and subsidies (continued)

Human Settlements Grant

Current-year receipts	-	-

Conditions still to be met - remain liabilities (see note 12).

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

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	-	58,561,849
Current-year receipts	60,000,000	80,000,000
Conditions met - transferred to revenue	(60,000,000)	(138,561,849)
	-	**-**

Conditions still to be met - remain liabilities (see note 12).

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

Energy Efficiency Demand Management Grant (EEDMG)

Current-year receipts	4,000,000	4,500,000
Conditions met - transferred to revenue	(4,000,000)	(4,500,000)
	-	**-**

Conditions still to be met - remain liabilities (see note 12).

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

25. Public contributions and donations

Cash received	1,162,909	200,000
Property ,plant and equipment	5,400,931	6,005,967
	6,563,840	**6,205,967**

DBSA donated two water tankers and boreholes to the municipality.

26. Fines and Penalties

Municipal traffic fines	1,957,295	463,581

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

27. Employee related costs

Basic	374,418,720	353,081,265
Bonus	35,561,709	36,873,846
Medical aid - company contributions	24,419,979	23,282,502
Unemployment insurance fund	2,530,144	2,208,362
Skills development levy	5,095,365	4,879,132
Leave	2,354,953	12,758,702
Pension	67,699,217	69,266,519
Overtime payments	8,443,000	10,961,649
Acting allowances	5,554,522	5,789,614
Car allowance	20,368,958	21,306,877
Housing benefits and allowances	2,408,256	518,524
South African Local Government Association	135,208	136,115
Standby allowance	33,193,526	27,176,154
Risk allowance	-	927,360
Shift allowance	9,348,155	10,319,048
	591,531,712	**579,485,669**

Remuneration of Municipal Manager

Annual Remuneration	1,135,126	1,135,126
Car Allowance	690,449	690,449
Performance Bonuses	114,096	194,323
Contributions to UIF, Medical and Pension Funds	78,115	78,614
Risk allowance	-	1,344
	2,017,786	**2,099,856**

Mrs CA Nkuna was the Municipal Manager for the period under review.

Remuneration of Chief Finance Officer

Annual Remuneration	941,284	314,473
Car Allowance	517,507	432,332
Performance Bonuses	53,364	40,690
Contributions to UIF, Medical and Pension Funds	226,836	6,377
Annual bonus	78,190	63,398
Acting Allowance	115,020	-
	1,932,201	**857,270**

Mr MB Matlala is the Acting CFO from 1 July 2021 to 30 June 2022.

Remuneration of Director of Technical Services

Annual Remuneration	844,940	844,940
Car Allowance	548,100	548,100
Performance Bonuses	84,445	82,195
Contributions to UIF, Medical and Pension Funds	16,185	15,588
Acting allowance	25,727	-
	1,519,397	**1,490,823**

Mr E Mashava was the Technical Director of Technical Services from 1 July 2021 to 30 June 2022.

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

27. Employee related costs (continued)

Remuneration of Director Corporate Services

Annual Remuneration	933,020	-
Car Allowance	549,750	415,409
Performance Bonuses	39,820	-
Contributions to UIF, Medical and Pension Funds	275,655	-
Reimbursement Kilometers	993	-
Acting Allowance	104,265	110,076
Annual Bonus	76,737	-
	1,980,240	**525,485**

Dr Shilenge was the Acting Director from 1 July 2021 to 30 June 2022..

Remuneration of Director Local Economic Development Planning and Environment

Annual Remuneration	779,944	779,944
Car Allowance	494,734	494,734
Performance Bonuses	84,445	82,195
Contributions to UIF, Medical and Pension Funds	73,372	67,865
Annual Bonus	64,941	64,941
Acting allowance	2,148	-
	1,499,584	**1,489,679**

Mrs. SM Mogakane was the Director from 1 July 2021 to 30 June 2022..

