

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended**

**30 June 2024**

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 106, in terms of section 126(1)(b) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 25 of these consolidated financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, 1998 and the Minister of Cooperative Governance and Traditional Affairs' determination in accordance with the Act.



**Mr. M George**  
(Master's Degree in Development Studies  
ND: Cost and Management Accounting)

**29 November 2024**

**Acting City Manager**

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2024**

**INDEX**

**Page**

|  |     |
|--|-----|
| General Information  | 1   |
| Statement of Financial Position  | 3   |
| Statement of Financial Performance   | 4   |
| Statement of Changes in Net Assets   | 6   |
| The Statement of Cash Flows  | 7   |
| Accounting Policies  | 8   |
| Notes to the Financial Statements  | 40  |
| Appendix A: Disclosures of Conditional Grants and Subsidies in terms of section. 123 of the MFMA, 56 of 2003 - Unaudited | 105 |
| Appendix B: Analysis of Total Accumulated Surplus - Unaudited  | 106 |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2024**

**General Information**

|  |   |
|--|---|
| <b>Legal form of entity</b>                        | It is a Metropolitan Municipality established in terms of section 155 of the Constitution of the Republic of South Africa (Act 108 of 1996)   |
|  |   |
| <b>Nature of business and principal activities</b> | Local Government  |
|  | The principal activities that are in line with section 152 (1) of the Constitution of RSA (Act 108 of 1996) are as follows:   |
|  | - To provide democratic and accountable government to the local communities;  |
|  | - To ensure sustainable service delivery to communities;  |
|  | - To promote social and economic development;   |
|  | - To promote a safe and healthy environment; and  |
|  | - To encourage the involvement of communities and community organisations in the matters of local government.   |
|  |   |
|  | The Municipality's operations are governed by the Local Government: Municipal Finance Management Act (Act 56 of 2003), the Local Government: Municipal Structures Act (Act 117 of 1998), the Local Government: Municipal Systems Act (Act 32 of 2000) and various other acts and regulations.   |
|  |   |
| <b>Executive Mayor</b>                             | Cllr G van Niekerk  |
|  |   |
| <b>Deputy Executive Mayor</b>                      | Cllr B Lobishe  |
|  |   |
| <b>Speaker</b>                                     | Cllr E Johnson  |
|  |   |
| <b>Chief Whip</b>                                  | Cllr W Jikeka   |
|  |   |
| <b>Members of the Mayoral Committee</b>            | Cllr K Ngqisha (Infrastructure and Engineering)<br>Cllr Z Sikawuti (Electricity and Energy)<br>Cllr B Murray (Roads and Transport)<br>Cllr Y Pali (Corporate Services and Human Resources)<br>Cllr J Mitchell (Safety and Security)<br>Cllr S Lindoor (Economic Development, Tourism and Agriculture)<br>Cllr M Kamana (Sports, Recreation Arts and Culture)<br>Cllr TCS Buyeye (Public Health)<br>Cllr T Mafana (Human Settlements)<br>Cllr B Mafaya (Budget and Treasury) |
|  |   |
| <b>Accounting Officer (City Manager)</b>           | Mr L Magalela (Acting)  |
|  |   |
| <b>Chief Financial Officer</b>                     | MJ Ngcelwane (Acting)   |

|                                       |   |
|---------------------------------------|---|
| <b>Chief Operating Officer (COO)</b>  | Mr C Dyani  |
| <b>Chief of Staff</b>                 | Mr V Padayachy  |
| <b>Metro Police Chief</b>             | Mr A Moses (Acting)   |
| <b>Executive Directors</b>            | Ms N Xhego (Corporate Services)<br>Mr W Makweba (Acting) (Economic Development, Tourism and Agriculture)<br>Ms C Williams (Acting) (Sports, Recreation, Arts and Culture)<br>Mr S Mvunelwa (Public Health)<br>Mr T Mfeya (Human Settlements)<br>Mr A Lusawana (Acting) (Electricity and Energy)<br>Mr J Tsatsire (Acting) (Infrastructure and Engineering)<br>Mr G van Eck (Acting) (Roads and Transport)<br>Mr S Sibiya (Acting) (Safety and Security) |
| <b>Members of the Audit Committee</b> | Ms M Wait (Chairperson)<br>Mr D De Lange<br>Ms R Shaw<br>Mr S Nyenyiso  |
| <b>Registered Office</b>              | 1 <sup>st</sup> Floor City Hall<br>Govan Mbeki Avenue<br>Gqeberha<br>6001   |
| <b>Business Address</b>               | 1 <sup>st</sup> Floor City Hall<br>Govan Mbeki Avenue<br>Gqeberha<br>6001   |
| <b>Postal Address</b>                 | P O Box 116<br>Gqeberha<br>6000   |
| <b>Bankers</b>                        | ABSA  |
| <b>Auditors</b>                       | Auditor-General (SA)  |
| <b>Physical Address of Auditors</b>   | 69 Frere Road<br>Vincent<br>East London<br>5247   |
| <b>Postal Address of Auditors</b>     | P O Box 13252<br>East London<br>5217  |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024**

**ECONOMIC ENTITY**

**MUNICIPALITY**

|   | Note | Actual<br>2024<br>R   | Restated<br>2023<br>R | Actual<br>2024<br>R   | Restated<br>2023<br>R |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>NET ASSETS</b>                                 |      |                       |                       |                       |                       |
| <b>Total Net Assets</b>                           |      |                       |                       |                       |                       |
| Total Accumulated Funds                           |      | 21,085,954,476        | 21,111,141,307        | 21,041,798,037        | 21,073,253,273        |
| <b>LIABILITIES</b>                                |      |                       |                       |                       |                       |
| <b>Non-current Liabilities</b>                    |      | <b>3,835,513,507</b>  | <b>3,803,041,207</b>  | <b>3,831,276,094</b>  | <b>3,798,658,361</b>  |
| Long-term Liabilities                             | 2    | 934,071,669           | 1,153,063,003         | 929,834,256           | 1,148,680,157         |
| Non-current Provisions - Employee Benefits        | 3.1  | 2,100,340,001         | 2,078,364,463         | 2,100,340,001         | 2,078,364,463         |
| Non-current Provisions - Other                    | 3.2  | 801,101,837           | 571,613,741           | 801,101,837           | 571,613,741           |
| <b>Current Liabilities</b>                        |      | <b>3,632,767,896</b>  | <b>3,780,649,849</b>  | <b>3,602,922,154</b>  | <b>3,750,656,638</b>  |
| Current Provisions - Employee Benefits            | 4.1  | 603,440,491           | 604,634,204           | 598,896,507           | 598,342,375           |
| Current Provisions - Other                        | 4.2  | 2,082,227             | 61,000                | 2,082,227             | 61,000                |
| Consumer Deposits                                 | 5    | 157,184,512           | 155,525,001           | 157,184,512           | 155,525,001           |
| Trade and Other Payables                          | 6    | 2,319,525,943         | 2,345,462,010         | 2,303,486,662         | 2,329,110,553         |
| Transfers and Subsidies                           | 7    | 336,836,903           | 190,384,131           | 327,574,426           | 185,260,151           |
| VAT Payable                                       | 8    | 0                     | 292,296,703           | 0                     | 290,070,758           |
| Current Portion of Long-term Liabilities          | 2    | 213,697,820           | 192,286,800           | 213,697,820           | 192,286,800           |
| <b>Total Liabilities</b>                          |      | <b>7,468,281,403</b>  | <b>7,583,691,056</b>  | <b>7,434,198,248</b>  | <b>7,549,314,999</b>  |
| <b>ASSETS</b>                                     |      |                       |                       |                       |                       |
| <b>Non-current Assets</b>                         |      | <b>20,165,382,625</b> | <b>19,584,194,071</b> | <b>20,124,191,892</b> | <b>19,548,769,189</b> |
| Property, Plant and Equipment (PPE)               | 9    | 19,608,218,459        | 19,057,109,015        | 19,568,161,988        | 19,022,748,659        |
| Heritage Assets                                   | 10   | 226,440,887           | 220,196,693           | 226,190,387           | 219,946,193           |
| Intangible Assets                                 | 11   | 56,783,993            | 43,409,499            | 55,900,231            | 42,595,473            |
| Investment Property                               | 12   | 138,357,004           | 142,511,606           | 138,357,004           | 142,511,606           |
| Long-term Receivables - Exchange Transactions     | 13   | 81,429,224            | 77,937,439            | 81,429,224            | 77,937,439            |
| Long-term Receivables - Non-exchange Transactions | 13   | 54,153,058            | 43,029,819            | 54,153,058            | 43,029,819            |
| <b>Current Assets</b>                             |      | <b>8,388,853,254</b>  | <b>9,110,638,292</b>  | <b>8,351,804,393</b>  | <b>9,073,799,083</b>  |
| Inventory   | 14   | 163,397,052           | 183,198,145           | 163,222,456           | 183,005,117           |
| Trade Receivables - Exchange Transactions         | 15   | 2,988,562,735         | 3,335,002,545         | 2,988,562,735         | 3,335,002,545         |
| Trade Receivables - Non-exchange Transactions     | 15   | 383,814,409           | 343,401,963           | 383,814,409           | 343,401,963           |
| Other Receivables - Non-exchange Transactions     | 16   | 4,100                 | 788,056               | 0                     | 785,956               |
| Other Receivables - Exchange Transactions         | 16   | 243,294,369           | 329,438,505           | 297,992,012           | 359,155,169           |
| VAT Receivable                                    | 8    | 180,120,096           | 101,385,672           | 176,835,958           | 101,385,672           |
| Call Deposits and Investments                     | 17   | 3,403,954,248         | 4,577,462,833         | 3,403,954,248         | 4,577,462,833         |
| Call Deposits and Investments - Other             | 18   | 3,311,165             | 2,387,624             | 3,311,165             | 2,387,624             |
| Bank Balances and Cash                            | 19   | 1,022,395,080         | 237,572,949           | 934,111,410           | 171,212,204           |
| <b>Total Assets</b>                               |      | <b>28,554,235,879</b> | <b>28,694,832,363</b> | <b>28,475,996,285</b> | <b>28,622,568,272</b> |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2024**

| Restated<br>2023<br>R       |  |        | Actual<br>2024<br>R   | Approved<br>Original Budget<br>2024<br>R | Adjustments<br>2024<br>R | Approved<br>Final Budget<br>2024<br>R | Variance<br>between<br>Final Budget<br>and Actual<br>R | %     | No. |
|-----------------------------|--|--------|-----------------------|--|--------------------------|---------------------------------------|--|-------|-----|
| <b>REVENUE</b>              |  |        |                       |  |                          |                                       |  |       |     |
| <b>Exchange revenue</b>     |  |        |                       |  |                          |                                       |  |       |     |
| 9,968,548,731               | Service Charges                                  | 21.1   | 9,102,258,825         | 9,252,279,207                            | 12,993,723               | 9,265,272,930                         | 163,014,105  | 2%    | 1   |
| 336,096,873                 | Interest earned - External Investments           |        | 385,770,396           | 208,087,870                              | (209,870)                | 207,878,000                           | (177,892,396)  | -86%  | 2   |
| 718,760,611                 | Interest raised - Receivables (Service Charges)  |        | 1,009,287,135         | 459,819,020                              | 296,685,390              | 756,504,410                           | (252,782,725)  | -33%  | 3   |
| 21,442,830                  | Licences and Permits                             |        | 21,519,059            | 18,157,130                               | 63,900                   | 18,221,030                            | (3,298,029)  | -18%  |     |
| 32,620,259                  | Rental of Facilities and Equipment               | 23.1   | 34,019,289            | 31,021,410                               | 6,562,510                | 37,583,920                            | 3,564,631  | 9%    |     |
| 4,329,093                   | Income for Agency Services                       |        | 3,902,484             | 3,715,510                                | 154,890                  | 3,870,400                             | (32,084)   | -1%   |     |
| 34,132,992                  | Operational Revenue                              | 23.2   | 35,968,127            | 38,583,310                               | (5,787,410)              | 32,795,900                            | (3,172,227)  | -10%  |     |
| 74,592,594                  | Sale of Goods and Rendering of Services          | 23.3   | 78,046,155            | 117,719,860                              | (4,615,620)              | 113,104,240                           | 35,058,085   | 0%    | 4   |
| 359,800                     | Gain on disposal of Property Plant and Equipment | 35.8.2 | 1,320,931             | 0  | 0                        | 0                                     | (1,320,931)  | 0%    | 5   |
| <b>Non-exchange revenue</b> |  |        |                       |  |                          |                                       |  |       |     |
| 754,473,000                 | Fuel Levy  | 23.4   | 783,478,000           | 783,478,000                              | 0                        | 783,478,000                           | 0  | 0%    |     |
| 2,724,924,032               | Property Rates                                   | 20     | 2,875,600,160         | 2,980,757,290                            | (36,678,250)             | 2,944,079,040                         | 68,478,880   | 2%    |     |
| 182,802,273                 | Interest raised - Receivables (Other )           |        | 199,672,891           | 114,165,070                              | 13,052,500               | 127,217,570                           | (72,455,321)   | -57%  | 2   |
| 77,757,792                  | Fines, Penalties and Forfeits                    | 21.2   | 97,506,958            | 82,843,310                               | (36,658,050)             | 46,185,260                            | (51,321,698)   | -111% | 6   |
| 3,033,944,258               | Transfers and Subsidies                          | 22     | 2,844,216,914         | 3,399,200,050                            | (30,082,780)             | 3,369,117,270                         | 524,900,356  | 16%   | 7   |
| 1,062                       | Licences and Permits                             |        | 708                   | 1,000                                    | 0                        | 1,000                                 | 292  | 0%    |     |
| <b>17,964,786,200</b>       | <b>Total Revenue</b>                             |        | <b>17,472,568,032</b> | <b>17,489,828,037</b>                    | <b>215,480,933</b>       | <b>17,705,308,970</b>                 | <b>232,740,938</b>                                     |       |     |
| <b>EXPENDITURE</b>          |  |        |                       |  |                          |                                       |  |       |     |
| 3,612,899,005               | Employee Related Costs                           | 24     | 3,928,615,194         | 4,558,182,300                            | (138,994,980)            | 4,419,187,320                         | 490,572,126  | 11%   | 8   |
| 84,992,620                  | Remuneration of Councillors                      | 25     | 82,053,376            | 91,089,190                               | (260,000)                | 90,829,190                            | 8,775,814  | 10%   |     |
| 4,012,487,242               | Debt Impairment - Receivables                    | 26     | 4,145,055,776         | 2,435,537,210                            | (2,060,050)              | 2,433,477,160                         | (1,767,186,695)  | -73%  | 9   |
| 34,433,525                  | Debt Impairment - Other                          | 26     | 55,937,739            | 0  | 0                        | 0                                     | 0  | 0%    |     |
| 323,125                     | Debt Impairment - MBDA                           | 26     | (329,660)             | 0  | 0                        | 0                                     | 0  | 0%    |     |
| 131,488,240                 | Finance Charges                                  | 27     | 121,959,579           | 128,228,270                              | 2,049,860                | 130,278,130                           | 8,318,551  | 6%    |     |
| 4,705,310,591               | Bulk Purchases - Electricity                     | 28     | 5,635,672,552         | 5,632,329,340                            | 515,450                  | 5,632,844,790                         | (2,827,762)  | 0%    |     |
| (20,051,377)                | Transfers and Subsidies                          | 29     | 87,010,944            | 62,687,120                               | 21,938,220               | 84,625,340                            | (2,385,604)  | -3%   |     |
| 952,347,202                 | Contracted Services                              | 30.1   | 981,883,628           | 1,564,811,190                            | 70,778,140               | 1,635,589,330                         | 653,705,702  | 40%   | 10  |
| 683,286,929                 | Operational Costs                                | 30.2   | 681,438,368           | 866,954,950                              | (12,251,910)             | 854,703,040                           | 173,264,672  | 20%   | 11  |
| 442,470,169                 | Inventory Consumed                               | 30.3   | 512,291,224           | 359,732,650                              | 11,481,490               | 371,214,140                           | (141,077,084)  | -38%  | 12  |
| 844,259,089                 | Depreciation                                     | 31.1   | 876,103,344           | 1,334,327,230                            | (334,420,690)            | 999,906,540                           | 112,030,463  | 11%   |     |
| 14,910,723                  | Amortisation                                     | 31.2   | 11,772,733            | 0  | 0                        | 0                                     | 0  | 0%    |     |
| 258,361,264                 | Losses   | 35.8.1 | 374,031,229           | 238,662,270                              | 0                        | 238,662,270                           | (135,368,959)  | -57%  | 13  |
| 9,803,299                   | Impairment                                       | 35.7   | 0                     | 0  | 0                        | 0                                     | 0  | 0%    |     |
| <b>15,767,321,646</b>       | <b>Total Expenditure</b>                         |        | <b>17,493,496,026</b> | <b>17,272,541,720</b>                    | <b>(381,224,470)</b>     | <b>16,891,317,250</b>                 | <b>(602,178,776)</b>                                   |       |     |
| <b>2,197,464,554</b>        | <b>DEFICIT for the year</b>                      |        | <b>(20,927,994)</b>   | <b>217,286,317</b>                       | <b>596,705,403</b>       | <b>813,991,720</b>                    | <b>834,919,714</b>                                     |       |     |

Refer to Note 53 of the Financial Statements for explanation of variances

(Please note: **DEFICIT** for the year (R20 927 994) less Transfers and Subsidies - Capital R1 132 055 182 (Refer note 22.08, 22.20, 22.21) = True **DEFICIT** for the year in the amount of (R1 152 983 176))

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2024**

| Restated<br>2023<br>R |  | Actual<br>2024<br>R | Approved<br>Original Budget<br>2024<br>R | Adjustments<br>2024<br>R | Approved<br>Final Budget<br>2024<br>R | Variance<br>between<br>Final Budget<br>and Actual<br>R | %               | No.   |    |
|-----------------------|--|---------------------|--|--------------------------|---------------------------------------|--|-----------------|-------|----|
| REVENUE               |  |                     |  |                          |                                       |  |                 |       |    |
| Exchange revenue      |  |                     |  |                          |                                       |  |                 |       |    |
| 9,969,722,044         | Service Charges                                  | 21.1                | 9,103,664,493                            | 9,252,279,000            | 12,994,000                            | 9,265,273,000  | 161,608,507     | 2%    |    |
| 331,112,632           | Interest earned - External Investments           |                     | 382,196,734                              | 204,088,000              | (210,000)                             | 203,878,000  | (178,318,734)   | -87%  | 1  |
| 718,760,611           | Interest raised - Receivables (Service Charges)  |                     | 1,009,287,135                            | 459,818,930              | 296,685,500                           | 756,504,430  | (252,782,705)   | -33%  | 2  |
| 21,442,830            | Licences and Permits                             |                     | 21,519,059                               | 18,157,000               | 64,000                                | 18,221,000   | (3,298,059)     | -18%  | 3  |
| 32,620,259            | Rental of Facilities and Equipment               | 23.1                | 34,019,289                               | 30,521,000               | 6,563,000                             | 37,084,000   | 3,064,711       | 8%    |    |
| 4,329,093             | Income for Agency Services                       |                     | 3,902,484                                | 3,716,000                | 154,000                               | 3,870,000  | (32,484)        | -1%   |    |
| 30,971,347            | Operational Revenue                              | 23.2                | 32,658,982                               | 37,073,000               | (5,787,000)                           | 31,286,000   | (1,372,982)     | -4%   |    |
| 74,592,594            | Sale of Goods and Rendering of Services          | 23.3                | 78,046,155                               | 117,720,000              | (4,616,000)                           | 113,104,000  | 35,057,845      | 31%   | 4  |
| 359,800               | Gain on disposal of Property Plant and Equipment | 35.8.2              | 1,281,801                                | 0                        | 0                                     | 0  | (1,281,801)     | 0%    | 5  |
| Non-exchange revenue  |  |                     |  |                          |                                       |  |                 |       |    |
| 754,473,000           | Fuel Levy  | 23.4                | 783,478,000                              | 783,478,000              | 0                                     | 783,478,000  | 0               | 0%    |    |
| 2,724,924,032         | Property Rates                                   | 20                  | 2,875,600,160                            | 2,980,757,000            | (36,678,000)                          | 2,944,079,000  | 68,478,840      | 2%    |    |
| 182,802,273           | Interest raised - Receivables (Other )           |                     | 199,672,891                              | 114,165,070              | 13,052,500                            | 127,217,570  | (72,455,321)    | -57%  | 2  |
| 77,757,792            | Fines, Penalties and Forfeits                    | 21.2                | 97,506,958                               | 82,843,000               | (36,658,000)                          | 46,185,000   | (51,321,958)    | -111% | 6  |
| 3,033,228,220         | Transfers and Subsidies                          | 22                  | 2,843,620,318                            | 3,399,200,000            | (30,083,000)                          | 3,369,117,000  | 525,496,682     | 16%   | 7  |
| 1,062                 | Licences and Permits                             |                     | 708                                      | 1                        | 0                                     | 1  | (707)           | 0%    |    |
| 17,957,097,589        | Total Revenue                                    |                     | 17,466,455,167                           | 17,483,816,001           | 215,481,000                           | 17,699,297,001   | 232,841,834     |       |    |
| EXPENDITURE           |  |                     |  |                          |                                       |  |                 |       |    |
| 3,574,875,329         | Employee Related Costs                           | 24                  | 3,889,773,369                            | 4,515,923,000            | (141,190,000)                         | 4,374,733,000  | 484,959,631     | 11%   | 7  |
| 84,992,620            | Remuneration of Councillors                      | 25                  | 82,053,376                               | 91,089,000               | (260,000)                             | 90,829,000   | 8,775,624       | 10%   |    |
| 4,012,487,242         | Debt Impairment - Receivables                    | 26                  | 4,145,055,776                            | 2,435,538,000            | (2,060,000)                           | 2,433,478,000  | (1,767,515,515) | -73%  | 9  |
| 34,433,525            | Debt Impairment - Other                          | 26                  | 55,937,739                               | 0                        | 0                                     | 0  | 0               | 0%    | 9  |
| 131,488,240           | Finance Charges                                  | 27                  | 121,959,579                              | 128,228,000              | 2,050,000                             | 130,278,000  | 8,318,421       | 6%    |    |
| 4,705,310,591         | Bulk Purchases - Electricity                     | 28                  | 5,635,672,552                            | 5,632,329,000            | 516,000                               | 5,632,845,000  | (2,827,552)     | 0%    |    |
| 105,653,646           | Transfers and Subsidies                          | 29                  | 210,174,314                              | 196,320,000              | 21,848,000                            | 218,168,000  | 7,993,686       | 4%    |    |
| 933,503,805           | Contracted Services                              | 30.1                | 969,141,793                              | 1,551,608,000            | 70,778,000                            | 1,622,386,000  | 653,244,207     | 40%   | 10 |
| 620,523,586           | Operational Costs                                | 30.2                | 611,762,172                              | 837,272,000              | (12,252,000)                          | 825,020,000  | 213,257,828     | 26%   | 11 |
| 442,470,169           | Inventory Consumed                               | 30.3                | 512,291,224                              | 359,733,000              | 11,481,000                            | 371,214,000  | (141,077,224)   | -38%  | 12 |
| 843,239,795           | Depreciation                                     | 31.1                | 874,384,274                              | 1,334,327,000            | (334,420,000)                         | 999,907,000  | 114,108,557     | 11%   |    |
| 14,839,523            | Amortisation                                     | 31.2                | 11,414,169                               |                          | 0                                     |  | 0               | 0%    |    |
| 9,803,299             | Impairment                                       | 35.7                | 0  |                          | 0                                     |  | 0               | 0%    |    |
| 258,361,264           | Losses   | 35.8.1              | 374,031,229                              | 238,662,000              | 0                                     | 238,662,000  | (135,369,229)   | -57%  | 13 |
| 15,771,982,634        | Total Expenditure                                |                     | 17,493,651,566                           | 17,321,029,000           | (383,509,000)                         | 16,937,520,000   | (556,131,566)   |       |    |
| 2,185,114,955         | DEFICIT for the year                             |                     | (27,196,399)                             | 162,787,001              | 598,990,000                           | 761,777,001  | 788,973,400     |       |    |