Remuneration of Director Community Services

Annual Remuneration	914,858	-
Car Allowance	549,750	416,270
Performance Bonuses	39,820	-
Contributions to UIF, Medical and Pension Funds	271,428	-
Reimbursement Kilometers	1,910	-
Acting Allowance	104,265	110,112
Annual bonus	76,737	-
	1,958,768	**526,382**

Mr.A Mnisi was the Acting Director from 1 July 2021 to 30 June 2022.

28. Remuneration of Councillors

Mayor	886,771	894,149
Speaker	727,062	719,208
Councillors remuneration	15,032,922	13,542,039
Pension fund contribution	834,866	2,240,764
Car & travel allowance	9,176,475	7,541,772
Medical aid contributions	189,281	218,823
	26,847,377	**25,156,755**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

28. Remuneration of Councillors (continued)

In-kind benefits

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

The Executive Mayor is provided with a Council owned vehicle for official duties.

The Executive Mayor is provided with one full-time bodyguard and a driver.

Additional information

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

29. Depreciation and amortisation

	2022	2021
Property, plant and equipment	132,269,740	139,522,873
Investment property	787,808	1,321,837
Intangible assets	361,472	659,946
	133,419,020	**141,504,656**

30. Impairment loss

	2022	2021
Impairments		
Property, plant and equipment	-	9,207,061
Buildings - the sewer system at the PMU building was replaced		
Infrastructure	-	-
Boreholes and water tanks vandalised during the year under review.		
Roads and culvert bridges	-	-
Culvert bridges and roads were swept away as a result of floods.		
Other property,plant and equipment	-	-
Damaged ,broken during the year and verification revealed a poor condition		
	-	**9,207,061**

31. Finance costs

	2022	2021
Trade and other payables	652,699	667,240
Long service awards	2,755,683	2,379,403
Landfill sites	5,417,407	4,252,722
	8,825,789	**7,299,365**

Interest on trade payables relates to late payment of supplier invoices as well as interest cost on long service awards and landfill site provision.

32. Debt impairment

	2022	2021
Trade receivables - exchange and non exchange	233,203,871	221,155,339
Traffic fines	532,830	924,669
	233,736,701	**222,080,008**

33. Bad debts written off

	2022	2021
Amounts written off as follows;		
Bad debts written off	89,177,062	-

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

34. Contracted Services

	2022	2021
Outsourced Services		
Catering services	2,266,220	846,513
Security services	69,547,038	56,694,519
Traffic fines management	1,193,500	-
Drivers licence cards	1,678,928	11,478
Electrical	3,018,914	-
Water chemicals	5,777,945	12,072,370
Consultants and Professional Services		
Business and advisory	31,329,579	29,787,969
Infrastructure and planning	18,893,366	20,985,652
Laboratory Services	14,177,057	1,481,705
Legal cost	16,959,721	14,920,809
Contractors		
Maintenance of buildings and facilities	648,980	3,251,598
Maintenance of equipment	5,601,038	359,632
Maintenance of infrastructure assets	45,237,952	34,018,713
Municipal services	73,448,687	21,656,609
Photographer	2,969,103	-
Sewerage services	11,487,653	-
	304,235,681	**196,087,567**

35. Transfer and subsidies

	2022	2021
Other subsidies		
Sanitation	1,748,707	8,592,152
Free basic electricity	745,482	268,406
Indigent relief	103,126	65,784
Bursary	475,886	792,692
Electrification	-	390,014
	3,073,201	**10,109,048**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