Refer to Note 53 of the Financial Statements for explanation of variances

(Please note: DEFICIT for the year (R27 196 399) less Transfers and Subsidies - Capital R1 132 055 182 (Refer note 22.08, 22.20, 22.21) = True DEFICIT for the year in the amount of (R1 159 251 581))

| NELSON MANDELA BAY MUNICIPALITY<br>CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED<br>30 JUNE 2024 |                            |
|---|----------------------------|
|   | <u>Accumulated Surplus</u> |
|   | <b>R</b>                   |
| <b>Balance at 01 July 2022 as previously reported</b>   | 19,024,573,461             |
| Restatements (Refer note 40.2)  | (110,221,241)              |
| <b>Restated Balance at 01 July 2022</b>   | <b>18,914,352,220</b>      |
| Surplus for the year as previously reported   | 2,825,962,349              |
| Decrease in Surplus (Refer note 40.1.1)   | (628,497,793)              |
| <b>Restated Surplus for the year</b>  | <b>2,197,464,556</b>       |
| Transfer to Revenue from Self Insurance Reserve   | (675,469)                  |
| <b>Restated Balance at 30 June 2023</b>   | <b>21,111,141,307</b>      |
| <b>Balance at 01 July 2023</b>  | <b>21,111,141,307</b>      |
| Surplus for the year  | (20,927,994)               |
| Transfer to Payables  | (3,266,555)                |
| Transfer to Revenue from Self Insurance Reserve   | (992,282)                  |
| <b>Balance at 30 June 2024</b>  | <b>21,085,954,476</b>      |

| NELSON MANDELA BAY MUNICIPALITY<br>STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024 |                            |
|---|----------------------------|
|   | <u>Accumulated Surplus</u> |
|   | <b>R</b>                   |
| <b>Balance at 01 July 2022 as previously reported</b>   | <b>18,999,035,026</b>      |
| Restatements (Refer note 40.2)  | (110,221,241)              |
| <b>Restated Balance at 01 July 2022</b>   | <b>18,888,813,785</b>      |
| Surplus for the year as previously reported   | 2,813,612,750              |
| Decrease in Surplus (Refer note 40.1.1)   | (628,497,793)              |
| <b>Restated Surplus for the year</b>  | <b>2,185,114,957</b>       |
| Transfer to Revenue from Self Insurance Reserve   | (675,469)                  |
| <b>Restated Balance at 30 June 2023</b>   | <b>21,073,253,273</b>      |
| <b>Balance at 01 July 2023</b>  | <b>21,073,253,273</b>      |
| Surplus for the year  | (27,196,399)               |
| Transfer to Payables  | (3,266,555)                |
| Transfer to Revenue from Self Insurance Reserve   | (992,282)                  |
| <b>Balance at 30 June 2024</b>  | <b>21,041,798,037</b>      |



**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024**

|  |      | ECONOMIC ENTITY         |                         | MUNICIPALITY            |                         |
|--|------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Note | Actual<br>2024<br>R     | Restated<br>2023<br>R   | Actual<br>2024<br>R     | Restated<br>2023<br>R   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |      |                         |                         |                         |                         |
| <b>Cash receipts from ratepayers, government and other</b>             |      | <b>12,885,478,328</b>   | <b>11,952,816,740</b>   | <b>12,825,748,452</b>   | <b>11,916,527,729</b>   |
| - Sale of goods and services, fines and taxes levied and Other Revenue |      | 9,513,799,758           | 8,892,211,831           | 9,509,722,003           | 8,873,443,158           |
| - Transfers and Subsidies  |      | 2,986,901,717           | 2,725,174,988           | 2,934,753,257           | 2,712,196,175           |
| - Interest received  |      | 384,776,853             | 335,429,921             | 381,273,192             | 330,888,396             |
| <b>Cash paid to suppliers and employees</b>                            |      | <b>(11,744,829,309)</b> | <b>(10,495,044,828)</b> | <b>(11,714,826,709)</b> | <b>(10,451,628,574)</b> |
| - Employee Costs   |      | (3,999,932,429)         | (3,807,182,600)         | (3,951,498,028)         | (3,756,397,869)         |
| - Suppliers  |      | (7,630,284,654)         | (6,563,055,034)         | (7,648,716,455)         | (6,570,423,511)         |
| - Finance Cost   | 27   | (114,612,226)           | (124,807,194)           | (114,612,226)           | (124,807,194)           |
| <b>CASH GENERATED FROM OPERATIONS</b>                                  | 32   | <b>1,140,649,019</b>    | <b>1,457,771,912</b>    | <b>1,110,921,743</b>    | <b>1,464,899,155</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                            |      |                         |                         |                         |                         |
| Purchase of PPE  |      | (1,311,444,019)         | (1,507,947,896)         | (1,304,028,834)         | (1,494,895,451)         |
| Purchase of Intangible assets  |      | (25,147,227)            | (1,959,287)             | (24,718,927)            | (1,951,037)             |
| Purchase of Heritage assets  |      | (39,652)                | (455,000)               | (39,652)                | (455,000)               |
| Proceeds on disposal of assets   |      | 1,320,935               | 359,800                 | 1,281,801               | 359,800                 |
| Loss on disposal of assets   |      | (1,738,710)             | (5,187,007)             | (1,738,710)             | (5,187,007)             |
| Increase in Other Non-Current Receivables                              |      | 0                       | 0                       | 0                       | 0                       |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                         |      | <b>(1,337,048,673)</b>  | <b>(1,515,189,390)</b>  | <b>(1,329,244,322)</b>  | <b>(1,502,128,695)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                            |      |                         |                         |                         |                         |
| Increase in Consumer Deposits  |      | 0                       | 0                       | 0                       | 0                       |
| Movement in Long-term loans (External)                                 | 33   | (192,286,800)           | (192,847,457)           | (192,286,800)           | (192,847,457)           |
| Increase in Borrowings   |      | 0                       | 281,942,700             | 0                       | 281,942,700             |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                         |      | <b>(192,286,800)</b>    | <b>89,095,243</b>       | <b>(192,286,800)</b>    | <b>89,095,243</b>       |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                         |      | <b>(388,686,454)</b>    | <b>31,677,765</b>       | <b>(410,609,379)</b>    | <b>51,865,703</b>       |
| Cash and cash equivalents at the beginning of the year                 |      | 4,815,035,782           | 4,783,358,017           | 4,748,675,037           | 4,696,809,334           |
| Cash and cash equivalents at the end of the year                       | 34   | <b>4,426,349,328</b>    | <b>4,815,035,782</b>    | <b>4,338,065,658</b>    | <b>4,748,675,037</b>    |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|   | Economic Entity      |                      | Municipality         |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2024                 | Restated 2023        | 2024                 | Restated 2023        |
|   | R                    | R                    | R                    | R                    |
| <b>RESERVES GOVERNED BY AN ACT:</b>   |                      |                      |                      |                      |
| <b>1 COID RESERVE</b>   |                      |                      |                      |                      |
| <b>Balance at the beginning of the year</b>   | <b>59,576,051</b>    | <b>56,837,354</b>    | <b>59,576,051</b>    | <b>56,837,354</b>    |
| Premiums received - transfer from accumulated surplus   | 9,253,402            | 8,929,987            | 9,253,402            | 8,929,987            |
| Expenditure funded during the year - transfer to accumulated surplus  | (4,829,552)          | (6,191,290)          | (4,829,552)          | (6,191,290)          |
| <b>Balance at the end of the year</b>   | <b>63,999,901</b>    | <b>59,576,051</b>    | <b>63,999,901</b>    | <b>59,576,051</b>    |
| <b>The amount for this note has been included in the Total Accumulated Funds. The reserve is cash backed - refer note 17 below.</b>   |                      |                      |                      |                      |
| The COID Reserve is required in terms of Section 84 of the Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993) as the Nelson Mandela Bay Municipality (NMBM) has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases. |                      |                      |                      |                      |
| <b>2 LONG-TERM LIABILITIES</b>  |                      |                      |                      |                      |
| <b>Financial Liabilities:</b>   |                      |                      |                      |                      |
| <b>Capital Balance</b>  | <b>1,084,191,186</b> | <b>1,276,474,525</b> | <b>1,084,191,186</b> | <b>1,276,474,525</b> |
| Development Bank of Southern Africa (DBSA)  | 220,139,360          | 247,372,394          | 220,139,360          | 247,372,394          |
| Rand Merchant Bank  | 272,897,999          | 298,452,680          | 272,897,999          | 298,452,680          |
| Nedbank 1   | 96,236,175           | 182,157,872          | 96,236,175           | 182,157,872          |
| Nedbank 2   | 494,917,652          | 548,491,579          | 494,917,652          | 548,491,579          |
| <b>Total External Loans</b>   |                      |                      |                      |                      |
| <b>Finance Charge Accrual</b>   | <b>31,875,104</b>    | <b>39,222,457</b>    | <b>31,875,104</b>    | <b>39,222,457</b>    |
| Development Bank of Southern Africa (DBSA)  | 6,395,132            | 7,166,480            | 6,395,132            | 7,166,480            |
| Rand Merchant Bank  | 2,296,371            | 2,511,442            | 2,296,371            | 2,511,442            |
| Nedbank 1   | 4,596,392            | 8,761,964            | 4,596,392            | 8,761,964            |
| Nedbank 2   | 18,587,209           | 20,782,571           | 18,587,209           | 20,782,571           |
| <b>Total External Loans</b>   | <b>1,116,066,290</b> | <b>1,315,696,982</b> | <b>1,116,066,290</b> | <b>1,315,696,982</b> |
| Long-term Liabilities - MBDA  | 4,237,413            | 4,382,846            | 0                    | 0                    |
| Brookes Bequest   | 27,465,786           | 25,269,975           | 27,465,786           | 25,269,975           |
| <b>Total Long-term Liabilities</b>  | <b>1,147,769,489</b> | <b>1,345,349,803</b> | <b>1,143,532,076</b> | <b>1,340,966,957</b> |
| <b>Less : Current portion transferred to current liabilities</b>  | <b>213,697,820</b>   | <b>192,286,800</b>   | <b>213,697,820</b>   | <b>192,286,800</b>   |
| Development Bank of Southern Africa (DBSA)  | 30,562,957           | 27,233,034           | 30,562,957           | 27,233,034           |
| Rand Merchant Bank  | 28,402,358           | 25,558,009           | 28,402,358           | 25,558,009           |
| Nedbank 1   | 96,236,042           | 85,921,830           | 96,236,042           | 85,921,830           |
| Nedbank 2   | 58,496,463           | 53,573,927           | 58,496,463           | 53,573,927           |
|   | <b>934,071,669</b>   | <b>1,153,063,003</b> | <b>929,834,256</b>   | <b>1,148,680,157</b> |

The Financial liabilities are measured at amortised cost taking into account relevant interest rates. Also refer note 38.

In line with Chapter 6 of the MFMA, no loans are secured.

**DBSA**

A further loan of R420 000 000 was taken up during the 2008/09 financial year and is repayable over 20 years in 38 half yearly instalments of R27 651 367, by 30 September 2029, at a fixed interest rate of 11.62% per annum with a final payment of R27 651 367. The loan was used for various capital projects. A capital amount of R27 233 034 and interest of R28 069 699 was repaid during the financial year. (2023: Capital repaid R24 406 728 and interest repaid of R30 896 004)

**NEDBANK 1**

The loan of R745 000 000 was taken up during the 2009/10 financial year and is repayable over 15 years in 30 half yearly instalments of R52 383 998, by 31 January 2025, at a fixed interest rate of 11.7% per annum. The loan was used for various capital projects. A capital amount of R85 921 697 and interest of R18 846 300 was repaid during the financial year. (2023: Capital repaid R76 671 989 and Interest paid R28 096 008)

**NEDBANK 2**

A further loan of R750 602 100 was taken up during the 2020/21 financial year and is repayable over 10 years in 20 half yearly instalments of R51 459 329, by 31 July 2030 at a fixed rate of 9.22% per annum. The loan is used for various capital projects. A capital amount of R53 573 927 and interest of R49 344 731 was repaid during the financial year. (2023: Capital repaid R69 513 808 and Interest paid R33 404 850)

**RAND MERCHANT BANK**

The loan of R470 000 000 was taken up during the 2010/11 financial year and is repayable over 20 years in 40 half yearly instalments of R27 779 027, by 31 May 2031, at a fixed interest rate of 10.24% per annum. The loan was used for various capital projects. A capital amount of R25 554 681 and interest of R30 003 372 was repaid during the financial year. (2023: Capital repaid R23 200 600 and Interest paid R32 357 453)

**BROOKES BEQUEST**

Brookes bequest represents a long-term creditor, which was bequeathed to the Municipality in 1934. The capital of the fund may not be used until 100 years after the death of the last annuitant. The funds can only be utilised by the NMBM when the two remaining Trustees approve the donation of funds to the NMBM. The interest may be utilised for capital projects related to the development of Humewood. The fund bears interest at an average of 8.36% per annum.

**LONG-TERM LIABILITIES - ENTITY INCLUDES:**

**CONSTRUCTION CONTRACT RETENTION AND DEFERRED INCOME**

Construction contract retention creditors relate to retentions held in projects in line with accepted construction accounting principles. Such retentions are payable 3 to 12 months after official sign off of the project, and are non-interest bearing.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|   | Economic Entity      |                      | Municipality         |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2024<br>R            | Restated 2023<br>R   | 2024<br>R            | Restated 2023<br>R   |
| <b>3.1 NON CURRENT PROVISIONS - EMPLOYEE BENEFITS</b> |                      |                      |                      |                      |
| Gratuity Benefit                                      | 6,883,000            | 7,913,167            | 6,883,000            | 7,913,167            |
| Post Retirement Benefits                              | 1,444,357,001        | 1,387,524,296        | 1,444,357,001        | 1,387,524,296        |
| Long Service Awards and Long Service Bonus            | 649,100,000          | 682,927,000          | 649,100,000          | 682,927,000          |
| <b>Total Employee Benefit Obligation</b>              | <b>2,100,340,001</b> | <b>2,078,364,463</b> | <b>2,100,340,001</b> | <b>2,078,364,463</b> |

Refer to Note 47 for the full reconciliation and disclosures.

**Gratuity Benefit**

This obligation is in respect of the long-term liability relating to gratuities payable to employees that were not previously members of a pension fund.

|                                     |                  |                  |                  |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|
| <b>Balance at beginning of year</b> | 7,913,167        | 24,882,700       | 7,913,167        | 24,882,700       |
| Movement in Obligation              | (1,030,167)      | (16,969,533)     | (1,030,167)      | (16,969,533)     |
| <b>Balance at end of year</b>       | <b>6,883,000</b> | <b>7,913,167</b> | <b>6,883,000</b> | <b>7,913,167</b> |

**Post Retirement Benefits**

The past service liability in respect of post retirement benefits relates to ill-health retirements and medical aid contributions, and ex-gratia pensions which have been actuarially assessed.

|                                     |                      |                      |                      |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Balance at beginning of year</b> | 1,387,524,296        | 1,418,385,000        | 1,387,524,296        | 1,418,385,000        |
| Movement in Obligation              | 56,832,705           | (30,860,704)         | 56,832,705           | (30,860,704)         |
| <b>Balance at end of year</b>       | <b>1,444,357,001</b> | <b>1,387,524,296</b> | <b>1,444,357,001</b> | <b>1,387,524,296</b> |

**Long Service Awards and Long Service Bonus**

This obligation is in respect of the long service award and long service bonus which the Municipality offers to its current employees and which become payable at certain pre-determined intervals.

|                                     |                    |                    |                    |                    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Balance at beginning of year</b> | 682,927,000        | 742,848,000        | 682,927,000        | 742,848,000        |
| Contributions to Obligation         | (33,827,000)       | (59,921,000)       | (33,827,000)       | (59,921,000)       |
| <b>Balance at end of year</b>       | <b>649,100,000</b> | <b>682,927,000</b> | <b>649,100,000</b> | <b>682,927,000</b> |

**3.2 NON-CURRENT PROVISIONS - OTHER**

|                                     |                    |                    |                    |                    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Rehabilitation of Landfill sites    | 533,956,747        | 461,882,232        | 533,956,747        | 461,882,232        |
| Rehabilitation of Swartkops River   | 267,145,090        | 109,731,509        | 267,145,090        | 109,731,509        |
| <b>Total Non-current Provisions</b> | <b>801,101,837</b> | <b>571,613,741</b> | <b>801,101,837</b> | <b>571,613,741</b> |

**Rehabilitation of landfill sites**

In terms of the licensing conditions of the landfill refuse sites, Council will incur rehabilitation costs of R208 103 498 for the Arlington Landfill site, R156 386 307 for the Koedoeskloof Landfill site and R169 466 942 for the Ibhayi Landfill site determined at net present value to restore the sites at the end of their useful lives estimated to be in 2027 (Arlington) and 2025 (Koedoeskloof). Squatters are currently occupying the Ibhayi Landfill site that is already closed. Provision has been made for the rehabilitation of the landfill sites based on the net present value of cost. For Arlington and Koedoeskloof landfill sites, the cost factors as determined have been applied and projected at an inflation rate of 5.1%. The projected amounts are discounted to the present value at the average borrowing rate of 10.54%. The determined cost to rehabilitate Ibhayi landfill site represents the present value.

A change in useful lives and reduced CPI index, have caused the change in the value of the provision.

|                                     |                    |                    |                    |                    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Balance at beginning of year</b> | 461,882,232        | 483,341,175        | 461,882,232        | 483,341,175        |
| Contributions to Provision          | 72,074,515         | (21,458,943)       | 72,074,515         | (21,458,943)       |
| <b>Balance at end of year</b>       | <b>533,956,747</b> | <b>461,882,232</b> | <b>533,956,747</b> | <b>461,882,232</b> |

**Rehabilitation of Swartkops River**

|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| <b>Balance at beginning of year</b>                       | 109,731,509        | 102,335,897        | 109,731,509        | 102,335,897        |
| Contributions to Provision - unwinding of discount factor | 157,413,581        | 7,395,612          | 157,413,581        | 7,395,612          |
| <b>Balance at end of year</b>                             | <b>267,145,090</b> | <b>109,731,509</b> | <b>267,145,090</b> | <b>109,731,509</b> |

The provision is based on the estimated costs to carry out the rehabilitation work of the wetland beside the Swartkops River, which was present valued at a rate of 10.54%

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|  | Economic Entity    |                    | Municipality       |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 2024<br>R          | Restated 2023<br>R | 2024<br>R          | Restated 2023<br>R |
| <b>4 EMPLOYEE BENEFITS AND PROVISIONS</b>  |                    |                    |                    |                    |
| <b>4.1 CURRENT PROVISIONS - EMPLOYEE BENEFITS</b>  |                    |                    |                    |                    |
| Gratuity Obligation  | 5,329,000          | 6,404,302          | 5,329,000          | 6,404,302          |
| Post Retirement Benefits   | 103,728,453        | 90,210,100         | 103,728,453        | 90,210,100         |
| Performance Bonus Liability  | 10,285,847         | 8,199,025          | 8,790,882          | 6,940,276          |
| Long service awards and long service bonuses   | 108,199,000        | 109,593,000        | 108,199,000        | 109,593,000        |
| Provision for Workmen's Compensation   | 74,096             | 83,864             | 0                  | 0                  |
| Provision for Leave pay  | 375,824,095        | 390,143,913        | 372,849,172        | 385,194,697        |
| <b>Total Current Employee Benefit Obligation</b>   | <b>603,440,491</b> | <b>604,634,204</b> | <b>598,896,507</b> | <b>598,342,375</b> |
| Refer to Note 47 for the full reconciliation and disclosures.  |                    |                    |                    |                    |
| <b>Gratuity Obligation</b>   |                    |                    |                    |                    |
| This obligation is in respect of the short-term liability relating to gratuities payable to employees that were not previously members of a pension fund.  |                    |                    |                    |                    |
| <b>Balance at beginning of year</b>  | 6,404,302          | 17,116,800         | 6,404,302          | 17,116,800         |
| Movement in Obligation   | 3,938,226          | (6,769,342)        | 3,938,226          | (6,769,342)        |
| Expenditure incurred   | (5,013,528)        | (3,943,156)        | (5,013,528)        | (3,943,156)        |
| <b>Balance at end of year</b>  | <b>5,329,000</b>   | <b>6,404,302</b>   | <b>5,329,000</b>   | <b>6,404,302</b>   |
| <b>Post Retirement Benefits</b>  |                    |                    |                    |                    |
| The obligation is in respect of the short-term liabilities attributable to ill-health retirements, medical aid contributions and ex-gratia pensions.   |                    |                    |                    |                    |
| <b>Balance at beginning of year</b>  | 90,210,100         | 71,592,000         | 90,210,100         | 71,592,000         |
| Contributions to Obligation  | 98,711,974         | 100,894,821        | 98,711,974         | 100,894,821        |
| Expenditure incurred   | (85,193,621)       | (82,276,721)       | (85,193,621)       | (82,276,721)       |
| <b>Balance at end of year</b>  | <b>103,728,453</b> | <b>90,210,100</b>  | <b>103,728,453</b> | <b>90,210,100</b>  |
| <b>Performance bonus liability</b>   |                    |                    |                    |                    |
| This obligation is in respect of the short-term liability relating to performance bonuses payable to Section 57 employees, based on a maximum of 14% of their all-inclusive remuneration package paid as per regulation 32(2) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006. |                    |                    |                    |                    |
| <b>Balance at beginning of year</b>  | 8,199,025          | 10,130,174         | 6,940,276          | 8,617,523          |
| Movement in Obligation   | 3,374,565          | (418,498)          | 1,850,606          | (1,677,247)        |
| Expenditure incurred   | (1,287,743)        | (1,512,651)        | 0                  | 0                  |
| <b>Balance at end of year</b>  | <b>10,285,847</b>  | <b>8,199,025</b>   | <b>8,790,882</b>   | <b>6,940,276</b>   |
| <b>Long service awards and long service bonuses</b>  |                    |                    |                    |                    |
| The obligation is in respect of long service awards and long service bonuses.  |                    |                    |                    |                    |
| <b>Balance at beginning of year</b>  | 109,593,000        | 124,747,000        | 109,593,000        | 124,747,000        |
| Movement in Obligation   | (1,394,000)        | (15,154,000)       | (1,394,000)        | (15,154,000)       |
| <b>Balance at end of year</b>  | <b>108,199,000</b> | <b>109,593,000</b> | <b>108,199,000</b> | <b>109,593,000</b> |
| <b>Provision for Workmen's Compensation</b>  |                    |                    |                    |                    |
| <b>Balance at beginning of year</b>  | 83,864             | 50,147             | 0                  | 0                  |
| Contributions to Obligation  | 74,096             | 83,864             | 0                  | 0                  |
| Expenditure incurred   | (83,864)           | (50,147)           | 0                  | 0                  |
| <b>Balance at end of year</b>  | <b>74,096</b>      | <b>83,864</b>      | <b>0</b>           | <b>0</b>           |
| <b>Provision for Leave pay</b>   |                    |                    |                    |                    |
| The obligation is in respect of leave pay  |                    |                    |                    |                    |
| <b>Balance at beginning of year</b>  | 390,143,913        | 363,203,308        | 385,194,697        | 358,838,051        |
| Movement in Obligation   | (14,319,818)       | 26,940,605         | -12,345,525        | 26,356,646         |
| <b>Balance at end of year</b>  | <b>375,824,095</b> | <b>390,143,913</b> | <b>372,849,172</b> | <b>385,194,697</b> |
| <b>4.2 CURRENT PROVISIONS - OTHER</b>  |                    |                    |                    |                    |
| Provision for Litigation and Claims  | 2,082,227          | 61,000             | 2,082,227          | 61,000             |
| <b>Total Current Provisions</b>  | <b>2,082,227</b>   | <b>61,000</b>      | <b>2,082,227</b>   | <b>61,000</b>      |
| <b>Provision for Litigation and Claims</b>   |                    |                    |                    |                    |
| The provision is in respect of probable claims against the NMBM, pending the outcome of court decisions - See note 45(b).  |                    |                    |                    |                    |
| <b>Balance at the beginning of the year</b>  | 61,000             | 329,489            | 61,000             | 329,489            |
| Contribution to the provision  | 0                  | 0                  | 0                  | 0                  |
| Provision utilised/reversed  | 2,021,227          | (268,489)          | 2,021,227          | (268,489)          |
| <b>Balance at end of year</b>  | <b>2,082,227</b>   | <b>61,000</b>      | <b>2,082,227</b>   | <b>61,000</b>      |
| <b>5 CONSUMER DEPOSITS</b>   |                    |                    |                    |                    |
| Electricity and Water  | 154,174,900        | 153,204,211        | 154,174,900        | 153,204,211        |
| Interest   | 3,009,612          | 2,320,790          | 3,009,612          | 2,320,790          |
|  | <b>157,184,512</b> | <b>155,525,001</b> | <b>157,184,512</b> | <b>155,525,001</b> |
| Guarantees held in lieu of Electricity and Water Deposits  | 17,193,797         | 17,193,797         | 17,193,797         | 17,193,797         |
| Consumer deposits bear interest and are only refunded once the consumers' accounts are closed.   |                    |                    |                    |                    |
| Refer Restatement Notes no. 40.3.7   |                    |                    |                    |                    |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|   | Economic Entity      |                      | Municipality         |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2024<br>R            | Restated 2023<br>R   | 2024<br>R            | Restated 2023<br>R   |
| <b>6 TRADE AND OTHER PAYABLES</b>               |                      |                      |                      |                      |
| Payables and Accruals                           | 1,914,202,025        | 1,998,679,171        | 1,899,081,773        | 1,982,635,471        |
| Payments Received in Advance - Consumer Debtors | 150,508,931          | 105,446,860          | 150,508,931          | 105,446,860          |
| Payments Received in Advance - Other            | 88,559,574           | 87,514,332           | 88,559,574           | 87,514,332           |
| Retentions                                      | 166,255,413          | 153,821,647          | 165,336,384          | 153,513,890          |
| <b>Total Creditors</b>                          | <b>2,319,525,943</b> | <b>2,345,462,010</b> | <b>2,303,486,662</b> | <b>2,329,110,553</b> |

Refer Restatement Notes no. 40.3.1

**Financial liabilities:**

Trade creditors are non-interest bearing and are normally settled on 30-day terms, except for retention amounts of R166 255 413, which could be settled within the next 12 months.

No creditors are secured

**7 TRANSFERS AND SUBSIDIES**

**Conditional Grants from other spheres of Government**

**Conditional Grants in terms of the Division of Revenue Act (DORA):**

|  |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
| Public Transport Infrastructure Grant (See Note 22.5)                    | 18,163,388         | 15,957,033         | 18,163,388         | 15,957,033         |
| Public Transport Networks Operations Grant (See Note 22.6)               | 0                  | 6,951,599          | -                  | 6,951,599          |
| Neighbourhood Partnership Development Grant (See Note 22.10)             | 0                  | 30,592             | -                  | 30,592             |
| Neighbourhood Partnership Development Grant (See Note 22.11)             | 0                  | 1,615              | -                  | 1,615              |
| Urban Settlement Development Grant (See Note 22.12)                      | 45,448,040         | 29,400,680         | 45,448,040         | 29,400,680         |
| Infrastructure Skills Development Grant (See Note 22.13)                 | 2,068,844          | 0                  | 2,068,844          | -                  |
| EPWP Incentive Grant (See Note 22.14)                                    | 397,290            | 0                  | 397,290            | -                  |
| Programme and Project Preparation Support Grant (PPPSG) (See Note 22.15) | 6,170,159          | 19,892,820         | 6,170,159          | 19,892,820         |
| Drought Relief Grant (See Note 22.16)                                    | 763,767            | 763,767            | 763,767            | 763,767            |
| Regional Bulk Infrastructure Grant (See Note 22.19)                      | 142,172,123        | 0                  | 142,172,123        | -                  |
| Energy Efficiency and Demand Side Management Grant (See Note 22.22)      | 1,266,188          | 192,487            | 1,266,188          | 192,487            |
| Informal Settlements Upgrading Grant (See Note 22.23)                    | 16,626,413         | 49,715,992         | 16,626,413         | 49,715,992         |
| <b>Other Grants:</b>   |                    |                    |                    |                    |
| PHB Subsidies (See Note 22.1)  | 72,947,450         | 41,194,912         | 72,947,450         | 41,194,912         |
| Other Grants (See Note 22.7)   | 9,854,225          | 5,727,231          | 591,748            | 603,251            |
| CDC Walmer Intervention Funding Grant (See Note 22.09)                   | 9,068,420          | 9,068,419          | 9,068,420          | 9,068,419          |
| Department of Roads and Public Works Grant (See Note 22.17)              | 967,678            | 967,678            | 967,678            | 967,678            |
| LGSETA Discretionary Learnership Funding (See Note 22.18)                | 10,922,918         | 10,519,306         | 10,922,918         | 10,519,306         |
| <b>Total Transfers and Subsidies</b>                                     | <b>336,836,903</b> | <b>190,384,131</b> | <b>327,574,426</b> | <b>185,260,151</b> |

The unspent portion of transfers and subsidies represent cash as included in note 17 below.

Refer Restatement Note no. 40.3.8

**8 VAT**

**VAT RECEIVABLE**

|                                  |                    |                    |                    |                    |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Net VAT Receivable - Vat 201     | 29,774,778         | 101,385,672        | 29,774,778         | 101,385,672        |
| Net VAT Receivable - Not yet due | 147,061,180        | 0                  | 147,061,180        | 0                  |
| <b>Total VAT</b>                 | <b>176,835,958</b> | <b>101,385,672</b> | <b>176,835,958</b> | <b>101,385,672</b> |

**VAT PAYABLE**

|                               |          |                      |          |                      |
|-------------------------------|----------|----------------------|----------|----------------------|
| Net VAT payable - Vat 201     | 0        | 0                    | 0        | 0                    |
| Net VAT payable - Not yet due | 0        | (290,070,758)        | 0        | (290,070,758)        |
| <b>Total VAT</b>              | <b>0</b> | <b>(290,070,758)</b> | <b>0</b> | <b>(290,070,758)</b> |

|                       |                  |          |          |          |
|-----------------------|------------------|----------|----------|----------|
| VAT Receivable - MBDA | <b>3,284,138</b> | <b>0</b> | <b>0</b> | <b>0</b> |
|-----------------------|------------------|----------|----------|----------|

|                    |          |                    |          |          |
|--------------------|----------|--------------------|----------|----------|
| VAT Payable - MBDA | <b>0</b> | <b>(2,225,945)</b> | <b>0</b> | <b>0</b> |
|--------------------|----------|--------------------|----------|----------|

VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.

Refer Restatement Note no. 40.3.3

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**9 PROPERTY, PLANT AND EQUIPMENT**

**ECONOMIC ENTITY**  
**As at 30 June 2024**

|                       | R                     | R                                    | R                     |
|-----------------------|-----------------------|--------------------------------------|-----------------------|
|                       | Cost                  | Accumulated Depreciation/ Impairment | Carrying Value        |
| Land                  | 1,369,559,247         | 0                                    | 1,369,559,247         |
| Buildings             | 1,069,721,390         | 525,808,609                          | 543,912,781           |
| Infrastructure Assets | 24,526,409,330        | 9,722,520,019                        | 14,803,889,311        |
| Community Assets      | 3,822,876,179         | 1,520,752,447                        | 2,302,123,732         |
| Other Assets          | 1,945,614,298         | 1,356,880,910                        | 588,733,388           |
|                       | <b>32,734,180,444</b> | <b>13,125,961,985</b>                | <b>19,608,218,459</b> |

No assets were pledged as security and there were no restrictions.

A detailed register of Property, plant and equipment is maintained and is available for inspection.

**Refer to Note 48 for reconciliation.**

**As at 30 June 2023**

|                       | Cost                  | Accumulated Depreciation/ Impairment | Carrying Value        |
|-----------------------|-----------------------|--------------------------------------|-----------------------|
| Land                  | 1,209,237,429         | 0                                    | 1,209,237,429         |
| Buildings             | 1,059,596,896         | 483,410,088                          | 576,186,808           |
| Infrastructure Assets | 23,324,845,342        | 8,917,765,615                        | 14,407,079,727        |
| Community Assets      | 3,752,570,593         | 1,419,310,559                        | 2,333,260,034         |
| Other Assets          | 1,811,523,477         | 1,280,178,460                        | 531,345,017           |
|                       | <b>31,157,773,737</b> | <b>12,100,664,722</b>                | <b>19,057,109,015</b> |

**Refer Restatement Note no. 40.3.5**

**MUNICIPALITY**  
**As at 30 June 2024**

|                       | R                     | R                                    | R                     |
|-----------------------|-----------------------|--------------------------------------|-----------------------|
|                       | Cost                  | Accumulated Depreciation/ Impairment | Carrying Value        |
| Land                  | 1,356,612,095         | 0                                    | 1,356,612,095         |
| Buildings             | 1,050,106,455         | 525,149,142                          | 524,957,313           |
| Infrastructure Assets | 24,526,409,332        | 9,722,520,019                        | 14,803,889,313        |
| Community Assets      | 3,822,876,179         | 1,520,752,447                        | 2,302,123,732         |
| Other Assets          | 1,930,788,546         | 1,350,209,011                        | 580,579,535           |
|                       | <b>32,686,792,607</b> | <b>13,118,630,619</b>                | <b>19,568,161,988</b> |

No assets were pledged as security and there were no restrictions.

A detailed register of Property, plant and equipment is maintained and is available for inspection.

**Refer to Note 48 for reconciliation.**

**As at 30 June 2023**

|                       | Cost                  | Accumulated Depreciation/ Impairment | Carrying Value        |
|-----------------------|-----------------------|--------------------------------------|-----------------------|
| Land                  | 1,196,290,279         | 0                                    | 1,196,290,279         |
| Buildings             | 1,042,573,162         | 483,108,337                          | 559,464,825           |
| Infrastructure Assets | 23,324,845,344        | 8,917,765,615                        | 14,407,079,729        |
| Community Assets      | 3,752,570,593         | 1,419,310,559                        | 2,333,260,034         |
| Other Assets          | 1,801,521,707         | 1,274,867,915                        | 526,653,792           |
|                       | <b>31,117,801,085</b> | <b>12,095,052,426</b>                | <b>19,022,748,659</b> |

**Refer Restatement Note no. 40.3.5**

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**10 HERITAGE ASSETS**

**ECONOMIC ENTITY**  
**As at 30 June 2024**

|                 | R                  | R                      | R                  |
|-----------------|--------------------|------------------------|--------------------|
|                 | Cost               | Accumulated Impairment | Carrying Value     |
| Heritage Assets | 242,261,544        | 15,820,657             | 226,440,887        |
|                 | <b>242,261,544</b> | <b>15,820,657</b>      | <b>226,440,887</b> |

Refer to Note 49 for reconciliation.

**As at 30 June 2023**

|                 | Cost               | Accumulated Impairment | Carrying Value     |
|-----------------|--------------------|------------------------|--------------------|
| Heritage Assets | 236,017,350        | 15,820,657             | 220,196,693        |
|                 | <b>236,017,350</b> | <b>15,820,657</b>      | <b>220,196,693</b> |

**MUNICIPALITY**  
**As at 30 June 2024**

|                 | R                  | R                      | R                  |
|-----------------|--------------------|------------------------|--------------------|
|                 | Cost               | Accumulated Impairment | Carrying Value     |
| Heritage Assets | 242,011,044        | 15,820,657             | 226,190,387        |
|                 | <b>242,011,044</b> | <b>15,820,657</b>      | <b>226,190,387</b> |

Refer to Note 49 for reconciliation.

**As at 30 June 2023**

|                 | Cost               | Accumulated Impairment | Carrying Value     |
|-----------------|--------------------|------------------------|--------------------|
| Heritage Assets | 235,766,850        | 15,820,657             | 219,946,193        |
|                 | <b>235,766,850</b> | <b>15,820,657</b>      | <b>219,946,193</b> |

No assets were pledged as security and there were no restrictions.  
No retiring from active use / disposal took place during the current year.

**11 INTANGIBLE ASSETS**

**ECONOMIC ENTITY**  
**As at 30 June 2024**

|                   | Cost               | Accumulated Amortisation/ Impairment | Carrying Value    |
|-------------------|--------------------|--------------------------------------|-------------------|
| Computer Software | 453,969,933        | 397,185,940                          | 56,783,993        |
|                   | <b>453,969,933</b> | <b>397,185,940</b>                   | <b>56,783,993</b> |

No assets were pledged as security and there were no restrictions.

Refer to Note 50 for reconciliation.

**As at 30 June 2023**

|                   | Cost               | Accumulated Amortisation/ Impairment | Carrying Value    |
|-------------------|--------------------|--------------------------------------|-------------------|
| Computer Software | 428,822,706        | 385,413,207                          | 43,409,499        |
|                   | <b>428,822,706</b> | <b>385,413,207</b>                   | <b>43,409,499</b> |

**MUNICIPALITY**  
**As at 30 June 2024**

|                   | Cost               | Accumulated Amortisation/ Impairment | Carrying Value    |
|-------------------|--------------------|--------------------------------------|-------------------|
| Computer Software | 451,957,849        | 396,057,618                          | 55,900,231        |
|                   | <b>451,957,849</b> | <b>396,057,618</b>                   | <b>55,900,231</b> |

No assets were pledged as security and there were no restrictions.

Refer to Note 50 for reconciliation.

**As at 30 June 2023**

|                   | Cost               | Accumulated Amortisation/ Impairment | Carrying Value    |
|-------------------|--------------------|--------------------------------------|-------------------|
| Computer Software | 427,238,922        | 384,643,449                          | 42,595,473        |
|                   | <b>427,238,922</b> | <b>384,643,449</b>                   | <b>42,595,473</b> |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**12 INVESTMENT PROPERTY**

**ECONOMIC ENTITY**

**As at 30 June 2024**

|                  | Cost               | Accumulated<br>Depreciation/<br>Impairment | Carrying Value     |
|------------------|--------------------|--|--------------------|
| Land & Buildings | 226,767,881        | 88,410,877                                 | 138,357,004        |
|                  | <b>226,767,881</b> | <b>88,410,877</b>                          | <b>138,357,004</b> |

No assets were pledged as security and there were no restrictions.

**Refer to Note 51 for reconciliation.**

**As at 30 June 2023**

|                  | Cost               | Accumulated<br>Depreciation/<br>Impairment | Carrying Value     |
|------------------|--------------------|--|--------------------|
| Land & Buildings | 226,767,881        | 84,256,275                                 | 142,511,606        |
|                  | <b>226,767,881</b> | <b>84,256,275</b>                          | <b>142,511,606</b> |

**MUNICIPALITY**

**As at 30 June 2024**

|                  | Cost               | Accumulated<br>Depreciation/<br>Impairment | Carrying Value     |
|------------------|--------------------|--|--------------------|
| Land & Buildings | 226,767,881        | 88,410,877                                 | 138,357,004        |
|                  | <b>226,767,881</b> | <b>88,410,877</b>                          | <b>138,357,004</b> |

No assets were pledged as security and there were no restrictions.

**Refer to Note 51 for reconciliation.**

**As at 30 June 2023**

|                  | Cost               | Accumulated<br>Depreciation/<br>Impairment | Carrying Value     |
|------------------|--------------------|--|--------------------|
| Land & Buildings | 226,767,881        | 84,256,275                                 | 142,511,606        |
|                  | <b>226,767,881</b> | <b>84,256,275</b>                          | <b>142,511,606</b> |

**Description of Investment Property:**

Nelson Mandela Bay Logistics Park  
 Mc Arthur Bath  
 Willows Resort  
 Beachview Resort  
 Van Stadens Resort  
 St Georges Park Resort and Wells estate  
 Motherwell Depot  
 Africa Timbers in Korsten  
 Mercado centre  
 Incinerator and Gas works  
 Something Good  
 Korsten Depot  
 Port Elizabeth RD Steeledale Reinforcing  
 PE Central Shop  
 North End Workshop  
 Moselville Old Post Office

**ECONOMIC ENTITY AND  
MUNICIPALITY**

|  | 2024<br>R          | Restated 2023<br>R |
|--|--------------------|--------------------|
|  | 284,500,000        | 102,300,000        |
|  | 21,700,000         | 12,290,000         |
|  | 59,400,000         | 246,430,000        |
|  | 20,033,000         | 6,250,000          |
|  | 10,700,000         | 5,250,000          |
|  | 167,900,000        | 117,500,000        |
|  | 2,400,000          | 15,010,000         |
|  | 1,850,000          | 1,990,000          |
|  | 25,400,000         | 22,830,000         |
|  | 6,650,000          | 26,730,000         |
|  | 800,000            | 4,200,000          |
|  | 2,050,000          | 1,600,000          |
|  | 3,900,000          | 980,000            |
|  | 1,650,000          | 490,000            |
|  | 230,000            | 66,000             |
|  | 1,200,000          | 1,250,000          |
|  | <b>610,363,000</b> | <b>565,166,000</b> |

**Market Value of Investment Property**

**Additional Disclosure:**

The NMBM applies the Cost Model.

**The Market Value was determined by valuers of the Rates and Valuations Directorate within NMBM who are experts in this field. The valuations was based on the 2021/2022 Valuations roll, which is valid until 30 June 2026 - refer note 20:**

The depreciated replacement cost method of valuation was applied in determining the valuation of the property. This method of valuation is usually applied to properties that do not often change hands in the open market. The depreciated replacement cost method of valuation is calculated by determining the replacement cost of the improvements, as at the date of the valuation, less a depreciation factor, which comprises physical deterioration, functional obsolescence and location deterioration. The value of land is determined by means of comparable sales of similar properties in the area. The two values are added together to arrive at the valuation of the property.

**ECONOMIC ENTITY AND  
MUNICIPALITY**

**Properties subject to Operating Leases:**

**Rental revenue included in surplus for following Investment Properties:**

|                                   | 2024<br>R | Restated 2023<br>R |
|-----------------------------------|-----------|--------------------|
| Beachview resort                  | 240,000   | 240,000            |
| Van Stadens Resort                | 240,000   | 240,000            |
| Something Good                    | 995,330   | 944,335            |
| Nelson Mandela Bay Logistics Park | 1         | 1                  |
| Willows Resort                    | 24        | 24                 |
| Motherwell Depot                  | 229,257   | 214,460            |
| Africa Timbers in Korsten         | 24,155    | 21,959             |
| Mercado centre                    | 155,349   | 144,510            |

Rental revenue is included with Rental of Facilities and Equipment.



**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|   | Economic Entity    |                    | Municipality       |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 2024<br>R          | Restated 2023<br>R | 2024<br>R          | Restated 2023<br>R |
| <b>13 LONG-TERM RECEIVABLES</b>   |                    |                    |                    |                    |
| Other Debtors   | 50,315             | 50,315             | 50,315             | 50,315             |
| Consumer Debtors  | 135,531,967        | 120,916,943        | 135,531,967        | 120,916,943        |
| Rates and General   | 54,102,743         | 42,979,504         | 54,102,743         | 42,979,504         |
| Other Services  | 3,473,170          | 3,845,015          | 3,473,170          | 3,845,015          |
| Electricity   | 25,150,585         | 25,966,529         | 25,150,585         | 25,966,529         |
| Water   | 33,817,062         | 29,798,309         | 33,817,062         | 29,798,309         |
| Refuse  | 7,315,535          | 7,346,068          | 7,315,535          | 7,346,068          |
| Sewerage  | 11,672,872         | 10,981,518         | 11,672,872         | 10,981,518         |
| <b>Long-term Receivables</b>  | <b>135,582,282</b> | <b>120,967,258</b> | <b>135,582,282</b> | <b>120,967,258</b> |
| Long-term Receivables - Exchange Transactions   | 81,429,224         | 77,937,439         | 81,429,224         | 77,937,439         |
| Long-term Receivables - Non-exchange Transactions   | 54,153,058         | 43,029,819         | 54,153,058         | 43,029,819         |
|   | <b>135,582,282</b> | <b>120,967,258</b> | <b>135,582,282</b> | <b>120,967,258</b> |
| No collateral is held for receivables.  |                    |                    |                    |                    |
| In the event of defaults on arrangements, the consumers may enter into a fresh arrangement upon making certain down payments. |                    |                    |                    |                    |
| No assets have been pledged as security for any liabilities   |                    |                    |                    |                    |
| <b>LONG-TERM RECEIVABLES - CONSUMER DEBTORS</b>   |                    |                    |                    |                    |
| <b>Financial Assets - Receivables:</b>  |                    |                    |                    |                    |
| The consumer debtors are billed a gazetted interest rate of 11.75% per annum on overdue accounts.                             |                    |                    |                    |                    |
| <b>Trade Receivables - Exchange Transactions</b>  |                    |                    |                    |                    |
| The current portion is disclosed in note 15 - Trade Receivables - Exchange Transactions.                                      |                    |                    |                    |                    |
| <b>14 INVENTORY</b>   |                    |                    |                    |                    |
| Materials and Supplies  | 167,838,988        | 183,944,645        | 167,664,392        | 183,751,617        |
| Finished Goods - Water Stock  | 155,619,525        | 172,167,183        | 155,619,525        | 172,167,183        |
| Finished Goods - Other  | 5,665,086          | 5,147,883          | 5,665,086          | 5,147,883          |
| Consumables   | 6,379,781          | 6,436,551          | 6,379,781          | 6,436,551          |
|   | 174,596            | 193,028            | 0                  | 0                  |
| Less: Provision for Obsolete Stock  | (4,441,936)        | (746,500)          | (4,441,936)        | (746,500)          |
|   | <b>163,397,052</b> | <b>183,198,145</b> | <b>163,222,456</b> | <b>183,005,117</b> |
| No inventory was pledged as security  |                    |                    |                    |                    |
| <b>Refer Restatement Note no. 40.3.6</b>  |                    |                    |                    |                    |

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

15 TRADE RECEIVABLES - EXCHANGE TRANSACTIONS

ECONOMIC ENTITY AND MUNICIPALITY

As at 30 June 2024

Service Debtors  
Electricity  
Water  
Refuse  
Sanitation

House Rentals  
**Total**

| R                     | R                       | R                    |
|-----------------------|-------------------------|----------------------|
| Gross Balances        | Impairment Allowance    | Carrying Amount      |
| <b>13,290,929,284</b> | <b>(10,297,549,569)</b> | <b>2,993,379,715</b> |
| 1,716,748,122         | (782,461,068)           | 934,287,054          |
| 9,104,995,307         | (7,422,376,836)         | 1,682,618,471        |
| 845,037,075           | (741,972,533)           | 103,064,542          |
| 1,624,148,780         | (1,350,739,132)         | 273,409,648          |
| 65,505,887            | (70,322,867)            | (4,816,980)          |
| <b>13,356,435,171</b> | <b>(10,367,872,436)</b> | <b>2,988,562,735</b> |

No consumer debtors were pledged as security.