36. General expenses

Abstraction fee	11,895,900	11,607,347
Advertising	2,808,503	2,792,065
Audit fees	8,908,568	10,846,742
Bank charges	820,757	885,597
Cleaning	9,590	2,332,125
Flowers and gardening services	36,832	(21,250)
Hire	2,055,088	862,267
Insurance	5,178,530	3,087,609
Conferences and seminars	355,486	1,536,810
ICT software licence expenditure	7,921,118	9,815,121
Promotions and sponsorships	965,077	3,930
Fuel and oil	12,538,974	8,380,345
Postage and courier	19,225	16,717
Printing and stationery	527,506	95,056
Protective clothing	3,665,217	2,592,502
Staff welfare	24,240	107,862
Subscriptions and membership fees	11,578,609	5,458,830
Communication expenses	5,425,707	6,667,065
Transport and freight	358,967	27,917
Travel - local	7,542,533	5,412,438
Municipal services	1,078,057	-
Fire services	73,508	-
Membership fees	134,959	22,748
Materials and consumables	5,484,699	16,785,754
Accomodation,travel and subsistence	1,626,625	532,701
Staff welfare-Learnerships, internships and bursaries	4,610,809	2,765,134
Waste water and waste disposal	996,375	-
Office decorations	410,055	29,500
Current service cost	3,211,982	2,855,674
Ward committees	1,523,000	4,539,000
Electricity connection fees	8,851,755	68,033,448
	110,638,251	**168,071,054**

37. Gains or losses on provisions

Gains or losses arising from a change in landfill closure provision	12,136,094	(385,091)

38. Auditors' Remuneration

External Auditors fees	8,908,568	10,846,742

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

39. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	360,040,459	256,282,120
Total capital commitments		
Already contracted for but not provided for	360,040,459	256,282,120
Total commitments		
Authorised capital expenditure	360,040,459	256,282,120

This committed expenditure relates to plant and equipment and will be financed by inter alia grant funds,existing cash resources and funds internally generated. The commitments are inclusive of VAT.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	721,300	2,885,201
- in second to fifth year inclusive	-	721,300
	721,300	**3,606,501**

Operating lease payments represents rentals payable by the municipality for certain office equipments (multifunction photocopier machines). Opearational lease entered with Anaka Group are negotiated for an average term of three years and rental are not fixed as per the agreed appointment letter for an average of three years. No contigent rent is payable. Anaka Group supplied forty five photocopying machines to the municipality for a period of 36 months. The contract commenced on 1 October 2019.

Figures in Rand	2022	2021

40. Contingencies

Contigencies arsing from pending litigation on contractual disputes and claims for damages.

Litigation is in the process against the municipality relating to several contractual disputes and claims for damages. As the conclusion of the process is dependent on the setting of dates by the respective courts, timing of the economic outflow is therefore uncertain. Amounts disclosed do not include legal fees. Details of the caims are listed below;

Contigent Liabilities		
1. Izingwenya 210 investment CC & Juslo Security services - claim for services rendere	3,101,915	3,101,915
2. Midas Chawane - a claim for damages suffered as a result of alleged negligence of the municipality in failing to mantain the damages surface of the road to Manyeleti	17,843	17,843
3. Judas Nkuna- vehicle accident between the plaintiff and the municipal driver	71,375	71,000
4. Tsebu brothers holdings- cancellation of the agreement for electrification of Makuvana Phase 2	4,050,157	4,050,157
5. Hwali business enterprise-claim for service rendered	4,364,330	4,364,330
6. Robert Themba- damages	200,000	100,000
7. Mylocel (pty) ltd- damages suffered due to non payment for services allegedly rendered and repudiation of contract	-	1,814,400
8. Aqua Life Still Water -damages amanated from alleged illegal demolition of property	3,788,249	3,788,249
9.Rand Water- disputed water balances	173,370,000	173,693,370
10. Mandla Isaac Mdluli- a claim for damages allegedly suffered for demolition of property	-	900,000
11. BB Siegl- a claim for alleged collision involving a municipal car	43,072	-
12. Fleet Horizon- alleged unpaid invoices	528,690	-
	189,535,631	**191,901,264**

41. Related parties

Close family member of SCM Officer	Matlala Nyepele Investment properties

Ms M Moripe who is an SCM Officer with the municipality is a sister to the Director at Matlala Nyepele Investment properties.