In the event of defaults, services are disconnected until such time that the outstanding debt has been paid or an arrangement entered into.

As at 30 June 2023

Service Debtors  
Electricity  
Water  
Refuse  
Sanitation

House Rentals  
**Total**

| Gross Balances        | Impairment Allowance   | Carrying Amount      |
|-----------------------|------------------------|----------------------|
| <b>12,816,097,329</b> | <b>(9,483,842,006)</b> | <b>3,332,255,323</b> |
| 1,576,827,113         | (719,330,425)          | 857,496,688          |
| 8,877,086,229         | (6,769,894,434)        | 2,107,191,795        |
| 874,023,310           | (763,735,889)          | 110,287,421          |
| 1,488,160,677         | (1,230,881,258)        | 257,279,419          |
| 56,970,032            | (54,222,810)           | 2,747,222            |
| <b>12,873,067,361</b> | <b>(9,538,064,816)</b> | <b>3,335,002,545</b> |

Refer Restatement Note no. 40.3.4.1

Electricity: Ageing

Current (0-30 days)  
31 - 60 Days  
61 - 90 Days  
Over 90 Days  
**Total**

| 2024 R               | Restated 2023 R      |
|----------------------|----------------------|
| 832,082,645          | 721,929,549          |
| 72,191,824           | 82,597,069           |
| 36,582,861           | 37,651,086           |
| 775,890,792          | 734,649,409          |
| <b>1,716,748,122</b> | <b>1,576,827,113</b> |

Water: Ageing

Current (0-30 days)  
31 - 60 Days  
61 - 90 Days  
Over 90 Days  
**Total**

|                      |                      |
|----------------------|----------------------|
| 622,332,888          | 607,438,529          |
| 388,080,666          | 499,739,724          |
| 365,130,489          | 548,144,487          |
| 7,729,451,264        | 7,221,763,489        |
| <b>9,104,995,307</b> | <b>8,877,086,229</b> |

Refuse: Ageing

Current (0-30 days)  
31 - 60 Days  
61 - 90 Days  
Over 90 Days  
**Total**

|                    |                    |
|--------------------|--------------------|
| 48,520,479         | 46,572,167         |
| 22,449,395         | 20,916,959         |
| 19,659,608         | 28,805,064         |
| 754,407,593        | 777,729,120        |
| <b>845,037,075</b> | <b>874,023,310</b> |

Sanitation: Ageing

Current (0-30 days)  
31 - 60 Days  
61 - 90 Days  
Over 90 Days  
**Total**

|                      |                      |
|----------------------|----------------------|
| 125,863,005          | 94,878,810           |
| 59,295,668           | 65,706,100           |
| 51,924,587           | 56,264,939           |
| 1,387,065,520        | 1,271,310,828        |
| <b>1,624,148,780</b> | <b>1,488,160,677</b> |

Housing Rentals: Ageing

Current (0-30 days)  
31 - 60 Days  
61 - 90 Days  
Over 90 Days  
**Total**

|                   |                   |
|-------------------|-------------------|
| 2,740,667         | 1,235,303         |
| 1,075,828         | 387,853           |
| 1,063,760         | 1,692,886         |
| 60,625,632        | 53,653,990        |
| <b>65,505,887</b> | <b>56,970,032</b> |

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

15 TRADE RECEIVABLES - EXCHANGE TRANSACTIONS (Continued)

Summary of Debtors by Customer Classification

**30 June 2024**

Current (0-30 days)

31 - 60 Days

61 - 90 Days

Over 90 Days

**Gross Consumer Debtors by Customer classification**

Gross Consumer Debtors

Less: Impairment allowance

**Net Consumer Debtors for the period ended 30 June 2024**

Summary of Debtors by Customer Classification

**30 June 2023**

Current (0-30 days)

31 - 60 Days

61 - 90 Days

Over 90 Days

**Gross Consumer Debtors by Customer classification**

Gross Consumer Debtors

Less: Impairment allowance

**Net Consumer Debtors for the year ended 30 June 2023**

**Reconciliation of the Impairment Allowance**

Balance at beginning of year

Contributions to Impairment allowance

Bad debts written off against the Impairment allowance

**Balance at end of year**

Financial Assets have been classified as loans and receivables.

The consumer debtors are billed at gazetted interest rate between of 11.75% per annum on overdue accounts.

**Consumer Debtors not past due nor impaired therefore no impairment allowance raised:**

**Neither past due nor impaired**

**Consumer Debtors for which an impairment allowance was raised**

Provision (based on the outstanding debts over 90 days and debtors handed over to attorneys)

| R                                      | R  | R   |
|--|--|---|
| <u>Residential</u><br><u>Consumers</u> | <u>Industrial /</u><br><u>Commercial</u> | <u>National and</u><br><u>Provincial</u><br><u>Government</u> |
| 656,199,982                            | 941,804,435                              | 33,535,267  |
| 433,715,425                            | 96,607,286                               | 12,770,670  |
| 401,827,531                            | 66,481,758                               | 6,052,016   |
| 8,703,860,113                          | 1,790,881,692                            | 212,698,996   |
| <b>10,195,603,051</b>                  | <b>2,895,775,171</b>                     | <b>265,056,949</b>  |
|  |  | 13,356,435,171  |
|  |  | (10,367,872,436)  |
|  |  | <b>2,988,562,735</b>  |

| R                                      | R  | R   |
|--|--|---|
| <u>Residential</u><br><u>Consumers</u> | <u>Industrial /</u><br><u>Commercial</u> | <u>National and</u><br><u>Provincial</u><br><u>Government</u> |
| 495,649,328                            | 934,683,146                              | 41,721,884  |
| 549,736,114                            | 104,603,439                              | 15,008,152  |
| 583,858,396                            | 73,385,334                               | 15,314,732  |
| 9,730,814,689                          | 177,988,773                              | 150,303,374   |
| <b>11,360,058,527</b>                  | <b>1,290,660,692</b>                     | <b>222,348,142</b>  |
|  |  | 12,873,067,361  |
|  |  | (9,538,064,816)   |
|  |  | <b>3,335,002,545</b>  |

| 2024<br>R             | Restated 2023<br>R   |
|-----------------------|----------------------|
| <b>9,538,064,816</b>  | <b>6,244,533,200</b> |
| 3,830,611,196         | 3,908,022,142        |
| 13,368,676,012        | 10,152,555,342       |
| (3,000,803,576)       | (614,490,526)        |
| <b>10,367,872,436</b> | <b>9,538,064,816</b> |

|                      |                      |
|----------------------|----------------------|
| <b>2,988,562,735</b> | <b>3,335,002,545</b> |
|----------------------|----------------------|

|                       |                      |
|-----------------------|----------------------|
| <b>10,367,872,436</b> | <b>9,538,064,816</b> |
|-----------------------|----------------------|

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|   | Economic Entity      |                      | Municipality         |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2024<br>R            | Restated 2023<br>R   | 2024<br>R            | Restated 2023<br>R   |
| <b>15 TRADE RECEIVABLES - NON-EXCHANGE TRANSACTIONS</b>   |                      |                      |                      |                      |
| Property Rates  | 2,747,941,614        | 2,432,016,275        | 2,747,941,614        | 2,432,016,275        |
| Provision for Bad Debts - Property Rates  | (2,364,127,205)      | (2,088,614,312)      | (2,364,127,205)      | (2,088,614,312)      |
|   | <b>383,814,409</b>   | <b>343,401,963</b>   | <b>383,814,409</b>   | <b>343,401,963</b>   |
| <b>Refer Restatement Note no. 40.3.4.2</b>  |                      |                      |                      |                      |
| <b>Property rates: Ageing</b>   |                      |                      |                      |                      |
| Current (0-30 days)   | 248,751,513          | 204,985,543          | 248,751,513          | 204,985,543          |
| 31 - 60 Days  | 44,453,204           | 33,573,981           | 44,453,204           | 33,573,981           |
| 61 - 90 Days  | 37,862,601           | 57,593,951           | 37,862,601           | 57,593,951           |
| Over 90 Days  | 2,416,874,296        | 2,135,862,800        | 2,416,874,296        | 2,135,862,800        |
| <b>Total</b>  | <b>2,747,941,614</b> | <b>2,432,016,275</b> | <b>2,747,941,614</b> | <b>2,432,016,275</b> |
| <b>Reconciliation of the Impairment Allowance</b>   |                      |                      |                      |                      |
| Balance at beginning of year  | 2,088,614,312        | 1,781,173,741        | 2,088,614,312        | 1,781,173,741        |
| Contributions to Impairment allowance   | 808,707,101          | 431,746,816          | 808,707,101          | 431,746,816          |
|   | 2,897,321,413        | 2,212,920,557        | 2,897,321,413        | 2,212,920,557        |
| Bad debts written off against the Impairment allowance  | (533,194,208)        | (124,306,245)        | (533,194,208)        | (124,306,245)        |
| <b>Balance at end of year</b>   | <b>2,364,127,205</b> | <b>2,088,614,312</b> | <b>2,364,127,205</b> | <b>2,088,614,312</b> |
| <b>16 OTHER RECEIVABLES - NON-EXCHANGE TRANSACTIONS</b>   |                      |                      |                      |                      |
| Accrued Income: Transfers and Subsidies - Housing   | 210,320,725          | 210,732,330          | 210,320,725          | 210,732,330          |
| Accrued Income: Transfers and Subsidies - E-Share   | 0                    | 374,351              | 0                    | 374,351              |
| Accrued Income: Transfers and Subsidies - Roads   | 0                    | 0                    | 0                    | 0                    |
| Accrued Income: Transfers and Subsidies - Public Health   | 17,112,961           | 17,112,961           | 17,112,961           | 17,112,961           |
|   | <b>227,433,686</b>   | <b>228,219,642</b>   | <b>227,433,686</b>   | <b>228,219,642</b>   |
| Provision for Bad Debts - Other Receivables - Non-Exchange  | (227,433,686)        | (227,433,686)        | (227,433,686)        | (227,433,686)        |
|   | <b>0</b>             | <b>785,956</b>       | <b>0</b>             | <b>785,956</b>       |
| Other Receivables: MBDA   | 4,100                | 2,100                | 0                    | 0                    |
|   | <b>4,100</b>         | <b>788,056</b>       | <b>0</b>             | <b>785,956</b>       |
| <b>Refer Restatement Note no. 40.3.2.2</b>  |                      |                      |                      |                      |
| <b>OTHER RECEIVABLES - EXCHANGE TRANSACTIONS</b>  |                      |                      |                      |                      |
| Accrued Income: Transfers and Subsidies - MBDA  | 112,520,611          | 132,880,954          | 112,520,611          | 132,880,954          |
| Accrued Income: Market  | 31,446,662           | 31,627,120           | 31,446,662           | 31,627,120           |
| Accrued Income: Interest Receivable   | 63,740,392           | 95,272,583           | 63,740,392           | 95,272,583           |
| Accrued Income: Stadium   | 18,571,027           | 18,571,027           | 18,571,027           | 18,571,027           |
| Accrued Income: Traffic Fines   | 110,642,717          | 54,210,039           | 110,642,717          | 54,210,039           |
| Accrued Income: Other   | 52,485,639           | 63,607,337           | 52,485,639           | 63,607,337           |
| Prepayments and Advances  | 19,894,406           | 18,592,903           | 19,894,406           | 18,592,903           |
| Operating Leases - Straight Lining  | 8,860,710            | 8,652,805            | 8,860,710            | 8,652,805            |
|   | <b>418,162,164</b>   | <b>423,414,768</b>   | <b>418,162,164</b>   | <b>423,414,768</b>   |
| Provision for Bad Debts -Other Receivables - Exchange   | (120,170,152)        | (64,259,599)         | (120,170,152)        | (64,259,599)         |
|   | <b>297,992,012</b>   | <b>359,155,169</b>   | <b>297,992,012</b>   | <b>359,155,169</b>   |
| Other Receivables: MBDA   | 104,762,680          | 145,881,738          | 0                    | 0                    |
| Less: Intercompany transactions   | (159,460,323)        | (175,598,402)        | 0                    | 0                    |
|   | <b>243,294,369</b>   | <b>329,438,505</b>   | <b>297,992,012</b>   | <b>359,155,169</b>   |
| <b>Refer Restatement Note no. 40.3.2.1</b>  |                      |                      |                      |                      |
| Amounts due from Other Receivables are "normally" settled within 30 days and bear no interest except where issues arise due to disputes.<br>W.r.t the Other Receivables - Non-Exchange - Follow-ups are currently in progress with the Government Departments w.r.t the outstanding debt. Internally, management is also assessing the claims again to confirm monies due to the Municipality.<br>Included in Accrued Income: Other above are debit balances in creditors in the amount of R3 038 523; which are still under investigation to determine whether they should have been there or not and are being cleared and updated where necessary. |                      |                      |                      |                      |
| <b>17 CALL DEPOSITS AND INVESTMENTS</b>   |                      |                      |                      |                      |
| <b>DEPOSITS and INVESTMENTS</b>   |                      |                      |                      |                      |
| ABSA Investment Account - interest receivable on monthly basis at the average annual interest rate of 2024: 8.45%, 6.5% and 8.00% (2023: 8.13%, 6.5% and 8.0%) during the current audit period.   | 507,676,969          | 625,310,000          | 507,676,969          | 625,310,000          |
| First National Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2024: 8.82% (2023 8.58%) during the current audit period.  | 640,000,000          | 1,155,000,000        | 640,000,000          | 1,155,000,000        |
| Investec Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2024: 8% (2023: 8.0%) during the current audit period.   | 183,817,622          | 169,693,176          | 183,817,622          | 169,693,176          |
| Nedbank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2024: 8.89% and 8.0% (2023: 8.65% and 7.85%) during the current audit period.  | 1,345,500,000        | 1,080,500,000        | 1,345,500,000        | 1,080,500,000        |
| Standard Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2024: 8.94% (2023: 8.65%) during the current audit period.   | 726,700,000          | 1,546,700,000        | 726,700,000          | 1,546,700,000        |
| Standard Bank Stanlib Investment Account - interest receivable on monthly basis at the average annual interest rate of 2024: 8.507% (2023: 8.31%) during the current audit period.  | 259,657              | 259,657              | 259,657              | 259,657              |
|   | <b>3,403,954,248</b> | <b>4,577,462,833</b> | <b>3,403,954,248</b> | <b>4,577,462,833</b> |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|  | Economic Entity      |                    | Municipality       |                    |
|--|----------------------|--------------------|--------------------|--------------------|
|  | 2024                 | Restated 2023      | 2024               | Restated 2023      |
|  | R                    | R                  | R                  | R                  |
| <b>18 CALL DEPOSITS AND INVESTMENTS - OTHER</b>  |                      |                    |                    |                    |
| Sanlam Shares - Financial Instruments  | <u>3,311,165</u>     | <u>2,387,624</u>   | <u>3,311,165</u>   | <u>2,387,624</u>   |
| No Investments were pledged as security  |                      |                    |                    |                    |
| The Municipality's Investment Policy and Investment Regulations, require local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.           |                      |                    |                    |                    |
| The NMBM is the holder of 40 919 shares in Sanlam Ltd received or allotted for no cost, of which the market value is R3 311 165 (2023: R2 387 624) determined on the open market share price as at 30 June 2024. The shares were awarded to the NMBM as the beneficiary of an insurance endowment policy, which matured during October 1998. |                      |                    |                    |                    |
| All deposits are invested in call accounts with all of the above banks as per the above-mentioned interest rate options. Short-term investment deposits form part of cash and cash equivalents for purposes of the cash flow statement.  |                      |                    |                    |                    |
| Short-term Investment Deposits amounting to R213 697 820 (2023: R192 379 300) are ring-fenced and attributable to repaying long-term loans.  |                      |                    |                    |                    |
| <b>19 BANK BALANCES AND CASH</b>   |                      |                    |                    |                    |
| The NMBM operates various current accounts with ABSA. The details are as follows:  |                      |                    |                    |                    |
| <b>BANK: ABSA</b>  |                      |                    |                    |                    |
| <b>ACCOUNT NUMBER: 4079534961</b>  |                      |                    |                    |                    |
| <b>BRANCH: Greenacres</b>  |                      |                    |                    |                    |
| <b>BRANCH CODE: 632005</b>   |                      |                    |                    |                    |
| Cash Book balance at beginning of the year   | 171,212,204          | 835,018,909        | 171,212,204        | 835,018,909        |
| Cash Book balance at end of the year   | <u>934,111,410</u>   | <u>171,212,204</u> | <u>934,111,410</u> | <u>171,212,204</u> |
| Bank Balance at beginning of the year  | 148,663,716          | 815,061,485        | 148,663,716        | 815,061,485        |
| Bank Balance at end of the year  | <u>912,197,412</u>   | <u>148,663,716</u> | <u>912,197,412</u> | <u>148,663,716</u> |
| Which are disclosed in the Statement of Financial Position as follows:   |                      |                    |                    |                    |
| Bank balances and cash   | <u>934,111,410</u>   | <u>171,212,204</u> | <u>934,111,410</u> | <u>171,212,204</u> |
| <b>Mandela Bay Development Agency</b>  |                      |                    |                    |                    |
| <b><u>Current Accounts (Primary Account)</u></b>   |                      |                    |                    |                    |
| <b>NedBank, Govan Mbeki Avenue, Port Elizabeth</b>   |                      |                    |                    |                    |
| <b>Account Number -</b>  |                      |                    |                    |                    |
| Cashbook balance at beginning of year  | 2,948,095            | 3,963,956          |                    |                    |
| Cashbook balance at end of the year  | <u>6,324,438</u>     | <u>2,948,095</u>   |                    |                    |
| Bank statement balance at beginning of the year  | 2,948,095            | 3,963,956          |                    |                    |
| Bank statement balance at end of the year  | <u>6,324,438</u>     | <u>2,948,095</u>   |                    |                    |
| <b><u>Call Account Deposits</u></b>  |                      |                    |                    |                    |
| <b>NedBank, Govan Mbeki Avenue, Port Elizabeth</b>   |                      |                    |                    |                    |
| <b>Account Number -</b>  |                      |                    |                    |                    |
| Cashbook balance at beginning of year  | 63,412,650           | 82,584,727         |                    |                    |
| Cashbook balance at end of the year  | <u>81,959,232</u>    | <u>63,412,650</u>  |                    |                    |
| Bank statement balance at beginning of the year  | 63,412,650           | 82,584,727         |                    |                    |
| Bank statement balance at end of the year  | <u>81,959,232</u>    | <u>63,412,650</u>  |                    |                    |
| <b>Which are disclosed in the Statement of Financial Position as follows:</b>  |                      |                    |                    |                    |
| Cash and cash equivalents  | 88,283,670           | 66,360,745         |                    |                    |
| Current Account (Primary Account)  | 6,324,438            | 2,948,095          |                    |                    |
| Call Account Deposits  | 81,959,232           | 63,412,650         |                    |                    |
| <b>Consolidated Cash Book balance at end of the year</b>   | <u>1,022,395,080</u> | <u>237,572,949</u> |                    |                    |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|   | Economic Entity |               | Municipality  |               |
|---|-----------------|---------------|---------------|---------------|
|   | 2024            | Restated 2023 | 2024          | Restated 2023 |
|   | R               | R             | R             | R             |
| <b>Banking facilities with ABSA:</b>      |                 |               |               |               |
| - Financial guarantees                    | 8,402,000       | 5,599,000     | 8,402,000     | 5,599,000     |
| - Automated Clearing Bureau Credits limit | 2,000,000,000   | 2,000,000,000 | 2,000,000,000 | 2,000,000,000 |
| - Daily limit                             | 350,000,000     | 350,000,000   | 350,000,000   | 350,000,000   |
| - Automated Clearing Bureau Debits limit  | 15,000,000      | 15,000,000    | 15,000,000    | 15,000,000    |
| <b>Banking Securities with ABSA:</b>      |                 |               |               |               |
| - Financial guarantees                    | 7,646,969       | 5,280,000     | 7,646,969     | 5,280,000     |
| - Outward guarantees                      | 0               | 3,280,000     | 0             | 3,280,000     |

No fee was paid for the financial guarantees. All guarantees except the one amounting to R761,352 are secured by cash.

**20 PROPERTY RATES**

|               |                      |                      |                      |                      |
|---------------|----------------------|----------------------|----------------------|----------------------|
| <u>Actual</u> |                      |                      |                      |                      |
| Residential   | 1,405,166,368        | 1,320,036,048        | 1,405,166,368        | 1,320,036,048        |
| Commercial    | 1,188,561,001        | 1,130,131,661        | 1,188,561,001        | 1,130,131,661        |
| State         | 190,537,742          | 184,096,181          | 190,537,742          | 184,096,181          |
| Other         | 91,335,049           | 90,660,142           | 91,335,049           | 90,660,142           |
|               | <b>2,875,600,160</b> | <b>2,724,924,032</b> | <b>2,875,600,160</b> | <b>2,724,924,032</b> |

Refer Restatement Note no. 40.1.6

As per the Municipal Property Rates Act, the latest date of valuation was 1 July 2021, with the implementation date being 1 July 2022 and is valid until 30 June 2026.

\*Other includes Agricultural, Public Service Infrastructure and Vacant Properties.  
These amounts are reflected excluding VAT.

| <b>Valuations</b> | <b>R'000</b>       | <b>R'000</b>       | <b>R'000</b>       | <b>R'000</b>       |
|-------------------|--------------------|--------------------|--------------------|--------------------|
| Residential       | 135,172,175        | 134,390,121        | 135,172,175        | 134,390,121        |
| Commercial        | 54,128,446         | 61,171,006         | 54,128,446         | 61,171,006         |
| State             | 7,922,645          | 84,540             | 7,922,645          | 84,540             |
| Other             | 8,877,572          | 9,275,427          | 8,877,572          | 9,275,427          |
|                   | <b>206,100,837</b> | <b>204,921,094</b> | <b>206,100,837</b> | <b>204,921,094</b> |

**21.1 SERVICE CHARGES**

|                                      |                      |                      |                      |                      |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Sale of Electricity                  | 4,955,284,244        | 4,538,879,615        | 4,956,689,912        | 4,540,052,928        |
| Sale of Water                        | 3,048,560,648        | 4,328,479,786        | 3,048,560,648        | 4,328,479,786        |
| Service delivery - sale of inventory | <b>8,003,844,892</b> | <b>8,867,359,401</b> | <b>8,005,250,560</b> | <b>8,868,532,714</b> |
| Refuse Removal                       | 290,782,750          | 323,393,803          | 290,782,750          | 323,393,803          |
| Sewerage and Sanitation charges      | 807,631,183          | 777,795,527          | 807,631,183          | 777,795,527          |
| Service delivery - sale of services  | <b>1,098,413,933</b> | <b>1,101,189,330</b> | <b>1,098,413,933</b> | <b>1,101,189,330</b> |
|                                      | <b>9,102,258,825</b> | <b>9,968,548,731</b> | <b>9,103,664,493</b> | <b>9,969,722,044</b> |

Refer Restatement Note no. 40.1.2

**21.2 FINES, PENALTIES AND FORFEITS**

|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Fines (Library and Traffic)                                 | <b>97,506,958</b> | <b>77,757,792</b> | <b>97,506,958</b> | <b>77,757,792</b> |
| Included in Fines above are Traffic fines shown as follows: |                   |                   |                   |                   |
| Fines issued for the year                                   | 62,852,860        | 38,489,830        | 62,852,860        | 38,489,830        |
| Impaired, based on collection rate                          | (55,910,553)      | (34,433,525)      | (55,910,553)      | (34,433,525)      |
| Portion not impaired  | (522,125)         | 0                 | (522,125)         | 0                 |
| Net fines collected   | <b>6,420,182</b>  | <b>4,056,305</b>  | <b>6,420,182</b>  | <b>4,056,305</b>  |

Refer Restatement Note no. 40.1.5

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

| 22 TRANSFERS AND SUBSIDIES   | Economic Entity      |                      | Municipality         |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2024<br>R            | Restated 2023<br>R   | 2024<br>R            | Restated 2023<br>R   |
| PHB Subsidies (See Note 22.1)  | 116,436,926          | 92,674,646           | 116,436,926          | 92,674,646           |
| Equitable Share Allocation ( See Note 22.2)  | 1,418,678,519        | 1,288,228,000        | 1,418,678,519        | 1,288,228,000        |
| Finance Management Grant (See Note 22.3)   | 1,000,000            | 930,604              | 1,000,000            | 930,604              |
| Provincial Government Grants: Library Services (See Note 22.4)   | 15,870,000           | 15,870,000           | 15,870,000           | 15,870,000           |
| Public Transport Networks Operations Grant (See Note 22.6)   | 68,803,761           | 100,834,901          | 68,803,761           | 100,834,901          |
| Other Grants (See Note 22.7)   | 608,099              | 1,291,322            | 11,503               | 575,284              |
| Government Grant Revenue (See Note 22.8)   | 896,042,027          | 912,006,322          | 896,042,027          | 912,006,322          |
| Neighbourhood Partnership Development Grant (See Note 22.11)   | 20,000,000           | 9,998,385            | 20,000,000           | 9,998,385            |
| Urban Settlements Development Grant (See Note 22.12)   | 5,084,126            | 3,434,916            | 5,084,126            | 3,434,916            |
| Infrastructure Skills Development Grant (See Note 22.13)   | 11,746,478           | 12,679,660           | 11,746,478           | 12,679,660           |
| EPWP Incentive Grant (See Note 22.14)  | 7,530,709            | 9,884,000            | 7,530,709            | 9,884,000            |
| Programme and Project Preparation Support Grant (PPPSG) (See Note 22.15)   | 3,330,297            | 373,200              | 3,330,297            | 373,200              |
| Department of Roads and Public Works Grant (See Note 22.17)  | 15,043,525           | 11,330,951           | 15,043,525           | 11,330,951           |
| LGSETA Discretionary Learnership Funding (See Note 22.18)  | 5,663,170            | 5,845,059            | 5,663,170            | 5,845,059            |
| Regional Bulk Infrastructure Grant (See Note 22.19)  | 17,213,231           | 0                    | 17,213,231           | 0                    |
| Other Transfers (See Note 22.20)   | 135,413,963          | 116,856,713          | 135,413,963          | 116,856,713          |
| Public Contributions (See Note 22.21)  | 100,599,192          | 449,898,152          | 100,599,192          | 449,898,152          |
| Informal Settlements Upgrading Grant ( See Note 22.23)   | 5,152,891            | 1,807,427            | 5,152,891            | 1,807,427            |
|  | <b>2,844,216,914</b> | <b>3,033,944,258</b> | <b>2,843,620,318</b> | <b>3,033,228,220</b> |
| <b>Refer Restatement Note no. 40.1.9</b>   |                      |                      |                      |                      |
| Total Grant Receipts   | <b>2,991,534,476</b> | <b>2,713,380,137</b> | <b>2,934,753,257</b> | <b>2,712,196,175</b> |
| <b>22.1 PHB Subsidies</b>  |                      |                      |                      |                      |
| This Grant is received from Provincial Government and is used for the construction of low cost housing.                      |                      |                      |                      |                      |
| <b>Balance at beginning of year</b>  | <b>41,194,912</b>    | <b>43,952,645</b>    | <b>41,194,912</b>    | <b>43,952,645</b>    |
| Current year receipts  | 148,189,464          | 90,314,292           | 148,189,464          | 90,314,292           |
| Interest received  | 6,600,597            | 5,618,649            | 6,600,597            | 5,618,649            |
| Debtor raised - Refer Note 16  | 210,732,331          | 210,732,331          | 210,732,331          | 210,732,331          |
| Reversal of prior year accrual   | (210,732,331)        | (210,320,726)        | (210,732,331)        | (210,320,726)        |
| Interest paid over to Provincial Treasury  | (6,600,597)          | (6,427,633)          | (6,600,597)          | (6,427,633)          |
| Conditions met - Transferred to revenue  | (116,436,926)        | (92,674,646)         | (116,436,926)        | (92,674,646)         |
| <b>Conditions still to be met - transferred to liabilities</b>   | <b>72,947,450</b>    | <b>41,194,912</b>    | <b>72,947,450</b>    | <b>41,194,912</b>    |
| <b>22.2 Equitable Share</b>  |                      |                      |                      |                      |
| In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. |                      |                      |                      |                      |
| <b>Balance unspent at beginning of year</b>  | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| Current year receipts  | 1,355,310,000        | 1,045,975,000        | 1,355,310,000        | 1,045,975,000        |
| Rollover not approved - various grants   | 63,742,870           | 241,878,649          | 63,742,870           | 241,878,649          |
| Debtor raised / (reversed)   | (374,351)            | 374,351              | (374,351)            | 374,351              |
| Transferred to revenue   | (1,418,678,519)      | (1,288,228,000)      | (1,418,678,519)      | (1,288,228,000)      |
| <b>Conditions met</b>  | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| <b>22.3 Finance Management Grant</b>   |                      |                      |                      |                      |
| This grant is used in the financial reform project under the guidance of National Treasury.                                  |                      |                      |                      |                      |
| <b>Balance unspent at beginning of year</b>  | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| Current year receipts  | 1,000,000            | 1,000,000            | 1,000,000            | 1,000,000            |
| Conditions met - Transferred to Other Income - VAT portion   | 0                    | (69,396)             | 0                    | (69,396)             |
| Conditions met - Transferred to revenue  | (1,000,000)          | (930,604)            | (1,000,000)          | (930,604)            |
| <b>Conditions met</b>  | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| <b>22.4 Provincial Government Grants: Library Services</b>   |                      |                      |                      |                      |
| This grant is received from the Provincial Government and used to subsidise Libraries.                                       |                      |                      |                      |                      |
| <b>Balance at beginning of year</b>  | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| Current year receipts  | 15,870,000           | 15,870,000           | 15,870,000           | 15,870,000           |
| Conditions met - Transferred to revenue  | (15,870,000)         | (15,870,000)         | (15,870,000)         | (15,870,000)         |
| <b>Conditions met</b>  | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

| 22 TRANSFERS AND SUBSIDIES (Continued)  | Economic Entity    |                    | Municipality       |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 2024<br>R          | Restated 2023<br>R | 2024<br>R          | Restated 2023<br>R |
| <b>22.5 Public Transport Infrastructure Grant</b>   |                    |                    |                    |                    |
| This Grant is to provide for accelerated planning, construction and improvement of public and non-motorised transport infrastructure. |                    |                    |                    |                    |
| <b>Balance unspent at beginning of year</b>   | <b>15,957,033</b>  | <b>27,595,051</b>  | <b>15,957,033</b>  | <b>27,595,051</b>  |
| Transfer from Public Transport Networks Operations Grant  | (68,803,761)       | 165,756,500        | (68,803,761)       | 165,756,500        |
| Current year receipts   | 100,376,000        | 0                  | 100,376,000        | 0                  |
| Conditions met - Transferred to revenue - capital   | (29,365,884)       | (149,799,467)      | (29,365,884)       | (149,799,467)      |
| Transfer to E-Share   | 0                  | (27,595,051)       | 0                  | (27,595,051)       |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>18,163,388</b>  | <b>15,957,033</b>  | <b>18,163,388</b>  | <b>15,957,033</b>  |
| <b>22.6 Public Transport Networks Operations Grant</b>  |                    |                    |                    |                    |
| This grant is to provide supplementary operational funding to Municipalities in order to operationalise the IPTS project within NMBM. |                    |                    |                    |                    |
| <b>Balance unspent at beginning of year</b>   | <b>6,951,599</b>   | <b>49,330,709</b>  | <b>6,951,599</b>   | <b>49,330,709</b>  |
| Current year receipts   | 0                  | 273,543,000        | 0                  | 273,543,000        |
| Transfer to Public Transport Infrastructure Grant   | 68,803,761         | (165,756,500)      | 68,803,761         | (165,756,500)      |
| Transfer to E-Share - Owing to NT   | (6,951,599)        | (49,330,709)       | (6,951,599)        | (49,330,709)       |
| Conditions met - Transferred to revenue   | (68,803,761)       | (100,834,901)      | (68,803,761)       | (100,834,901)      |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>0</b>           | <b>6,951,599</b>   | <b>0</b>           | <b>6,951,599</b>   |
| <b>22.7 Other Grants</b>  |                    |                    |                    |                    |
| These are grants received by the NMBM for various purposes.   |                    |                    |                    |                    |
| <b>Balance unspent at beginning of year</b>   | <b>5,727,231</b>   | <b>5,347,091</b>   | <b>603,251</b>     | <b>691,035</b>     |
| Current year receipts   | 4,883,482          | 1,671,462          | 0                  | 487,500            |
| Conditions met - Transferred to revenue - capital   | -148,389           | 0                  | 0                  | 0                  |
| Conditions met - Transferred to revenue   | (608,099)          | (1,291,322)        | (11,503)           | (575,284)          |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>9,854,225</b>   | <b>5,727,231</b>   | <b>591,748</b>     | <b>603,251</b>     |
| <b>22.8 Government Grant Revenue</b>  |                    |                    |                    |                    |
| Relates to the Funding of Capital Projects financed by Government Grants which are disclosed under Government Grants and Subsidies.   |                    |                    |                    |                    |
|   | <b>896,042,027</b> | <b>912,006,322</b> | <b>896,042,027</b> | <b>912,006,322</b> |



**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

| 22 TRANSFERS AND SUBSIDIES (Continued)  | Economic Entity   |                    | Municipality      |                    |
|---|-------------------|--------------------|-------------------|--------------------|
|   | 2024<br>R         | Restated 2023<br>R | 2024<br>R         | Restated 2023<br>R |
| <b>22.9 CDC Walmer Intervention Funding Grant</b>   |                   |                    |                   |                    |
| This grant is used to speed up service delivery intervention in Walmer Gqebera township.  |                   |                    |                   |                    |
| <b>Balance unspent at beginning of year</b>   | <b>9,068,420</b>  | <b>9,068,420</b>   | <b>9,068,420</b>  | <b>9,068,420</b>   |
| Current year receipts   | 0                 | 0                  | 0                 | 0                  |
| Debtor raised   | 0                 | 0                  | 0                 | 0                  |
| Conditions met - Transferred to revenue - Capital   | 0                 | 0                  | 0                 | 0                  |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>9,068,420</b>  | <b>9,068,420</b>   | <b>9,068,420</b>  | <b>9,068,420</b>   |
| <b>22.10 Neighbourhood Partnership Development Grant</b>  |                   |                    |                   |                    |
| This grant is used for the urban renewal of certain targeted / designated townships.  |                   |                    |                   |                    |
| <b>Balance unspent at beginning of year</b>   | <b>30,591</b>     | <b>9,101,120</b>   | <b>30,591</b>     | <b>9,101,120</b>   |
| Transfer to E-share   | (30,591)          | (9,101,120)        | (30,591)          | (9,101,120)        |
| Current year receipts   | 9,011,000         | 10,000,000         | 9,011,000         | 10,000,000         |
| Conditions met - Transferred to revenue - capital   | (7,835,652)       | (8,669,051)        | (7,835,652)       | (8,669,051)        |
| Debtor accrual reversed   | 0                 | 0                  | 0                 | 0                  |
| Conditions met - Transferred to Other Income - VAT  | (1,175,348)       | (1,300,358)        | (1,175,348)       | (1,300,358)        |
| <b>Conditions met</b>   | <b>0</b>          | <b>30,591</b>      | <b>0</b>          | <b>30,591</b>      |
| <b>22.11 Neighbourhood Partnership Development Grant</b>  |                   |                    |                   |                    |
| The grant is for eradicating spatial inequality towards the creation of liveable, sustainable, resilient, efficient and integrated town and cities. |                   |                    |                   |                    |
| <b>Balance unspent at beginning of year</b>   | <b>1,615</b>      | <b>14,307,080</b>  | <b>1,615</b>      | <b>14,307,080</b>  |
| Transfer to E-share   | -1,615            | -14,307,080        | -1,615            | -14,307,080        |
| Current year receipts   | 20,000,000        | 10,000,000         | 20,000,000        | 10,000,000         |
| Conditions met - Transferred to revenue   | (20,000,000)      | (9,998,385)        | (20,000,000)      | (9,998,385)        |
| <b>Conditions met</b>   | <b>0</b>          | <b>1,615</b>       | <b>0</b>          | <b>1,615</b>       |
| <b>22.12 Urban Settlements Development Grant</b>  |                   |                    |                   |                    |
| This grant is used to improve urban land production to the benefit of poor households as well as improving spatial integration and densities.       |                   |                    |                   |                    |
| <b>Balance unspent at beginning of year</b>   | <b>29,400,680</b> | <b>31,920,928</b>  | <b>29,400,680</b> | <b>31,920,928</b>  |
| Transfer to E-Share - Owing to NT   | (19,459,927)      | (31,920,928)       | (19,459,927)      | (31,920,928)       |
| Current year receipts   | 522,204,000       | 588,945,000        | 522,204,000       | 588,945,000        |
| Conditions met - Transferred to revenue - capital   | (418,793,554)     | (483,249,806)      | (418,793,554)     | (483,249,806)      |
| Conditions met - Transferred to Other Income - VAT portion  | (62,819,033)      | (72,859,599)       | (62,819,033)      | (72,859,599)       |
| Conditions met - Transferred to revenue   | (5,084,126)       | (3,434,915)        | (5,084,126)       | (3,434,915)        |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>45,448,040</b> | <b>29,400,680</b>  | <b>45,448,040</b> | <b>29,400,680</b>  |
| <b>22.13 Infrastructure Skills Development Grant</b>  |                   |                    |                   |                    |
| This grant is used for skills development in certain targeted service delivery directorates.  |                   |                    |                   |                    |
| <b>Balance unspent at beginning of year</b>   | <b>0</b>          | <b>0</b>           | <b>0</b>          | <b>0</b>           |
| Transfer to E-Share - Owing to NT   | 0                 | 0                  | 0                 | 0                  |
| <b>Current year receipts</b>  | <b>0</b>          | <b>0</b>           | <b>0</b>          | <b>0</b>           |
| Current year receipts   | 13,970,000        | 12,750,000         | 13,970,000        | 12,750,000         |
| Conditions met - Transferred to revenue   | (11,746,478)      | (12,679,660)       | (11,746,478)      | (12,679,660)       |
| Conditions met - Transferred to Other Income - VAT portion  | (154,678)         | (70,340)           | (154,678)         | (70,340)           |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>2,068,844</b>  | <b>0</b>           | <b>2,068,844</b>  | <b>0</b>           |
| <b>22.14 EPWP Incentive Grant</b>   |                   |                    |                   |                    |
| This grant is used to implement expanded public works programme.  |                   |                    |                   |                    |
| <b>Balance unspent at beginning of year</b>   | <b>0</b>          | <b>0</b>           | <b>0</b>          | <b>0</b>           |
| Current year receipts   | 7,928,000         | 9,884,000          | 7,928,000         | 9,884,000          |
| Conditions met - Transferred to revenue   | (7,530,709)       | (9,884,000)        | (7,530,709)       | (9,884,000)        |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>397,291</b>    | <b>0</b>           | <b>397,291</b>    | <b>0</b>           |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|   | Economic Entity    |                    | Municipality       |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 2024<br>R          | Restated 2023<br>R | 2024<br>R          | Restated 2023<br>R |
| <b>22 TRANSFERS AND SUBSIDIES (Continued)</b>   |                    |                    |                    |                    |
| <b>22.15 Programme and Project Preparation Support Grant (PPPSG)</b>  |                    |                    |                    |                    |
| This grant is used for the development of more inclusive, liveable, productive and sustainable urban built environments in the metropolitan municipalities.   |                    |                    |                    |                    |
| <b>Balance unspent at beginning of year</b>   | <b>19,892,820</b>  | <b>10,891,492</b>  | <b>19,892,820</b>  | <b>10,891,492</b>  |
| Transfer to E-Share - Owing to NT   | (19,892,820)       | (10,891,492)       | (19,892,820)       | (10,891,492)       |
| Current year receipts   | 10,000,000         | 20,322,000         | 10,000,000         | 20,322,000         |
| Conditions met - Transferred to revenue   | (3,330,297)        | (373,200)          | (3,330,297)        | (373,200)          |
| Conditions met - Transferred to Other Income - VAT portion  | (499,544)          | (55,980)           | (499,544)          | (55,980)           |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>6,170,159</b>   | <b>19,892,820</b>  | <b>6,170,159</b>   | <b>19,892,820</b>  |
| <b>22.16 Drought Relief Grant</b>   |                    |                    |                    |                    |
| The grant is used fro responding to the immediate communities needs with the aim to alleviate the immediate consequences of drought within the municipality.  |                    |                    |                    |                    |
| <b>Balance unspent at beginning of year</b>   | <b>763,767</b>     | <b>55,667,575</b>  | <b>763,767</b>     | <b>55,667,575</b>  |
| Transfer to E-Share - Owing to NT   | 0                  | 0                  | 0                  | 0                  |
| Current year receipts   | 0                  | 0                  | 0                  | 0                  |
| Conditions met - Transferred to revenue - capital   | 0                  | (47,742,442)       | 0                  | (47,742,442)       |
| Conditions met - Transferred to revenue - VAT   | 0                  | (7,161,366)        | 0                  | (7,161,366)        |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>763,767</b>     | <b>763,767</b>     | <b>763,767</b>     | <b>763,767</b>     |
| <b>22.17 Department of Roads and Public Works Grant</b>   |                    |                    |                    |                    |
| This grant is used to fund the maintenance of Provincial roads in the Metropolitan area.  |                    |                    |                    |                    |
| <b>Balance unspent at beginning of year</b>   | <b>967,678</b>     | <b>0</b>           | <b>967,678</b>     | <b>0</b>           |
| Current year receipts   | 17,559,556         | 14,870,564         | 17,559,556         | 14,870,564         |
| Debtor raised /(reversed)   | 0                  | (676,835)          | 0                  | (676,835)          |
| Conditions met - Transferred to revenue   | (15,043,525)       | (11,330,951)       | (15,043,525)       | (11,330,951)       |
| Conditions met - Transferred to Other Income  | (342,046)          | (169,964)          | (342,046)          | (169,964)          |
| Conditions met - Transferred to revenue - VAT   | (2,173,984)        | (1,725,136)        | (2,173,984)        | (1,725,136)        |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>967,679</b>     | <b>967,678</b>     | <b>967,679</b>     | <b>967,678</b>     |
| <b>22.18 LGSETA Discretionary Learnership Funding</b>   |                    |                    |                    |                    |
| This grant is used to facilitate access to skills development, education and training in the local government sector and community in general.  |                    |                    |                    |                    |
| <b>Balance unspent at beginning of year</b>   | <b>10,519,306</b>  | <b>9,378,633</b>   | <b>10,519,306</b>  | <b>9,378,633</b>   |
| Current year receipts   | 6,066,782          | 6,985,732          | 6,066,782          | 6,985,732          |
| Conditions met - Transferred to revenue   | (5,663,171)        | (5,845,059)        | (5,663,171)        | (5,845,059)        |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>10,922,917</b>  | <b>10,519,306</b>  | <b>10,922,917</b>  | <b>10,519,306</b>  |
| <b>22.19 Regional Bulk Infrastructure Grant</b>   |                    |                    |                    |                    |
| This grant is to develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality. |                    |                    |                    |                    |
| <b>Balance unspent at beginning of year</b>   | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           |
| Current year receipts   | 348,000,000        | 0                  | 348,000,000        | 0                  |
| Conditions met - Transferred to revenue - capital   | (161,767,530)      | 0                  | (161,767,530)      | 0                  |
| Conditions met - Transferred to Other revenue   | (17,213,233)       | 0                  | (17,213,233)       | 0                  |
| Conditions met - Transferred to Other Income - VAT portion  | (26,847,114)       | 0                  | (26,847,114)       | 0                  |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>142,172,123</b> | <b>0</b>           | <b>142,172,123</b> | <b>0</b>           |
| <b>22.20 Other Transfers</b>  |                    |                    |                    |                    |
| <b>Balance unspent at beginning of year</b>   |                    |                    |                    |                    |
| Relates to the Funding of VAT on Capital and Operating Projects   | <b>135,413,963</b> | <b>116,856,713</b> | <b>135,413,963</b> | <b>116,856,713</b> |
| <b>22.21 Public Contributions/ Other Transfers</b>  |                    |                    |                    |                    |
| These contributions are predominately receipts or donations from customers to fund capital infrastructure projects linked to the expansions of the CBD area in Gqeberha and expansions of the DAMS  |                    |                    |                    |                    |
| <b>Balance unspent at beginning of year</b>   |                    |                    |                    |                    |
| Relates to the Funding of Capital Projects from Donations   | <b>100,599,192</b> | <b>449,898,152</b> | <b>100,599,192</b> | <b>449,898,152</b> |
| <b>22.22 Energy Efficiency and Demand Side Management Grant</b>   |                    |                    |                    |                    |
| This grant is used to provide subsidies to municipalities to implement energy efficiency and demand side management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.   |                    |                    |                    |                    |
| <b>Balance unspent at beginning of year</b>   | <b>192,487</b>     | <b>0</b>           | <b>192,487</b>     | <b>0</b>           |
| Transfer to E-Share - Owing to NT   | (192,487)          | 0                  | -192,487           | 0                  |
| Current year receipts   | 9,000,000          | 9,000,000          | 9,000,000          | 9,000,000          |
| Conditions met - Transferred to Other Income - VAT portion  | (1,008,758)        | (1,148,806)        | (1,008,758)        | (1,148,806)        |
| Conditions met - Transferred to revenue - capital   | (6,725,054)        | (7,658,707)        | (6,725,054)        | (7,658,707)        |
| <b>Conditions still to be met - transferred to liabilities</b>  | <b>1,266,188</b>   | <b>192,487</b>     | <b>1,266,188</b>   | <b>192,487</b>     |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|  | Economic Entity      |                      | Municipality         |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2024                 | Restated 2023        | 2024                 | Restated 2023        |
|  | R                    | R                    | R                    | R                    |
| <b>22 TRANSFERS AND SUBSIDIES (Continued)</b>  |                      |                      |                      |                      |
| <b>22.23 Informal Settlements Upgrading Grant</b>  |                      |                      |                      |                      |
| This grant is to provide funding to facilitate a programmatic, inclusive and municipality-wide approach to upgrading informal settlements. |                      |                      |                      |                      |
| <b>Balance unspent at beginning of year</b>  | <b>49,715,992</b>    | <b>98,732,269</b>    | <b>49,715,992</b>    | <b>98,732,269</b>    |
| Transfer to E-Share - Owing to NT  | -17,213,831          | -98,732,269          | -17,213,831          | -98,732,269          |
| Current year receipts  | 301,567,000          | 298,876,000          | 301,567,000          | 298,876,000          |
| Conditions met - Transferred to revenue  | (5,152,891)          | (1,807,427)          | (5,152,891)          | (1,807,427)          |
| Conditions met - Transferred to Other Income - VAT portion   | (40,735,503)         | (32,465,732)         | (40,735,503)         | (32,465,732)         |
| Conditions met - Transferred to revenue - capital  | (271,554,355)        | (214,886,849)        | (271,554,355)        | (214,886,849)        |
| <b>Conditions still to be met - transferred to liabilities</b>   | <b>16,626,412</b>    | <b>49,715,992</b>    | <b>16,626,412</b>    | <b>49,715,992</b>    |
| <b>23.1 RENTAL OF FACILITIES AND EQUIPMENT</b>   |                      |                      |                      |                      |
| Hire of Halls  | 3,224,037            | 2,034,619            | 3,224,037            | 2,034,619            |
| Hire of Containers   | 4,840,425            | 4,843,047            | 4,840,425            | 4,843,047            |
| Hire of Buildings  | 7,022,412            | 9,253,100            | 7,022,412            | 9,253,100            |
| Resorts rentals  | 503,672              | 503,642              | 503,672              | 503,642              |
| Rentals of Sporting Facilities   | 1,722,344            | 1,141,498            | 1,722,344            | 1,141,498            |
| Rentals: Other   | 8,058,757            | 7,172,152            | 8,058,757            | 7,172,152            |
| Accommodation rentals  | 8,647,642            | 7,672,201            | 8,647,642            | 7,672,201            |
|  | <b>34,019,289</b>    | <b>32,620,259</b>    | <b>34,019,289</b>    | <b>32,620,259</b>    |
| <b>Refer Restatement Note no. 40.1.3</b>   |                      |                      |                      |                      |
| <b>23.2 OPERATIONAL REVENUE</b>  |                      |                      |                      |                      |
| Operational Revenue: Administrative Handling Fees  | 342,852              | 171,719              | 342,852              | 171,719              |
| Operational Revenue: Inspection Fees   | 3,301,366            | 3,524,421            | 3,301,366            | 3,524,421            |
| Operational Revenue: Commission  | 18,194,349           | 17,138,184           | 18,194,349           | 17,138,184           |
| Operational Revenue: Other   | 10,820,415           | 10,137,023           | 10,820,415           | 10,137,023           |
|  | <b>32,658,982</b>    | <b>30,971,347</b>    | <b>32,658,982</b>    | <b>30,971,347</b>    |
| Other Revenue - MBDA   | 3,309,145            | 3,161,645            | 0                    | 0                    |
|  | <b>35,968,127</b>    | <b>34,132,992</b>    | <b>32,658,982</b>    | <b>30,971,347</b>    |
| <b>Refer Restatement Note no. 40.1.4.1</b>   |                      |                      |                      |                      |
| <b>23.3 SALES OF GOODS AND RENDERING OF SERVICES</b>   |                      |                      |                      |                      |
| Sales of Goods and Rendering of Services: Building Plan Approval   | 8,500,752            | 8,980,268            | 8,500,752            | 8,980,268            |
| Sales of Goods and Rendering of Services: Academic Services  | 3,471,387            | 1,352,720            | 3,471,387            | 1,352,720            |
| Sales of Goods and Rendering of Services: Advertisements   | 3,285,035            | 2,927,234            | 3,285,035            | 2,927,234            |
| Sales of Goods and Rendering of Services: Cemetery and Burial  | 10,965,039           | 11,461,596           | 10,965,039           | 11,461,596           |
| Sales of Goods and Rendering of Services: Entrance Fees  | 671,389              | 151,180              | 671,389              | 151,180              |
| Sales of Goods and Rendering of Services: Transport Fees   | 768,315              | 7,645,290            | 768,315              | 7,645,290            |
| Sales of Goods and Rendering of Services: Scrap, Waste & Other Goods: Recycling of Waste   | 11,318,770           | 6,885,844            | 11,318,770           | 6,885,844            |
| Sales of Goods and Rendering of Services: Legal Fees   | 30,440,258           | 25,642,063           | 30,440,258           | 25,642,063           |
| Sales of Goods and Rendering of Services: Other  | 8,625,210            | 9,546,399            | 8,625,210            | 9,546,399            |
|  | <b>78,046,155</b>    | <b>74,592,594</b>    | <b>78,046,155</b>    | <b>74,592,594</b>    |
| <b>Refer Restatement Note no. 40.1.4.2</b>   |                      |                      |                      |                      |
| <b>23.4 NON-EXCHANGE REVENUE:</b>  |                      |                      |                      |                      |
| Fuel Levy  | <b>783,478,000</b>   | <b>754,473,000</b>   | <b>783,478,000</b>   | <b>754,473,000</b>   |
| <b>24 EMPLOYEE RELATED COSTS</b>   |                      |                      |                      |                      |
| Employee related costs - Municipal Staff - Salaries and Wages  | 2,374,387,367        | 2,348,873,072        | 2,374,387,367        | 2,348,873,072        |
| Employee related costs - Senior Management - Salaries and Wages  | 15,818,519           | 15,854,992           | 15,818,519           | 15,854,992           |
| Employee related costs - Municipal Staff - Social Contributions  | 795,869,318          | 648,044,070          | 795,869,318          | 648,044,070          |
| Employee related costs - Senior Management - Social Contributions  | 14,524               | 15,764               | 14,524               | 15,764               |
| Employee related costs - Municipal Staff - Allowances  | 233,061,975          | 209,359,517          | 233,061,975          | 209,359,517          |
| Housing benefits   | 15,274,072           | 14,544,308           | 15,274,072           | 14,544,308           |
| Overtime payouts   | 418,858,988          | 347,457,300          | 418,858,988          | 347,457,300          |
| Performance bonus: Municipal Staff   | 43,990,319           | 42,756,286           | 43,990,319           | 42,756,286           |
| Performance bonus: Senior Management   | 1,850,606            | -1,677,247           | 1,850,606            | -1,677,247           |
| Long-service Awards/ Bonuses   | 93,550,702           | 47,554,675           | 93,550,702           | 47,554,675           |
| Transfer to Inventory Consumed: Employee Related Costs Capitalised   | -102,903,021         | -97,907,408          | -102,903,021         | -97,907,408          |
|  | <b>3,889,773,369</b> | <b>3,574,875,329</b> | <b>3,889,773,369</b> | <b>3,574,875,329</b> |
| Employee related costs - MBDA - Salaries and Wages   | 31,203,785           | 28,769,588           | 0                    | 0                    |
| Employee related costs - MBDA - Directors Remuneration   | 1,257,000            | 1,127,500            | 0                    | 0                    |
| Employee related costs - MBDA - Social Contributions   | 6,381,040            | 6,868,107            | 0                    | 0                    |
| Employee related costs - MBDA - Allowances   | 0                    | 48,000               | 0                    | 0                    |
| Performance bonus - MBDA   | 0                    | 1,210,481            | 0                    | 0                    |
| Long-service Awards/ Bonuses - MBDA  | 0                    | 0                    | 0                    | 0                    |
|  | <b>38,841,825</b>    | <b>38,023,676</b>    | <b>0</b>             | <b>0</b>             |
|  | <b>3,928,615,194</b> | <b>3,612,899,005</b> | <b>3,889,773,369</b> | <b>3,574,875,329</b> |
| <b>Refer Restatement Note no. 40.2.1</b>   |                      |                      |                      |                      |
| <b>Remuneration of the City Manager</b>  |                      |                      |                      |                      |
| Annual Remuneration and correction made  | 2,713,032            | 2,628,769            | 2,713,032            | 2,628,769            |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other  | 297,286              | 286,079              | 297,286              | 286,079              |
| <b>Total</b>   | <b>3,010,318</b>     | <b>2,914,848</b>     | <b>3,010,318</b>     | <b>2,914,848</b>     |
| <b>Remuneration of the Chief Financial Officer</b>   |                      |                      |                      |                      |
| Annual Remuneration  | 1,928,688            | 2,247,012            | 1,928,688            | 2,247,012            |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other  | 95,967               | 89,230               | 95,967               | 89,230               |
| <b>Total</b>   | <b>2,024,655</b>     | <b>2,336,242</b>     | <b>2,024,655</b>     | <b>2,336,242</b>     |
| <b>Remuneration of the Chief Operating Officer</b>   |                      |                      |                      |                      |
| Annual Remuneration  | 1,953,101            | 337,931              | 1,953,101            | 337,931              |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other  | 82,915               | 92,783               | 82,915               | 92,783               |
| <b>Total</b>   | <b>2,036,016</b>     | <b>430,714</b>       | <b>2,036,016</b>     | <b>430,714</b>       |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