Related party balances

Matlala Nyapele Investment properties		
Transactions incurred in current year	27,651,493	29,403,463
Amounts included in Trade Payable & Retention regarding related parties		
Matlala Nyepele Investment properties	4,517,926	11,529,449

The following projects were awarded to the contractor and the status is as follows;

1. Paving of Internal Streets from Mabarhule to somerset in Lillydale Region.

Commitments with related parties		
Matlala Nyapele Investment properties	92,190	16,273,429

Key management information

42. Risk management

Financial risk management

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

Liquidity risk

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

Credit risk

Credit risk 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.

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.

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

Financial instrument	2022	2021
Cash and cash equivalents	343,511,246	328,519,769
Receivable from exchage transactions	205,388,626	151,283,241
Receivable from non exchange transactions	750,406,551	811,936,213
Payable from exchange transactions	(324,982,415)	(232,371,616)

Market risk

Market risk is the risk that changes in the market proces such as interest rates affect the municipality income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within accepteable parameters, while optimising the return on the risk. Market risk comprises interest risk,currency risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cashflows of a financial intrument will flactuate because of changes in the market interest rates. Currently the municipality does not have any long term borrowing. The interest risk is managed through the implmentation of the credit control policy by the revenue unit and applying a prime interest rate. There were no changes on the policy and the method in use.

43. Unauthorised expenditure

Opening balance as previously reported	346,751,979	346,751,979
Add: Unauthorised expenditure - current	-	-
Less: Amount written off 2012/13 & 2011/12 and prior years	(270,670,086)	-
Less: Amount written off - prior period (2013/14)	(28,553,893)	-
Less: Amount authorised - prior period (2014/15)	(47,528,000)	-
Closing balance	**-**	**346,751,979**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

44. Fruitless and wasteful expenditure

Opening balance as previously reported	3,096,596	3,075,736
Add: Fruitless and wasteful expenditure identified - current	2,418,224	31,560
Less: Free basic electricity interest write off	-	(10,700)
Less: Amount written off - prior period (2014/15)	(55,666)	-
Less: Amount written off - (2019/20)	(921,113)	-
Closing balance	**4,538,041**	**3,096,596**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

44. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Auditor General		15,518	-
Eskom		185,390	-
SARS		10,350	31,560
Department of Water and Sanitation		342,256	-
Department of Safety,Security and Liason		98,757	-
Nelson Mandela Metropolitan University		428	-
Mpumalangeni projects		568,040	-
Department of labour		1,197,485	-
		2,418,224	**31,560**

45. Irregular expenditure

Opening balance as previously reported	1,702,132,793	1,490,596,596
Opening balance adjustment (correction of errors)	584,705,422	-
Add: Irregular expenditure - current year identified by Auditor General	7,082,143	126,402,303
Add: Irregular expenditure - current year identified by the municipality	7,185,601	85,133,894
Less: Correction of errors	(634,578,607)	-
Less: Amount written off (upto 2020)	(1,138,586,087)	-
Less: Amount written off - 2021	(85,133,894)	-
Closing balance	**442,807,371**	**1,702,132,793**

Completeness

The municipality was in the process of consucting investigations for the 2020/21 irregular expenditure and the process could not be concluded as it was deemed impracticable to complete the process before finalisation of the audit.

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

46. Additional disclosure in terms of Municipal Finance Management Act

SALGA

Current year subscription / fee	6,333,557	5,323,170
Amount paid - current year	(6,333,557)	(5,323,170)
	-	-

Distribution Loss

Billed water	98,970,640	36,247,672
Add: Free basic water	178,355,176	135,482,528
	277,325,816	**171,730,200**
Less: Cost of production	(239,057,830)	(189,971,856)
Less: Water inventory at year end	-	(252,704)
	38,267,986	**(18,494,360)**

Audit fees

Amount paid - current year	10,344,477	10,846,742

PAYE, SDL and UIF

Current year subscription / fee	104,330,225	102,351,678
Amount paid - current year	(93,137,528)	(102,351,678)
	11,192,697	-

Pension and Medical Aid Deductions

Current year subscription / fee	152,422,034	134,231,810
Amount paid - current year	(144,857,628)	(134,231,810)
	7,564,406	-

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

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

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

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

SUPPLY CHAIN DEVIATIONS

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

Incident		
Current year deviations	30,178,912	41,624,834

47. PRIOR PERIOD ERRORS

1. Property plant and equipment- the land was adjusted to take into cognisance the private land and WIP was reclassified to expenditure.