| 24 EMPLOYEE RELATED COSTS (Continued)                         | Economic Entity  |                    | Municipality     |                    |
|---|------------------|--------------------|------------------|--------------------|
|   | 2024<br>R        | Restated 2023<br>R | 2024<br>R        | Restated 2023<br>R |
| <b>Remuneration of the Chief of Staff - Current</b>           |                  |                    |                  |                    |
| Annual Remuneration   | 1,182,984        | 93,531             | 1,182,984        | 93,531             |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 0                | 93,531             | 0                | 93,531             |
| <b>Total</b>  | <b>1,182,984</b> | <b>187,062</b>     | <b>1,182,984</b> | <b>187,062</b>     |
| <b>Remuneration of the Chief of Staff - Previous 1</b>        |                  |                    |                  |                    |
| Annual Remuneration   | 0                | 681,654            | 0                | 681,654            |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 0                | 0                  | 0                | 0                  |
| <b>Total</b>  | <b>0</b>         | <b>681,654</b>     | <b>0</b>         | <b>681,654</b>     |
| <b>Remuneration of the Chief of Staff - previous 2</b>        |                  |                    |                  |                    |
| Annual Remuneration   | 0                | 320,998            | 0                | 320,998            |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 0                | 0                  | 0                | 0                  |
| <b>Total</b>  | <b>0</b>         | <b>320,998</b>     | <b>0</b>         | <b>320,998</b>     |
| <b>Remuneration of the Chief of Police</b>                    |                  |                    |                  |                    |
| Annual Remuneration   | 0                | 0                  |                  | 0                  |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 0                | 0                  |                  | 0                  |
| <b>Total</b>  | <b>0</b>         | <b>0</b>           | <b>0</b>         | <b>0</b>           |
| <b>Remuneration of Individual Executive Directors</b>         |                  |                    |                  |                    |
| <b>Corporate Services</b>                                     |                  |                    |                  |                    |
| Annual Remuneration   | 2,314,426        | 2,247,012          | 2,314,426        | 2,247,012          |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 95,967           | 89,230             | 95,967           | 89,230             |
|   | <b>2,410,393</b> | <b>2,336,242</b>   | <b>2,410,393</b> | <b>2,336,242</b>   |
| <b>Economic Development, Tourism and Agriculture (Vacant)</b> |                  |                    |                  |                    |
| Annual Remuneration   | 0                | 1,370,008          | 0                | 1,370,008          |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 0                | 128,000            | 0                | 128,000            |
|   | <b>0</b>         | <b>1,498,008</b>   | <b>0</b>         | <b>1,498,008</b>   |
| <b>Infrastructure and Engineering (Vacant)</b>                |                  |                    |                  |                    |
| Annual Remuneration   | 0                | 0                  | 0                | 0                  |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 0                | 0                  | 0                | 0                  |
|   | <b>0</b>         | <b>0</b>           | <b>0</b>         | <b>0</b>           |
| <b>Electricity and Energy</b>                                 |                  |                    |                  |                    |
| Annual Remuneration   | 1,953,101        | 1,896,216          | 1,953,101        | 1,896,216          |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 82,915           | 78,701             | 82,915           | 78,701             |
|   | <b>2,036,016</b> | <b>1,974,917</b>   | <b>2,036,016</b> | <b>1,974,917</b>   |
| <b>Safety and Security (Vacant)</b>                           |                  |                    |                  |                    |
| Annual Remuneration   | 0                | 787,840            | 0                | 787,840            |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 0                | 0                  | 0                | 0                  |
|   | <b>0</b>         | <b>787,840</b>     | <b>0</b>         | <b>787,840</b>     |
| <b>Human Settlements</b>                                      |                  |                    |                  |                    |
| Annual Remuneration   | 1,790,531        | 1,738,380          | 1,790,531        | 1,738,380          |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 77,707           | 72,491             | 77,707           | 72,491             |
|   | <b>1,868,238</b> | <b>1,810,871</b>   | <b>1,868,238</b> | <b>1,810,871</b>   |
| <b>Sports, Recreation, Arts and Culture (Vacant)</b>          |                  |                    |                  |                    |
| Annual Remuneration   | 0                | 0                  | 0                | 0                  |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 0                | 0                  | 0                | 0                  |
|   | <b>0</b>         | <b>0</b>           | <b>0</b>         | <b>0</b>           |
| <b>Public Health</b>  |                  |                    |                  |                    |
| Annual Remuneration   | 2,314,426        | 2,247,012          | 2,314,426        | 2,247,012          |
| Travel, Subsistence, UIF, Medical, Pension Funds, Other       | 95,967           | 89,230             | 95,967           | 89,230             |
|   | <b>2,410,393</b> | <b>2,336,242</b>   | <b>2,410,393</b> | <b>2,336,242</b>   |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|   | <b>Economic Entity</b> |                      | <b>Municipality</b>  |                      |
|---|------------------------|----------------------|----------------------|----------------------|
|   | <b>2024</b>            | <b>Restated 2023</b> | <b>2024</b>          | <b>Restated 2023</b> |
|   | <b>R</b>               | <b>R</b>             | <b>R</b>             | <b>R</b>             |
| <b>Remuneration of the Chief Executive Officer - MBDA</b>   |                        |                      |                      |                      |
| Annual Remuneration   | 2,332,747              | 62,005               | 0                    | 0                    |
| Performance Bonuses   | 0                      | 0                    | 0                    | 0                    |
| <b>Total</b>  | <b>2,332,747</b>       | <b>62,005</b>        | <b>0</b>             | <b>0</b>             |
| <b>Remuneration of the Corporate Services Executive - MBDA</b>  |                        |                      |                      |                      |
| Annual Remuneration   | 354,024                | 0                    | 0                    | 0                    |
| Performance Bonuses   | 0                      | 0                    | 0                    | 0                    |
| <b>Total</b>  | <b>354,024</b>         | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| <b>Remuneration of the Chief Financial Officer - MBDA</b>   |                        |                      |                      |                      |
| Annual Remuneration   | 2,006,708              | 1,613,170            | 0                    | 0                    |
| Performance Bonuses   | 0                      | 54,767               | 0                    | 0                    |
| <b>Total</b>  | <b>2,006,708</b>       | <b>1,667,937</b>     | <b>0</b>             | <b>0</b>             |
| <b>Remuneration of the Operations Executive - MBDA</b>  |                        |                      |                      |                      |
| Annual Remuneration   | 2,069,091              | 1,530,489            | 0                    | 0                    |
| Performance Bonuses   | 59,804                 | 56,029               | 0                    | 0                    |
| <b>Total</b>  | <b>2,128,895</b>       | <b>1,586,518</b>     | <b>0</b>             | <b>0</b>             |
| <b>Remuneration of the Stadium Manager - MBDA</b>   |                        |                      |                      |                      |
| Annual Remuneration   | 217,210                | 1,226,309            | 0                    | 0                    |
| Car allowance   | 0                      | 24,000               | 0                    | 0                    |
| Acting Allowance / Performance Bonus  | 0                      | 1,113,384            | 0                    | 0                    |
| <b>Total</b>  | <b>217,210</b>         | <b>2,363,693</b>     | <b>0</b>             | <b>0</b>             |
| <b>Remuneration of the Company Secretary - MBDA</b>   |                        |                      |                      |                      |
| Annual Remuneration   | 1,494,746              | 1,085,420            | 0                    | 0                    |
| Performance Bonuses   | 43,798                 | 57,072               | 0                    | 0                    |
| <b>Total</b>  | <b>1,538,544</b>       | <b>1,142,492</b>     | <b>0</b>             | <b>0</b>             |
| <b>25 REMUNERATION OF COUNCILLORS</b>   |                        |                      |                      |                      |
| Mayor's Remuneration  | 1,511,343              | 1,529,513            | 1,511,343            | 1,529,513            |
| Deputy Mayor's Remuneration   | 1,248,355              | 1,206,539            | 1,248,355            | 1,206,539            |
| Speaker's Remuneration  | 1,226,446              | 1,420,003            | 1,226,446            | 1,420,003            |
| Mayoral Committee members   | 13,307,402             | 15,017,224           | 13,307,402           | 15,017,224           |
| Other Councillors' Remuneration   | 59,460,421             | 60,575,926           | 59,460,421           | 60,575,926           |
| Telephone Allowances  | 5,171,700              | 5,079,500            | 5,171,700            | 5,079,500            |
| 3G Allowance  | 127,709                | 163,915              | 127,709              | 163,915              |
|   | <b>82,053,376</b>      | <b>84,992,620</b>    | <b>82,053,376</b>    | <b>84,992,620</b>    |
| <b>Refer Restatement Note no. 40.2.8</b>  |                        |                      |                      |                      |
| <b>In-kind Benefits</b>   |                        |                      |                      |                      |
| The Executive Mayor, Deputy Executive Mayor, Speaker, Mayoral Committee Members and Chief Whip are full-time. Each is provided with an office and secretarial support at the cost of the Council.   |                        |                      |                      |                      |
| The Executive Mayor has the use of a Council owned vehicle for official duties driven by a chauffeur employed by the Council.   |                        |                      |                      |                      |
| In accordance with the Councillors' remuneration package; the structure is an all-inclusive package, with the exception of a Telephone Allowance and a 3G Allowance. The package is within the upper limits of the framework as envisaged in section 219 of the Constitution. |                        |                      |                      |                      |
| <b>26 DEBT IMPAIRMENT - RECEIVABLES</b>   |                        |                      |                      |                      |
| Bad debts consist of the following:   |                        |                      |                      |                      |
| <b>Bad debts expense</b>  | <b>3,539,380,202</b>   | <b>921,257,073</b>   | <b>3,539,380,202</b> | <b>921,257,073</b>   |
| ATTP and Miscellaneous fees and charges   | 3,533,997,784          | 738,796,771          | 3,533,997,784        | 738,796,771          |
| Miscellaneous   | 5,382,418              | 182,460,302          | 5,382,418            | 182,460,302          |
| Other   | 0                      | 0                    | 0                    | 0                    |
| <b>Net Contribution to doubtful debts</b>   | <b>605,675,574</b>     | <b>3,091,230,169</b> | <b>605,675,574</b>   | <b>3,091,230,169</b> |
| Contribution to doubtful debts (inclusive of VAT) - Service Charges   | 3,830,611,196          | 3,908,022,143        | 3,830,611,196        | 3,908,022,143        |
| Contribution to doubtful debts - Property Rates   | 808,707,101            | 431,746,816          | 808,707,101          | 431,746,816          |
| Less: VAT portion   | 499,644,939            | 509,742,019          | 499,644,939          | 509,742,019          |
| Contribution to doubtful debts (excluding VAT)  | <b>4,139,673,358</b>   | <b>3,830,026,940</b> | <b>4,139,673,358</b> | <b>3,830,026,940</b> |
| Less: Bad debts written off against the provision   | 3,533,997,784          | 738,796,771          | 3,533,997,784        | 738,796,771          |
|   | <b>605,675,574</b>     | <b>3,091,230,169</b> | <b>605,675,574</b>   | <b>3,091,230,169</b> |
|   | <b>4,145,055,776</b>   | <b>4,012,487,242</b> | <b>4,145,055,776</b> | <b>4,012,487,242</b> |
| <b>DEBT IMPAIRMENT - OTHER</b>  |                        |                      |                      |                      |
| Impairment - Traffic Fines  | 55,937,739             | 34,433,525           | 55,937,739           | 34,433,525           |
|   | <b>55,937,739</b>      | <b>34,433,525</b>    | <b>55,937,739</b>    | <b>34,433,525</b>    |
| Impairment - MBDA   | -329,660               | 323,125              | 0                    | 0                    |
| The Impairment of Traffic Fines was based on the collection rate of fines. Refer Note 21.2 for more details.  |                        |                      |                      |                      |
| <b>27 FINANCE CHARGES</b>   |                        |                      |                      |                      |
| Interest on External Loans  | 118,916,749            | 129,168,024          | 118,916,749          | 129,168,024          |
| Interest on Other   | 3,042,830              | 2,320,216            | 3,042,830            | 2,320,216            |
| <b>Total Finance Charges</b>  | <b>121,959,579</b>     | <b>131,488,240</b>   | <b>121,959,579</b>   | <b>131,488,240</b>   |
| Finance cost accrued / Prior year accrual reversals   | 7,347,353              | 6,681,514            | 7,347,353            | 6,681,514            |
| <b>Finance charges paid</b>   | <b>114,612,226</b>     | <b>124,806,726</b>   | <b>114,612,226</b>   | <b>124,806,726</b>   |
| <b>Refer Restatement Note no. 40.2.5</b>  |                        |                      |                      |                      |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|  | Economic Entity      |                      | Municipality         |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2024<br>R            | Restated 2023<br>R   | 2024<br>R            | Restated 2023<br>R   |
| <b>28 BULK PURCHASES</b>   |                      |                      |                      |                      |
| Electricity  | 5,635,672,552        | 4,705,310,591        | 5,635,672,552        | 4,705,310,591        |
|  | <b>5,635,672,552</b> | <b>4,705,310,591</b> | <b>5,635,672,552</b> | <b>4,705,310,591</b> |
| <b>Refer Restatement Note no. 40.2.7</b>                                 |                      |                      |                      |                      |
| <b>29 TRANSFERS AND SUBSIDIES</b>  |                      |                      |                      |                      |
| Grants in aid  | 8,278,561            | 4,151,038            | 8,278,561            | 4,151,038            |
| Grants to Other Organisations  | 78,732,383           | (24,202,415)         | 201,895,753          | 101,502,608          |
|  | <b>87,010,944</b>    | <b>(20,051,377)</b>  | <b>210,174,314</b>   | <b>105,653,646</b>   |
| <b>Refer Restatement Note no. 40.2.4</b>                                 |                      |                      |                      |                      |
| <b>30 SIGNIFICANT ITEMS IN THE STATEMENT OF FINANCIAL PERFORMANCE</b>    |                      |                      |                      |                      |
| <b>30.1 CONTRACTED SERVICES</b>  |                      |                      |                      |                      |
| Is made up as follows:   |                      |                      |                      |                      |
| Consultants and Professional Services:Business and Advisory              | 38,490,686           | 23,589,222           | 38,490,686           | 23,589,222           |
| Consultants and Professional Services:Infrastructure and Planning        | 33,441,991           | 35,120,723           | 33,441,991           | 35,120,723           |
| Consultants and Professional Services:Laboratory Services                | 231,313              | 239,324              | 231,313              | 239,324              |
| Consultants and Professional Services:Legal Cost                         | 116,216,528          | 99,039,221           | 116,216,528          | 99,039,221           |
| Contractors:Other  | 16,803,009           | 19,404,501           | 16,803,009           | 19,404,501           |
| Contractors:Maintenance of Buildings and Facilities                      | 205,880,544          | 192,934,844          | 205,880,544          | 192,934,844          |
| Contractors:Maintenance of Equipment                                     | 205,178,963          | 195,200,484          | 205,178,963          | 195,200,484          |
| Contractors:Sewerage Services  | 87,700,704           | 83,763,541           | 87,700,704           | 83,763,541           |
| Contractors:Management of Informal Settlements                           | 5,618,032            | 2,281,629            | 5,618,032            | 2,281,629            |
| Contractors:Safeguard and Security                                       | 3,735,319            | 3,035,555            | 3,735,319            | 3,035,555            |
| Contractors:Transportation   | 335,169              | 1,033,697            | 335,169              | 1,033,697            |
| Outsourced Services:Other  | 11,527,538           | 10,177,063           | 11,527,538           | 10,177,063           |
| Outsourced Services:Alien Vegetation Control                             | 9,882,481            | 10,296,604           | 9,882,481            | 10,296,604           |
| Outsourced Services:Animal Care  | 1,132,096            | 1,254,791            | 1,132,096            | 1,254,791            |
| Outsourced Services:Business and Advisory:Project Management             | 125,229,820          | 130,858,644          | 125,229,820          | 130,858,644          |
| Outsourced Services:Clearing and Grass Cutting Services                  | 33,035,834           | 29,026,320           | 33,035,834           | 29,026,320           |
| Outsourced Services:Electrical   | 29,263,042           | 45,125,943           | 29,263,042           | 45,125,943           |
| Outsourced Services:Hygiene Services                                     | 16,470,565           | 15,446,998           | 16,470,565           | 15,446,998           |
| Outsourced Services:Litter Picking and Street Cleaning                   | 0                    | 6,500                | 0                    | 6,500                |
| Outsourced Services:Meter Management                                     | 12,163,178           | 12,460,490           | 12,163,178           | 12,460,490           |
| Outsourced Services:Refuse Removal                                       | 571,923              | 27,753,885           | 571,923              | 27,753,885           |
| Outsourced Services:Security Services                                    | 66,580,126           | 16,819,202           | 66,580,126           | 16,819,202           |
| Outsourced Services:Transport Services                                   | 90,753               | 35,351               | 90,753               | 35,351               |
| Transfer to Inventory Consumed: Contracted Costs Capitalised             | -50,437,821          | -21,400,727          | -50,437,821          | -21,400,727          |
|  | <b>12,741,835</b>    | <b>18,843,397</b>    | <b>0</b>             | <b>0</b>             |
|  | <b>981,883,628</b>   | <b>952,347,202</b>   | <b>969,141,793</b>   | <b>933,503,805</b>   |
| <b>Refer Restatement Note no. 40.2.2</b>                                 |                      |                      |                      |                      |
| <b>30.2 OTHER EXPENDITURE</b>  |                      |                      |                      |                      |
| Is made up as follows:   |                      |                      |                      |                      |
| Operating Leases: Various Assets   | 33,046,027           | 41,564,415           | 33,046,027           | 41,564,415           |
| Operational Cost: Advertising, Publicity and Marketing                   | 6,502,934            | 8,014,099            | 6,502,934            | 8,014,099            |
| Operational Cost: Other  | 92,438,775           | 42,131,998           | 92,438,775           | 42,131,998           |
| Operational Cost: External Audit fees                                    | 27,768,485           | 28,825,136           | 27,768,485           | 28,825,136           |
| Operational Cost: Learnerships and Internships                           | 7,051,149            | 6,295,736            | 7,051,149            | 6,295,736            |
| Operational Cost: Levies paid - water resource management                | 6,883,963            | 7,770,117            | 6,883,963            | 7,770,117            |
| Operational Cost: Municipal Services                                     | 66,216,846           | 56,414,762           | 66,216,846           | 56,414,762           |
| Operational Cost: Management fee   | 3,273,399            | 8,802,857            | 3,273,399            | 8,802,857            |
| Operational Cost: External Computer Service                              | 82,026,543           | 124,881,274          | 82,026,543           | 124,881,274          |
| Operational Cost: Hire Charges   | 209,115,996          | 234,272,417          | 209,115,996          | 234,272,417          |
| Operational Cost: Insurance Underwriting                                 | 27,401,623           | 22,273,655           | 27,401,623           | 22,273,655           |
| Operational Cost: Intercompany/Parent-subsidiary Transactions            | 6,356,534            | 6,013,565            | 6,356,534            | 6,013,565            |
| Operational Cost: Licences   | 6,543,707            | 5,950,595            | 6,543,707            | 5,950,595            |
| Operational Cost: Commission:Prepaid Electricity and Third Party Vendors | 12,483,650           | 14,143,662           | 12,483,650           | 14,143,662           |
| Operational Cost: Communication  | 31,622,605           | 30,178,731           | 31,622,605           | 30,178,731           |
| Operational Cost: Registration Fees                                      | 2,372,514            | 1,741,297            | 2,372,514            | 1,741,297            |
| Operational Cost: Skills Development Fund Levy                           | 33,859,525           | 31,785,901           | 33,859,525           | 31,785,901           |
| Operational Cost: Travel and Subsistence                                 | 6,688,693            | 3,036,170            | 6,688,693            | 3,036,170            |
| Operational Cost: Uniform and Protective Clothing                        | 13,690,414           | 6,211,947            | 13,690,414           | 6,211,947            |
| Operational Cost: Workmen's Compensation Fund                            | 10,478,682           | 11,071,202           | 10,478,682           | 11,071,202           |
| Transfer to Inventory Consumed: Operational Costs Capitalised            | -74,059,892          | -70,855,950          | -74,059,892          | -70,855,950          |
|  | <b>69,676,196</b>    | <b>62,763,343</b>    | <b>0</b>             | <b>0</b>             |
|  | <b>681,438,368</b>   | <b>683,286,929</b>   | <b>611,762,172</b>   | <b>620,523,586</b>   |
| <b>Refer Restatement Note no. 40.2.3</b>                                 |                      |                      |                      |                      |
| <b>30.3 INVENTORY CONSUMED</b>   |                      |                      |                      |                      |
| Is made up as follows:   |                      |                      |                      |                      |
| Consumables: Standard  | 32,017,488           | 30,425,517           | 32,017,488           | 30,425,517           |
| Consumables: Zero-rated  | 62,998,068           | 62,576,337           | 62,998,068           | 62,576,337           |
| Finished Goods   | 74,316,931           | 46,016,517           | 74,316,931           | 46,016,517           |
| Water  | 292,234,924          | 273,526,243          | 292,234,924          | 273,526,243          |
| Materials and Supplies   | 111,361,189          | 68,833,856           | 111,361,189          | 68,833,856           |
| Transfer from Inventory Consumed: Inventory Consumed Capitalised         | -60,637,376          | -38,908,301          | -60,637,376          | -38,908,301          |
|  | <b>512,291,224</b>   | <b>442,470,169</b>   | <b>512,291,224</b>   | <b>442,470,169</b>   |
| <b>Refer Restatement Note no. 40.2.6</b>                                 |                      |                      |                      |                      |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|  | Economic Entity      |                      | Municipality         |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2024<br>R            | Restated 2023<br>R   | 2024<br>R            | Restated 2023<br>R   |
| <b>31 DEPRECIATION AND AMORTISATION</b>  |                      |                      |                      |                      |
| 31.1 Depreciation - Property, Plant and Equipment and Investment Property  | 876,103,344          | 844,259,089          | 874,384,274          | 843,239,795          |
| 31.2 Amortisation  | 11,772,733           | 14,910,723           | 11,414,169           | 14,839,523           |
| <b>32 CASH GENERATED FROM OPERATIONS</b>   |                      |                      |                      |                      |
| <b>Surplus for the year</b>  | <b>(20,927,994)</b>  | <b>2,197,464,554</b> | <b>(27,196,399)</b>  | <b>2,185,114,955</b> |
| Adjustment for:  |                      |                      |                      |                      |
| Interest revenue accrued   | 923,542              | 224,236              | 923,542              | 224,236              |
| Impairment of receivables  | 1,161,231,066        | 3,600,972,187        | 1,161,231,066        | 3,600,972,187        |
| Write down to net realisable value - movement  | 3,695,436            | (21,364)             | 3,695,436            | -21,364              |
| Depreciation   | 1,037,968,310        | 978,849,468          | 1,036,249,240        | 977,830,174          |
| Amortisation   | 11,772,733           | 14,910,723           | 11,414,169           | 14,839,523           |
| Finance cost accrued   | 7,347,353            | 6,681,514            | 7,347,353            | 6,681,514            |
| Contribution to provisions / employee benefit obligation - non-current   | 21,975,538           | (107,751,237)        | 21,975,538           | -107,751,237         |
| Contribution to provisions / employee benefit obligation - current   | 87,111,360           | 17,812,884           | 88,910,675           | 17,431,001           |
| Gain/ Loss on Disposal of Property Plant and Equipment   | 1,699,580            | 5,187,007            | 1,738,710            | 5,187,007            |
| PPE Take-on  | 0                    | (469,157,323)        | 0                    | -469,157,323         |
| Impairment of PPE / Heritage Assets  | 0                    | 9,803,299            | 0                    | 9,803,299            |
| <b>Operating Surplus before working capital changes</b>  | <b>2,312,796,924</b> | <b>6,254,975,948</b> | <b>2,306,289,330</b> | <b>6,241,153,972</b> |
| (Increase) / Decrease in Inventory   | 23,496,529           | 241,664              | 23,478,097           | 253,903              |
| (Increase)/ Decrease in Trade Receivables  | (1,074,227,981)      | (4,658,945,993)      | -1,074,227,981       | -4,658,945,993       |
| (Increase)/ Decrease in Other Receivables  | 165,921,447          | (129,137,317)        | 117,859,666          | -66,497,004          |
| (Decrease) / Increase in VAT   | (371,031,127)        | (122,127,306)        | -365,521,044         | -115,940,184         |
| (Decrease) / Increase in Trade Payables  | (30,511,847)         | 242,617,088          | -28,890,446          | 228,990,015          |
| (Decrease) / Increase in Transfers and Subsidies   | 124,585,228          | (140,928,326)        | 142,314,275          | -175,191,708         |
| (Decrease) / Increase in Consumer Deposits   | 1,659,511            | (1,220,315)          | 1,659,511            | -1,220,315           |
| Movement to provisions / employee benefit obligation - current   | 2,575,359            | (2,424,792)          | 2,575,359            | -2,424,792           |
| (Increase) / Decrease in Long-term Receivables   | (14,615,024)         | 14,721,261           | (14,615,024)         | 14,721,261           |
|  | <b>1,140,649,019</b> | <b>1,457,771,912</b> | <b>1,110,921,743</b> | <b>1,464,899,155</b> |
| <b>33 MOVEMENT IN LONG-TERM LOANS (EXTERNAL)</b>   |                      |                      |                      |                      |
| Loans raised   | 0                    | 281,942,700          | 0                    | 281,942,700          |
| Loans repaid   | (192,286,800)        | (192,847,457)        | (192,286,800)        | (192,847,457)        |
|  | <b>(192,286,800)</b> | <b>89,095,243</b>    | <b>(192,286,800)</b> | <b>89,095,243</b>    |
| <b>34 CASH AND CASH EQUIVALENTS</b>  |                      |                      |                      |                      |
| Short-term Investment Deposits   | 3,403,954,248        | 4,577,462,833        | 3,403,954,248        | 4,577,462,833        |
| Bank balances and cash   | 1,022,395,080        | 237,572,949          | 934,111,410          | 171,212,204          |
| Total Cash and Cash Equivalents  | <b>4,426,349,328</b> | <b>4,815,035,782</b> | <b>4,338,065,658</b> | <b>4,748,675,037</b> |
| <b>35 DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>   |                      |                      |                      |                      |
| <b>35.1 Contributions to organised local government</b>  |                      |                      |                      |                      |
| Opening balance  | 0                    | 0                    | 0                    | 0                    |
| Council subscriptions  | 18,592,903           | 16,370,026           | 18,592,903           | 16,370,026           |
| Amount paid - current year   | (18,592,903)         | (16,370,026)         | (18,592,903)         | (16,370,026)         |
| <b>Balance unpaid (included in creditors)</b>  | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| <b>35.2 Audit Fees</b>   |                      |                      |                      |                      |
| <b>Opening balance</b>   | <b>463,638</b>       | <b>0</b>             | <b>463,638</b>       | <b>0</b>             |
| Current year audit fee   | 33,027,273           | 34,287,465           | 31,508,394           | 32,707,357           |
| Amount paid - current year   | (33,490,911)         | (33,823,827)         | (31,972,032)         | (32,243,719)         |
| Amount paid - previous year  | 0                    | 0                    | 0                    | 0                    |
| <b>Balance unpaid (included in creditors)</b>  | <b>0</b>             | <b>463,638</b>       | <b>0</b>             | <b>463,638</b>       |
| <b>35.3 VAT</b>  |                      |                      |                      |                      |
| The Net effect of the VAT inputs and VAT output is shown in note 8. All VAT returns have been submitted by the due date throughout the year. |                      |                      |                      |                      |
| <b>35.4 PAYE and UIF</b>   |                      |                      |                      |                      |
| <b>Opening balance</b>   | <b>52,817,284</b>    | <b>47,779,418</b>    | <b>52,817,284</b>    | <b>47,779,418</b>    |
| Current year payroll deductions  | 703,732,403          | 642,787,552          | 695,431,502          | 631,909,192          |
| Amount paid - current year   | (645,348,677)        | (589,970,268)        | (637,047,776)        | (579,091,908)        |
| Amount paid - previous year  | (52,817,284)         | (47,779,418)         | (52,817,284)         | (47,779,418)         |
| <b>Balance unpaid (included in creditors)</b>  | <b>58,383,726</b>    | <b>52,817,284</b>    | <b>58,383,726</b>    | <b>52,817,284</b>    |
| <b>35.5 PENSION AND MEDICAL DEDUCTIONS</b>   |                      |                      |                      |                      |
| <b>Opening balance</b>   | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| Current year payroll deductions and Council Contributions  | 953,842,698          | 906,298,956          | 947,674,177          | 901,015,552          |
| Amount paid - current year   | (953,842,698)        | (906,298,956)        | (947,674,177)        | (901,015,552)        |
| Amount paid - previous year  | 0                    | 0                    | 0                    | 0                    |
| <b>Balance unpaid (included in creditors)</b>  | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| <b>35.6 SKILLS DEVELOPMENT LEVY</b>  |                      |                      |                      |                      |
| <b>Opening balance</b>   | <b>2,703,907</b>     | <b>2,456,802</b>     | <b>2,703,907</b>     | <b>2,456,802</b>     |
| Current year payroll deductions  | 33,859,507           | 31,785,901           | 33,859,507           | 31,785,901           |
| Amount paid - current year   | (31,043,370)         | (29,081,994)         | (31,043,370)         | (29,081,994)         |
| Amount paid - previous year  | (2,703,907)          | (2,456,802)          | (2,703,907)          | (2,456,802)          |
| <b>Balance unpaid (included in creditors)</b>  | <b>2,816,137</b>     | <b>2,703,907</b>     | <b>2,816,137</b>     | <b>2,703,907</b>     |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