2. Receivable from exchange and non exchange transactions-the adjustment was due to the update in relation to the supplementary valuation roll

3. VAT Receivable- to agree the balances to the SARS receivable as per the SARS statement

4.Payables- write off of retention, invoicing of suppliers

5.Depreciation- effect of the adjustments to the PPE

6.Expenditure -reclassifications of expedniture relating to PPE and WIP

7.Impairment loss - adjsutments in PPE led to the restatement.

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

47. PRIOR PERIOD ERRORS (continued)

Statement of Financial Position	Note	As previously reported	Correction of error	Reclassifications	Restated balance
1) Property,plant and equipment		4,550,963,809	1,407,006	-	4,552,370,815
2) Receivable from non exchange transactions		511,189,048	(1,004,981)	-	510,184,067
3)Intangible Assets		973,413	5,016	-	978,429
4) Receivable from exchange transactions		454,989,556	(1,954,170)	-	453,035,386
5)VAT receivable		90,472,390	(64,285,960)	-	26,186,430
Subtotal		5,608,588,216	(65,833,089)	-	5,542,755,127
6) Payables		(245,455,356)	13,083,740	-	(232,371,616)
7) Provisions		(64,385,093)	976,069	-	(63,409,024)
		5,298,747,767	**(51,773,280)**	**-**	**5,246,974,487**

Statement of Financial Performance	Note	As previously reported	Correction of error	Reclassifications	Restated balance
8) Interest		92,995,177	(190,327)	-	92,804,850
9) Property rates		242,455,367	(705,745)	-	241,749,622
Subtotal		335,450,544	(896,072)	-	334,554,472
10) Depreciation		(140,936,560)	(568,096)	-	(141,504,656)
11) Contracted services		(195,670,679)	1,903,158	(2,320,049)	(196,087,570)
12)General expenses		(168,464,516)	393,462	-	(168,071,054)
13) Impairment loss		(16,060,251)	3,279,710	-	(12,780,541)
		(185,681,462)	**4,112,162**	**(2,320,049)**	**(183,889,349)**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand	2022	2021

48. Cash generated from operations

	2022	2021
Surplus	357,331,844	608,796,137
Adjustments for:		
Depreciation and amortisation	133,419,020	141,504,656
(Gain)/Loss on sale of assets	3,064,795	(1,371,860)
Gain/(loss) on provisions	(12,136,094)	-
Finance costs	8,173,090	6,632,125
Impairment deficit	-	9,207,061
Debt impairment	233,736,701	222,080,008
Movements in provisions	(14,071,959)	7,128,030
Public contributions and donations	(5,400,931)	(6,005,966)
Non Cash item-payables	-	13,083,740
Non cash items-VAT	-	(64,285,960)
Non cash movements	(669,081)	25,452
VAT on Assets	-	77,503,714
Non cash provisions	-	(976,069)
Actuarial gains	(998,932)	4,560,249
Changes in working capital:		
Inventories	(3,040,846)	(2,784,191)
Receivables from exchange transactions	(268,808,378)	(246,719,080)
Receivables from non-exchange transactions	61,529,662	1,824,735
Prepayments	(6,751,567)	(7,301,150)
Payables from exchange transactions	2,610,799	(30,951,123)
VAT	14,415,225	43,184,644
Unspent conditional grants and receipts	-	(58,561,849)
Consumer deposits	4,399	30,743
	502,407,747	**716,604,046**

49. Segment information

General information

Identification of segments

The report is based municipality departments which are reportable segments and where performance is measurable. Management uses these same segments for compilation of the IDP,SDBIP, budget and monthly and quarterly reporting.The segments were organised around type of service delivered and target market. Management uses the same segments for determining strategic objectives. Segments were aggregated for reporting purposes.
Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.
I

Aggregated segments

The segments of the municipality were not aggregated.