| 35 DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT  | Economic Entity    |                    | Municipality       |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 2024<br>R          | Restated 2023<br>R | 2024<br>R          | Restated 2023<br>R |
| <b>OTHER ADDITIONAL DISCLOSURES:</b>   |                    |                    |                    |                    |
| <b>35.7 IMPAIRMENT</b>   |                    |                    |                    |                    |
| Impairment   | 0                  | 9,803,299          | 0                  | 9,803,299          |
| The Impairment relates to vehicles, facilities etc...  |                    |                    |                    |                    |
| No reversals for Impairment were applicable during the current financial year  |                    |                    |                    |                    |
| <b>35.8.1 LOSSES</b>   |                    |                    |                    |                    |
| Loss on disposal of property, plant and equipment  | 1,738,710          | 5,187,007          | 1,738,710          | 5,187,007          |
| Inventory (Gain)/ Losses   | 3,695,436          | (21,364)           | 3,695,436          | (21,364)           |
| Water Losses   | 368,597,083        | 253,195,621        | 368,597,083        | 253,195,621        |
|  | <b>374,031,229</b> | <b>258,361,264</b> | <b>374,031,229</b> | <b>258,361,264</b> |
| The Loss on Disposal of Property, Plant and Equipment relates to various property plant and equipment Inventory (Gain)/ Losses variance, are due to the stock count compared to the general ledger.  |                    |                    |                    |                    |
| <b>35.8.2 GAINS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT</b>   |                    |                    |                    |                    |
| Gains on disposal of property, plant and equipment   | 1,320,931          | 359,800            | 1,281,801          | 359,800            |
| The Gains on Disposal of Property, Plant and Equipment relates to sale of motor vehicles   |                    |                    |                    |                    |
| <b>35.9 WATER LOSSES</b>   |                    |                    |                    |                    |
| The NMBM suffered water losses of 55,833 megalitres (48.66%) amounting to R368.6 million (2023: 43,721 megalitres (42.77%) amounting to R252.95 million) during the year. The value of the water losses have been based on cost for both years. Various water demand management interventions are being implemented to curb water losses.  |                    |                    |                    |                    |
| The 48.66% of water losses are made up of apparent (commercial) losses (13.87%) and real (physical) losses (34.79%). Apparent losses include unauthorised consumption from theft or illegal use, plus all technical and administrative inaccuracies associated with customer metering.   |                    |                    |                    |                    |
| <b>35.10 ELECTRICITY LOSSES</b>  |                    |                    |                    |                    |
| The NMBM suffered electricity losses of 26.34% amounting to total accumulative losses of R 1,196.76 Million (2023: 25.90% amounting to R 986.1 million). Various electricity management interventions are being implemented to curb these losses are being implemented.  |                    |                    |                    |                    |
| The Electricity losses as defined above are separated between technical (8% amounting to R 364,218,275) and non-technical losses (18.34% amounting to R 832,482,145). Technical losses are inherent losses in a distribution system and these includes copper losses, Iron losses and heat losses due to current flow. Non-Technical Losses can be attributed to theft that is illegal connections, meter tampering and non billed revenue due to faulty meters. |                    |                    |                    |                    |
| It must be further noted that the prescribed norms for electricity losses is +/- 10%.  |                    |                    |                    |                    |
| <b>35.11 PRINCIPAL AND AGENT ARRANGEMENTS</b>  |                    |                    |                    |                    |
| <b>35.11.1 AGENT ARRANGMENTS</b>   |                    |                    |                    |                    |
| <b>Agent for the Eastern Cape Department of Transport:</b>   |                    |                    |                    |                    |
| The Municipality acts as an agent for the Department of Transport, where it provides drivers testing and licences on behalf of the Department of Transport.  |                    |                    |                    |                    |
| In terms of the Road Traffic Act 1996 ("NTRA"), the Department is responsible for the overall administration and management of road traffic matters. No commission received as the Municipality recognises their own revenue and pay over only the portion relating to the issue of the driving licence and card production fee.   |                    |                    |                    |                    |
| The Municipality is responsible for all the functions relating to the production of the learners and drivers licences as set out in the SLA; paragraph 5.3.  |                    |                    |                    |                    |
| No resources are held on behalf of the Principal, therefore no assets have been recognised. No liabilities incurred on behalf of the Principal.  |                    |                    |                    |                    |
| Revenue received on behalf of the principal  | -3,993,213         | -3,816,964         | -3,993,213         | -3,816,964         |
| Revenue paid over to principal   | 3,993,213          | 3,816,964          | 3,993,213          | 3,816,964          |
|  | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           |
| <b>35.11.2 PRINCIPAL ARRANGMENTS</b>   |                    |                    |                    |                    |
| <b>Collection Agents</b>   |                    |                    |                    |                    |
| <b>Municipal accounts</b>  |                    |                    |                    |                    |
| The Municipality has service providers who serves as a third-party agent for the payment of the Municipality's municipal accounts. All payments are paid into the third-party agent's bank account, and are then transferred to the Municipality. The agent invoices the Municipality for commission payable.  |                    |                    |                    |                    |
| The Agents are responsible for all the functions relating to the receipting of municipal accounts as as set out in the SLA's; paragraph 4 (CiggiCell) and paragraph 5 (EasyPay).   |                    |                    |                    |                    |
| Commission paid to the Agents  | 4,416,779          | 6,581,290          | 4,416,779          | 6,581,290          |
| <b>Prepaid electricity</b>   |                    |                    |                    |                    |
| Contour Technology serve as an agent for the Municipality in the third-party sale of prepaid electricity. All payments are paid into the third-party agent's bank account, and are then transferred to the Municipality. The agent invoices the Municipality for commission payable.   |                    |                    |                    |                    |
| The Agent is responsible for all the functions relating to the prepaid electricity as as set out in the SLA; paragraph 4.  |                    |                    |                    |                    |
| Commission paid to the Agent   | 8,038,079          | 8,477,185          | 8,038,079          | 8,477,185          |



**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**36.1 Councillors' arrear consumer accounts**

**Councillors had arrear accounts outstanding for more than 90 days as at:**

**30 June 2024**

|                       | <b>R</b>                   | <b>R</b>                                    |
|-----------------------|----------------------------|---|
|                       | <b><u>Arrangements</u></b> | <b><u>Outstanding more than 90 days</u></b> |
| Councillor G Faldtman | 3,432                      | #   |
| Councillor MR Jakuja  | 305                        | #   |
| Councillor T Maswana  | 9,753                      | #   |
| Councillor NM Mbambo  | 60,252                     | #   |
| Councillor K Ngqisha  | 9,361                      | #   |
| Councillor S Rafani   | 1,649                      | #   |
| Councillor L Troon    | 20,617                     | #   |
| Councillor ZP Tsotso  | 4,568                      | #   |
| Councillor MB Kamana  |                            | 13 #  |
| Councillor B Lobishe  |                            | 30,155 #                                    |
| Councillor GG Miggels |                            | 19 #  |
| Councillor MP Momo    |                            | 81,390 #                                    |
| Councillor K Mpehlo   |                            | 49 #  |
| Councillor NE Nqakula |                            | 642 #                                       |
| Councillor Z Vasco *  |                            | 57,826                                      |
|                       | <b>109,937</b>             | <b>170,094</b>                              |

# - These Councillors also had arrear balances of more than 90 days during the financial year.

**During the financial year, the following councillors, were in arrears for more than 90 days, but since paid their accounts:**

Councillor Z Kalani \*  
Councillor RC Kayser  
Councillor LN Lawu  
Councillor L Mfana\*  
Councillor BN Murray  
Councillor MG Steyn  
Councillor IL Van Wyk  
Councillor PB Vani  
Councillor L Ndamse  
Councillor MM Zinto  
Councillor DJS Monks  
Councillor MM Nkosi

**Councillors had arrear accounts outstanding for more than 90 days as at:**

**30 June 2023**

|                       | <b><u>Arrangements</u></b> | <b><u>Outstanding more than 90 days</u></b> |
|-----------------------|----------------------------|---|
| Councillor B Jacobs   | -                          | 16  |
| Councillor MR Jakuja  | 801                        | -   |
| Councillor Z Kalani * | -                          | 35,368                                      |
| Councillor RC Kayser  | -                          | 27  |
| Councillor LN Lawu    | -                          | 15  |
| Councillor GD Maqula  | -                          | 16  |
| Councillor T Maswana  | 16,637                     | -   |
| Councillor NM Mbambo  | 86,009                     | -   |
| Councillor L Mfana*   | -                          | 1,622                                       |
| Councillor GG Miggels | -                          | 18  |
| Councillor MP Momo    | 94,683                     | -   |
| Councillor K Mpehlo   | -                          | 2,737                                       |
| Councillor BN Murray  | -                          | 4,246                                       |
| Councillor K Ngqisha  | 25,647                     | -   |
| Councillor MG Steyn   | -                          | 701   |
| Councillor L Troon    | -                          | 670   |
| Councillor ZP Tsotso  | 11,115                     | -   |
| Councillor IL Van Wyk | 4,144                      | -   |
| Councillor PB Vani    | -                          | 90  |
|                       | <b>239,036</b>             | <b>45,526</b>                               |

\* The councillors residing at these properties are not the accountholders.

Councillors' consumer accounts outstanding for more than 90 days at a particular month-end are deducted from the Councillors' remuneration for the following month up to a limit of R5 000 unless an arrangement was entered into.