Figures in Rand	2022	2021

49. Segment information (continued)

Types of goods and/or services by segment

The following are the reportable segments of the municipality. These are reportable segments as well as the goods and or services for each segment as set out below:

Reportable segment	Goods and/or services
Executive and Council	Provides political leadership to the municipality for the generation of economic benefits and service potential
Budget and Treasuty Office	Provides financial administration to the municipality for generation of economic benefits and service potential
Community Services	Provides social services, public safety,public spaces, libraries and indigents administration to the municipality for generation of economic benefits and service potential
Economic Development Planning and Environment	Provides for waste management , town planning , local economic development and environment sustainability for the generation of economic benefits and service potential.
Technical Services	Road transport,electricity , housing and building inspection, project management unit,waste water management and all infrastructure services to the municipality for the generation of economic benefits and service potential
Water Services	Provides for production and distribution of water to the municipality for the geberation of economic benefits and service potential
Corporate Services	Provides legal and administration management services including human capital and information and comunication technology to the muncipality for the generation of economic benifts and service potential.
Municipal Managers Office	Provides for adminstration, leadership,performance monitoring,intergrated development plan,risk management and internal audit functions to the muncipality for the generation of economic benefits and service potential

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand

49. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2022

	Budget and Treasury	Community Services	Corporate Services	Council Services	Economic Development Planning and Environment	Municipal Manager	Technical Services	Water Services	Total
Revenue									
Revenue from Exchange Transactions	-	-	-	-	-	-	-	-	-
Agency income	-	14,833,975	-	-	-	-	-	-	14,833,975
Interest on outstanding debtors	29,043,389	-	-	-	-	-	-	-	29,043,389
Licences and permits	181,575	-	-	-	3,007,000	-	-	-	3,188,575
Operating income	4,672,573	356,976	-	-	-	-	-	-	5,029,549
Rental of facilities and equipment	1,012,385	-	-	-	-	-	-	-	1,012,385
Service charges	112,140,794	-	-	-	-	-	-	-	112,140,794
Revenue from Non-Exchange Transactions	-	-	-	-	-	-	-	-	-
Property rates	242,892,361	-	-	-	-	-	-	-	242,892,361
Transfers and subsidies	1,287,616,239	1,957,295	-	-	-	-	9,379,000	60,000,000	1,358,952,534
Interest on Property rates	81,652,843	-	-	-	-	-	-	-	81,652,843
Total segment revenue	**1,759,212,159**	**17,148,246**	**-**	**-**	**3,007,000**	**-**	**9,379,000**	**60,000,000**	**1,848,746,405**
Entity's revenue									**1,848,746,405**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand

49. Segment information (continued)

	Budget and Treasury	Community Services	Corporate Services	Council Services	Economic Development Planning and Environment	Municipal Manager	Technical Services	Water Services	Total
Expenditure									
Employee related costs	65,372,782	97,363,338	94,715,543	1,219,208	67,223,464	31,384,325	76,341,569	157,911,482	591,531,711
Remuneration of councillors	-	-	-	26,847,375	-	-	-	-	26,847,375
Depreciation and amortisation	31,273,173	7,404,727	4,275,078	-	808,781	-	1,261,199	88,396,062	133,419,020
Finance cost	8,825,789	-	-	-	-	-	-	-	8,825,789
Debt impairment	233,736,701	-	-	-	-	-	-	-	233,736,701
Contracted services	30,266,327	71,938,405	31,566,772	899,171	12,657,341	10,677,635	95,087,838	51,142,192	304,235,681
Transfer and subsidies	-	556,111	-	22,900	-	-	2,494,190	-	3,073,201
Bad debts written off	89,177,062	-	-	-	-	-	-	-	89,177,062
General expenses	19,143,988	4,817,315	43,904,648	4,955,090	7,146,607	5,444,684	13,094,841	12,131,078	110,638,251
Actuarial gains/loss	(998,932)	-	-	-	-	-	-	-	(998,932)
Gain/(loss) on disposal of assets	-	3,064,795	-	-	-	-	-	-	3,064,795
Gains in provisions	-	-	(12,136,094)	-	-	-	-	-	(12,136,094)
Total segment expenditure	**476,796,890**	**185,144,691**	**162,325,947**	**33,943,744**	**87,836,193**	**47,506,644**	**188,279,637**	**309,580,814**	**1,491,414,560**
Total segmental surplus/(deficit)									**357,331,845**

Notes to the Annual Financial Statements for the period ending 30 June 2022

Figures in Rand

49. Segment information (continued)

	Budget and Treasury	Community Services	Corporate Services	Council Services	Economic Development Planning and Environment	Municipal Manager	Technical Services	Water Services	Total
Assets									
Inventories	16,170,455	-	-	-	-	-	-	-	16,170,455
Receivable from non exchange transactions	743,614,285	-	(1,650)	-	-	-	6,793,916	-	750,406,551
VAT Receivable	11,771,205	-	-	-	-	-	-	-	11,771,205
Receivable from exchange transactions	205,388,626	-	-	-	-	-	-	-	205,388,626
Prepayment	10,402,142	-	-	-	-	-	-	-	10,402,142
Cash and cash equivalents	343,511,246	-	-	-	-	-	-	-	343,511,246
Intangible assets	-	-	105,957	-	-	511,000	-	-	616,957
Property,plant and equipment	78,280,540	103,496,830	140,536,680	32,353	269,419,349	912,713	1,438,952,805	2,876,352,768	4,907,984,038
Investment property	-	-	14,003,979	-	-	-	-	-	14,003,979
Total segment assets	**1,409,138,499**	**103,496,830**	**154,644,966**	**32,353**	**269,419,349**	**1,423,713**	**1,445,746,721**	**2,876,352,768**	**6,260,255,199**
Total assets as per Statement of financial Position									**6,260,255,199**
Liabilities									
Payables from exchange transactions	106,623,602	-	591,642,930	-	-	(14,734,000)	(918,514,947)	-	(234,982,415)
Consumer deposits	(2,514,473)	-	-	-	-	-	-	-	(2,514,473)
Provisions-current liabilities	(25,302,839)	-	(35,324,566)	-	(5,746,044)	-	-	-	(66,373,449)
Provisions -non current liabilities	(37,028,390)	-	(64,122,629)	-	-	-	-	-	(101,151,019)
Net Assets: Accumulated surplus	(5,855,233,843)	-	-	-	-	-	-	-	(5,855,233,843)
Total segment liabilities	**(5,813,455,943)**	**-**	**492,195,735**	**-**	**(5,746,044)**	**(14,734,000)**	**(918,514,947)**	**-**	**(6,260,255,199)**
Total liabilities as per Statement of financial Position									**(6,260,255,199)**

Information about geographical areas

49. Segment information (continued)

The municipality is a category B municipality and presidential nodal point located within Enhlanzeni District in the northeastern part of Mpumalanga province. It is the largest of the four municipalities that make up the district , accounting for a third of its geographical area. The municipal area provides a link to Lydenburg and other centers in the Lowveld, particularly Kruger National Park,Hoedspruit,Pilgrims Rest and Graskop. The municipality can be thereore be called the gateway to the major tourist attraction points in the Mpumalanga and eastern part of the Limpopo province.
Management has as per the GRAP standards decided to report on Bushbuckridge as a single geographical area. Management is of the opinion that as per paragragh 32, the cost of developing geographical information would be excessive , secondly that due to the nature of the municipality , it would therefore not be in the interest of the users of the financial statements to develop geographical information for reporting.