**36.2 List of Entities, Key Personnel and related transactions**

**1 Solely-controlled entities**

The following entity is solely controlled by the NMBM and have received the following grants:

|  | <b>Economic Entity</b> | <b>Municipality</b> |
|--|------------------------|---------------------|
|  | <b>2024</b>            | <b>2024</b>         |
|  | <b>R</b>               | <b>R</b>            |
| Mandela Bay Development Agency (excluding VAT) | <b>135,345,516</b>     | <b>135,345,516</b>  |
|  | <b>125,722,655</b>     | <b>125,722,655</b>  |

Although a related party relationship does exist, the transactions were made in the ordinary course of business and the related party transaction disclosure is not required in terms of GRAP 20. However these amounts have been included as the additional disclosure is required by the MFMA. Of the above amount there is a balance due to NMBM. (Refer Note 16)

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

| 36 | ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT<br>(Continued) | Economic Entity |               | Municipality |               |
|----|--|-----------------|---------------|--------------|---------------|
|    |  | 2024            | Restated 2023 | 2024         | Restated 2023 |
|    |  | R               | R             | R            | R             |

**36.2 List of Entities, Key Personnel and related transactions (Continued)**

**2 Key Management Personnel**

Section 57 Employees (See note 24)  
 Councillors (See note 25)

**36.3 Suppliers in which close family members of employees, councillors/ directors or Mayor has an interest**

The rand value of awards were made to Family of employees who have interest in government suppliers

**ECONOMIC ENTITY AND  
MUNICIPALITY**  
 0 9,317,637

Although a related party relationship does exist as awards were made to suppliers in which close family members of employees have an interest, these transactions were in the ordinary course of business at market related rates. However this disclosure has been included as required by SCM regulation 45.

5,246,964 4,179,828

Although a related party relationship does exist, contracts were awarded to certain councillors and officials in which they have an interest. These transactions were made in the ordinary course of business at market related rates. However this disclosure has been included as required by SCM regulation 44.

0 0

**36.4 Supply Chain Management Policy**

The Municipal Manager has the power to authorise deviations from the normal Procurement Process. The deviations for the 2022/23 financial year are detailed as follows in terms of section 36 (1) (a) of the Supply Chain Management Policy:

**1. Nelson Mandela Bay Metropolitan Municipality**

|   |  | 2024                 |  | Restated 2023        |  |
|---|--|----------------------|--|----------------------|--|
|   |  | Awarded current year | Awarded prior year with spending in current year | Awarded current year | Awarded prior year with spending in current year |
| <b>Deviations: Supply Chain Management Policy</b>       |  |                      |  |                      |  |
| <b>In terms of section 36 (1)(a):</b>                   |  |                      |  |                      |  |
| (i)   | In an emergency;   |                      |  |                      |  |
|   | NMBM   | 6                    | 15   | 14                   | 30   |
|   | MBDA   | 0                    | 0  | 0                    | 0  |
| (ii)  | If such goods or services are produced or available from a single provider only;   |                      |  |                      |  |
|   | NMBM   | 6                    | 7  | 3                    | 20   |
|   | MBDA   | 2                    | 0  | 0                    | 0  |
| (iii)   | For the acquisition of special works of art, artistic services or historical objects where specifications are difficult to compile;                                  |                      |  |                      |  |
|   | NMBM   | 0                    | 0  | 0                    | 0  |
|   | MBDA   | 0                    | 0  | 0                    | 0  |
| (iv)  | Acquisition of animals for zoos and/or nature and game reserves;   |                      |  |                      |  |
|   | NMBM   | 0                    | 0  | 0                    | 1  |
|   | MBDA   | 0                    | 0  | 0                    | 0  |
| (v)   | In any other exceptional cases where all possible options have been explored, and it is still impractical or impossible to follow the official procurement processes |                      |  |                      |  |
|   | NMBM   | 93                   | 54   | 67                   | 89   |
|   | MBDA   | 9                    | 0  | 22                   | 0  |
| <b>In terms of section 36 (1)(b):</b>                   |  |                      |  |                      |  |
| Ratify any minor breaches of the procurement processes. |  |                      |  |                      |  |
|   | NMBM   | 0                    | 0  | 1                    | 0  |
|   | MBDA   | 0                    | 0  | 0                    | 0  |
|   |  | <b>116</b>           | <b>76</b>  | <b>107</b>           | <b>140</b>                                       |

Invalid deviations forming part of the total amount of deviations have been disclosed as Irregular.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|   | Economic Entity      |                      | Municipality         |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2024<br>R            | Restated 2023<br>R   | 2024<br>R            | Restated 2023<br>R   |
| <b>37 CAPITAL COMMITMENTS</b>   |                      |                      |                      |                      |
| <b>Approved and contracted for</b>  | <b>43,762,205</b>    | <b>64,167,392</b>    | <b>43,762,205</b>    | <b>64,167,392</b>    |
| Land and Buildings  | 0                    | 3,802,337            | 0                    | 3,802,337            |
| Infrastructure  | 27,996,423           | 51,233,481           | 27,996,423           | 51,233,481           |
| Community   | 11,018,004           | 5,918,123            | 11,018,004           | 5,918,123            |
| Other   | 4,747,778            | 3,213,451            | 4,747,778            | 3,213,451            |
| Approved and contracted for - MBDA  | 92,822,732           | 51,451,014           | 0                    | 0                    |
| Approved and not yet contracted for - MBDA  | 0                    | 0                    | 0                    | 0                    |
| <b>Total</b>  | <b>136,584,937</b>   | <b>115,618,406</b>   | <b>43,762,205</b>    | <b>64,167,392</b>    |
| <b>This expenditure will be financed from:</b>  |                      |                      |                      |                      |
| Fuel Levy   | 10,551,096           | 8,004,073            | 10,551,096           | 8,004,073            |
| Urban Settlements Development Grant (USDG)  | 28,817,040           | 36,412,880           | 28,817,040           | 36,412,880           |
| Integrated Public Transport Grant   | 0                    | 8,790,264            | 0                    | 8,790,264            |
| Capital Replacement Reserve   | 1,988,503            | 4,625,784            | 1,988,503            | 4,625,784            |
| Upgrading of Informal Settlements Partnership Grant (UISP)  | 2,405,566            | 6,334,391            | 2,405,566            | 6,334,391            |
| MBDA  | 92,822,732           | 51,451,014           | 0                    | 0                    |
| <b>Total</b>  | <b>136,584,937</b>   | <b>115,618,406</b>   | <b>43,762,205</b>    | <b>64,167,392</b>    |
| <b>38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>   |                      |                      |                      |                      |
| Long-term liabilities (See Note 2)  | 1,116,066,290        | 1,315,696,982        | 1,116,066,290        | 1,315,696,982        |
| Used to Finance property, plant and equipment - at cost   | 1,116,066,290        | 1,315,696,982        | 1,116,066,290        | 1,315,696,982        |
| Sub-total   | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| <b>Cash set aside for the repayment of long-term liabilities (See Note 2) - This is only the capital portion of the loan.</b>   | <b>213,697,820</b>   | <b>192,286,800</b>   | <b>213,697,820</b>   | <b>192,286,800</b>   |
| <b>39 FINANCIAL RISK MANAGEMENT</b>   |                      |                      |                      |                      |
| There have been no significant changes in the risks below from the prior year to current. The risks have remained the same.   |                      |                      |                      |                      |
| <b>Interest rate risk</b>   |                      |                      |                      |                      |
| The NMBM is not exposed to interest rate risk on its financial liabilities. All of the NMBM's interest-bearing external loan liabilities, as detailed in Note 2 are fixed interest loans. No interest rate swap agreements have been entered into. The NMBM invests its surplus funds in fixed interest rate deposits with banks for fixed terms not exceeding one year.  |                      |                      |                      |                      |
| <b>Liquidity risk</b>   |                      |                      |                      |                      |
| The liquidity risk is the risk that the NMBM is not able to settle its obligations. The NMBM manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. The NMBM has secured standby credit facilities in the form of an overdraft facility with its banker in order to cater for any unexpected temporary shortfall in operating funds. The maximum exposure to liquidity risk is the trade creditors and long term borrowings. Consumer deposits have a low exposure to liquidity risk.   |                      |                      |                      |                      |
| The following table details the NMBM's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the NMBM can be required to pay. The table includes both estimated interest and principal cash flows. A sensitivity analysis was not considered to be necessary.   |                      |                      |                      |                      |
| <b>Trade payables</b>   |                      |                      |                      |                      |
| 1-3 months  | 2,153,270,530        | 2,191,640,363        | 2,138,150,278        | 2,175,596,663        |
| > 3 months  | 166,255,413          | 153,821,647          | 165,336,384          | 153,513,890          |
|   | <b>2,319,525,943</b> | <b>2,345,462,010</b> | <b>2,303,486,662</b> | <b>2,329,110,553</b> |
| <b>Long term borrowings</b>   |                      |                      |                      |                      |
| < 12 months   | 213,697,820          | 192,286,800          | 213,697,820          | 192,286,800          |
| > 12 months   | 934,071,669          | 1,153,063,003        | 929,834,256          | 1,148,680,157        |
| <b>Credit risk</b>  |                      |                      |                      |                      |
| The NMBM manages credit risk in its borrowing and investing activities by dealing with only A-rated financial institutions, and by spreading its exposure over a range of such institutions in accordance with its approved Cash Management and Investments Policy. Credit risk relating to consumer debtors is managed in accordance with NMBM's credit control and debt collection policy. The NMBM's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in Note 15 to the financial statements. The maximum exposure to credit risk is the consumer debtors, which may reduce as a result of non-payment by debtors. |                      |                      |                      |                      |
| Refer to note 52 for table.   |                      |                      |                      |                      |
| <b>Fair value interest risk</b>   |                      |                      |                      |                      |
| The NMBM is exposed to fair value interest rate risk on its external loan liabilities, which are all fixed interest rates. The fair value of financial assets and liabilities are disclosed and compared with their carrying values. See note 52 for fair values of all financial liabilities. SANLAM shares is the only financial instrument and has a very low risk exposure and have been disclosed at the Market value of the share as at 30 June.  |                      |                      |                      |                      |
| <b>Currency risk</b>  |                      |                      |                      |                      |
| There were no currency risk exposure in the current and prior year.   |                      |                      |                      |                      |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|  | <b>ECONOMIC ENTITY</b><br><b>Restated 2023</b><br><b>R</b> | <b>MUNICIPALITY</b><br><b>Restated 2023</b><br><b>R</b> |
|--|--|---|
| <b>40 RESTATED PRIOR YEAR COMPARATIVES</b>   |  |   |
| <b><u>Prior Period Adjustments:</u></b>  |  |   |
| Net effect of changes - see details below  | (628,497,793)  | (628,497,793)   |
| <b>Net effect on surplus</b>   | <b>(628,497,793)</b>                                       | <b>(628,497,793)</b>                                    |
| <b><u>Statement of Financial Performance</u></b>   |  |   |
| <b>40.1.1 Surplus for the year</b>   |  |   |
| Balance as per audited financial statements (as previously reported)   | 2,825,962,347  | 2,813,612,749   |
| <b>Net effect on surplus</b>   | <b>(628,497,793)</b>                                       | <b>(628,497,793)</b>                                    |
| Service Charges (Refer 40.1.2)   | (598,777,749)  | (598,777,749)   |
| Rental of Facilities and Equipment (Refer 40.1.3)  | 1,857,966  | 1,857,966   |
| Other Revenue (Refer 40.1.4)   | (103,679,778)  | (103,679,778)   |
| Operational Revenue (Refer 40.1.4.1)   | 30,971,347   | 30,971,347  |
| Sale of Goods and Rendering of Services (Refer 40.1.4.2)   | 74,592,594   | 74,592,594  |
| Fines, Penalties and Forfeits (Refer 40.1.5)   | 247,259  | 247,259   |
| Property Rates (Refer 40.1.6)  | (13,605,522)   | (13,605,522)  |
| Interest raised - Outstanding Debtors (Refer 40.1.7)   | (65,937)   | (65,937)  |
| Licences and Permits (Refer 40.1.8)  | 5,000  | 5,000   |
| Transfers and Subsidies (Refer 40.1.9)   | 185,100  | 185,100   |
|  | 0  |   |
| Employee Related Costs (Refer 40.2.1)  | 97,196,133   | 97,196,133  |
| Contracted Services (Refer 40.2.2)   | 13,833,393   | 13,833,393  |
| Operational Costs (Refer 40.2.3)   | 66,267,822   | 66,267,822  |
| Transfers and Subsidies (Refer 40.2.4)   | (1,984,256)  | (1,984,256)   |
| Finance Charges (Refer 40.2.5)   | 468  | 468   |
| Inventory Consumed (Refer 40.2.6)  | (326,929,787)  | (326,929,787)   |
| Bulk Purchases - Electricity (Refer 40.2.7)  | (112,901)  | (112,901)   |
| Remuneration of Councillors (Refer 40.2.8)   | (3,089,324)  | (3,089,324)   |
| Depreciation (Refer 40.2.9)  | 134,590,379  | 134,590,379   |
| MBDA Corrections   | 0  | 0   |
| <b>Restated surplus for 2022/23</b>  | <b>2,197,464,554</b>                                       | <b>2,185,114,956</b>                                    |
| <b>40.1.2 Service Charges</b>  |  |   |
| <b>Income as per Audited financial statements (as previously reported)</b>   | <b>10,567,326,480</b>                                      | <b>10,568,499,793</b>                                   |
| Transfer from Other Receivables  | 3,091,371  | 3,091,371   |
| Transfer to Trade and Other Payables   | (46,719)   | (46,719)  |
| Transfer from Trade Receivables - Exchange Transactions  | (535,846,091)  | (535,846,091)   |
| Transfer to Accumulated Surplus  | (65,976,310)   | -65,976,310   |
| MBDA Correction  | 0  | 0   |
|  | <b>9,968,548,731</b>                                       | <b>9,969,722,044</b>                                    |
| Service charges in the amount of R598 777 749, which have now been corrected.  |  |   |
| <b>40.1.3 Rental of Facilities and Equipment</b>   |  |   |
| <b>Income as per Audited financial statements (as previously reported)</b>   | <b>30,762,294</b>  | <b>30,762,294</b>                                       |
| Transfer to Trade and Other Payables   | -4,800   | -4,800  |
| Transfer from Other Receivables  | 1,862,766  | 1,862,766   |
|  | <b>32,620,260</b>  | <b>32,620,260</b>                                       |
| Rentals in the amount of R1 857 966 which have not been previously accrued for or corrected.   |  |   |
| <b>40.1.4 Other Revenue: Exchange Revenue</b>  |  |   |
| <b>Income as per Audited financial statements (as previously reported)</b>   | <b>106,841,423</b>   | <b>103,679,778</b>                                      |
| Transfer to Operational Revenue  | (33,182,011)   | (30,020,366)  |
| Transfer to Sale of Goods and Rendering of Services  | (73,659,412)   | (73,659,412)  |
|  | <b>0</b>   | <b>0</b>  |
| Other Revenue in the amount of R103 679 778 has been split between Operational Revenue (R30 020 366) and Sale of Goods and Rendering of Services (R73 659 412) to agree to MSCOA's categories. |  |   |
| <b>40.1.4.1 Operational Revenue</b>  |  |   |
| <b>Income as per Audited financial statements (as previously reported)</b>   | <b>0</b>   | <b>0</b>  |
| Transfer from Other Revenue: Exchange Revenue (Category correction)  | 33,182,011   | 30,020,366  |
| Transfer from Other Receivables  | 950,981  | 950,981   |
|  | <b>34,132,992</b>  | <b>30,971,347</b>                                       |
| Operational Revenue in the amount of R950 981 which have not been previously accrued for or corrected.   |  |   |
| <b>40.1.4.2 Sale of Goods and Rendering of Services</b>  |  |   |
| <b>Income as per Audited financial statements (as previously reported)</b>   | <b>0</b>   | <b>0</b>  |
| Transfer from Other Revenue: Exchange Revenue (Category correction)  | 73,659,412   | 73,659,412  |
| Transfer from Other Receivables  | 933,182  | 933,182   |
|  | <b>74,592,594</b>  | <b>74,592,594</b>                                       |
| Sale of Goods and Rendering of Services in the amount of R933 182 which have not been previously accrued for or corrected.   |  |   |
| <b>40.1.5 Fines, Penalties and Forfeits</b>  |  |   |
| <b>Income as per Audited financial statements (as previously reported)</b>   | <b>77,510,533</b>  | <b>77,510,533</b>                                       |
| Transfer from Other Receivables  | 247,259  | 247,259   |
|  | <b>77,757,792</b>  | <b>77,757,792</b>                                       |
| Revenue in the amount of R247 259, which have not been previously accrued for or corrected.  |  |   |
| <b>40.1.6 Property Rates</b>   |  |   |
| <b>Income as per Audited financial statements (as previously reported)</b>   | <b>2,738,529,554</b>                                       | <b>2,738,529,554</b>                                    |
| Transfer to Accumulated Surplus  | -6,248,622   | -6,248,622  |
| Transfer from Trade Receivables - Non-Exchange Transactions  | -9,388,494   | (9,388,494)   |
| Transfer from Trade Receivables - Exchange Transactions  | 2,031,594  | 2,031,594   |
|  | <b>2,724,924,032</b>                                       | <b>2,724,924,032</b>                                    |
| Property rates adjustment in the amount of R13 605 522, which have not been previously corrected.  |  |   |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

| <b>40 RESTATED PRIOR YEAR COMPARATIVES (Continued)</b>  | <b>Restated 2023<br/>R</b> | <b>Restated 2023<br/>R</b> |
|---|----------------------------|----------------------------|
| <b>40.1.7 Interest raised - Outstanding Debtors</b>   |                            |                            |
| <b>Income as per Audited financial statements (as previously reported)</b>  | <b>718,826,548</b>         | <b>718,826,548</b>         |
| Transfer from Other Receivables   | (65,937)                   | (65,937)                   |
|   | <b>718,760,611</b>         | <b>718,760,611</b>         |
| Interest in the amount of R65 937, which have not been previously corrected.  |                            |                            |
| <b>40.1.8 Licences and Permits</b>  |                            |                            |
| <b>Income as per Audited financial statements (as previously reported)</b>  | <b>21,437,830</b>          | <b>21,437,830</b>          |
| Transfer from Other Receivables   | 5,000                      | 5,000                      |
|   | <b>21,442,830</b>          | <b>21,442,830</b>          |
| Licences in the amount of R5 000 not taken into account previously.   |                            |                            |
| <b>40.1.9 Transfers and Subsidies</b>   |                            |                            |
| <b>Income as per Audited financial statements (as previously reported)</b>  | <b>3,033,759,158</b>       | <b>3,033,043,120</b>       |
| Transfer from Transfers and Subsidies (Liability)   | 185,100                    | 185,100                    |
|   | <b>3,033,944,258</b>       | <b>3,033,228,220</b>       |
| Transfers and Subsidies in the amount of R185 100 not taken into account previously.  |                            |                            |
| <b>40.2.1 Employee Related Costs</b>  |                            |                            |
| <b>Expense as per Audited financial statements (as previously reported)</b>   | <b>3,710,095,138</b>       | <b>3,672,071,462</b>       |
| Transfer to Trade and Other Payables  | 711,275                    | 711,275                    |
| Transfer to Inventory Consumed  | -97,907,408                | -97,907,408                |
| MBDA correction   | 0                          | 0                          |
|   | <b>3,612,898,005</b>       | <b>3,574,875,329</b>       |
| Expenses in the amount of R711 275, which have not been previously accrued for.<br>Employee Related Costs relating Water were capitalised in the amount of R97 907 408                    |                            |                            |
| <b>40.2.2 Contracted Services</b>   |                            |                            |
| <b>Expense as per Audited financial statements (as previously reported)</b>   | <b>966,180,595</b>         | <b>947,337,198</b>         |
| Transfer to Inventory Consumed  | -21,400,727                | -21,400,727                |
| Transfer to Trade and Other Payables  | 7,567,334                  | 7,567,334                  |
|   | <b>952,347,202</b>         | <b>933,503,805</b>         |
| Expenses in the amount of R7 567 334 which have not been previously accrued for.<br>Contracted Costs relating Water were capitalised in the amount of R21 400 727                         |                            |                            |
| <b>40.2.3 Other Expenditure changed to Operational Costs</b>  |                            |                            |
| <b>Expense as per Audited financial statements (as previously reported)</b>   | <b>749,554,751</b>         | <b>686,791,408</b>         |
| Transfer to Trade and Other Payables  | 4,589,927                  | 4,589,927                  |
| Transfer from Other Receivables   | -1,799                     | -1,799                     |
| Transfer to Inventory Consumed  | -70,855,950                | -70,855,950                |
| MBDA Correction   | 0                          | 0                          |
|   | <b>683,286,929</b>         | <b>620,523,586</b>         |
| Expenses in the amount of R4 588 128 which have not been previously accrued for or have been corrected.<br>Operational Costs relating Water were capitalised in the amount of R70 855 950 |                            |                            |
| <b>40.2.4 Transfers and Subsidies</b>   |                            |                            |
| <b>Expense as per Audited financial statements (as previously reported)</b>   | <b>-22,035,633</b>         | <b>103,669,390</b>         |
| Transfer from Other Receivables   | 1,394,967                  | 1,394,967                  |
| Transfer to Trade and Other Payables  | 589,289                    | 589,289                    |
| MBDA Correction   | 0                          | 0                          |
|   | <b>-20,051,377</b>         | <b>105,653,646</b>         |
| Expenses in the amount of R1 984 256 which have not been previously accrued for or have been corrected.   |                            |                            |
| <b>40.2.5 Finance Charges</b>   |                            |                            |
| <b>Expense as per Audited financial statements (as previously reported)</b>   | <b>131,488,708</b>         | <b>131,488,708</b>         |
| Transfer to Trade and Other Payables  | -468                       | -468                       |
|   | <b>131,488,240</b>         | <b>131,488,240</b>         |
| Finance Charges in the amount of R468 which have not been previously corrected.   |                            |                            |
| <b>40.2.6 Other Materials changed to Inventory consumed</b>   |                            |                            |
| <b>Expense as per Audited financial statements (as previously reported)</b>   | <b>115,540,382</b>         | <b>115,540,382</b>         |
| Transfer from various expenditure   | 324,754,464                | 324,754,464                |
| Transfer to Trade and Other Payables  | 2,175,323                  | 2,175,323                  |
|   | <b>442,470,169</b>         | <b>442,470,169</b>         |
| Expenses in the amount of R2 175 323 which have not been previously accrued or have been corrected.<br>Water Inventory consumed were understated by R324 754 464                          |                            |                            |
| <b>40.2.7 Bulk Purchases - Electricity</b>  |                            |                            |
| <b>Expense as per Audited financial statements (as previously reported)</b>   | <b>4,705,197,690</b>       | <b>4,705,197,690</b>       |
| Transfer to Trade and Other Payables  | 112,901                    | 112,901                    |
|   | <b>4,705,310,591</b>       | <b>4,705,310,591</b>       |
| Expenses in the amount of R112 901 which have not been previously accrued or have been corrected.   |                            |                            |
| <b>40.2.8 Remuneration Of Councillors</b>   |                            |                            |
| <b>Expense as per Audited financial statements (as previously reported)</b>   | <b>81,903,295</b>          | <b>81,903,296</b>          |
| Transfer to Trade and Other Payables  | 3,089,324                  | 3,089,324                  |
|   | <b>84,992,619</b>          | <b>84,992,620</b>          |
| Expenses in the amount of R3 089 324 which have not been previously accrued or have been corrected.   |                            |                            |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

| <b>40</b> | <b>RESTATED PRIOR YEAR COMPARATIVES (Continued)</b>  | <b>Restated 2023<br/>R</b> | <b>Restated 2023<br/>R</b> |
|-----------|--|----------------------------|----------------------------|
|           | <b>40.2.9 Depreciation</b>   |                            |                            |
|           | <b>Expense as per Audited financial statements (as previously reported)</b>  | <b>978,849,468</b>         | <b>977,830,174</b>         |
|           | Transfer to Inventory Consumed   | -134,590,379               | -134,590,379               |
|           |  | <b>844,259,089</b>         | <b>843,239,795</b>         |
|           | Depreciation relating Water were capitalised in the amount of R134 590 379   |                            |                            |
|           | <b>Statement of Financial Position</b>   |                            |                            |
|           | <b>40.3 Total Accumulated Funds</b>  |                            |                            |
|           | <b>Closing Balance as per audited financial statements (as previously reported)</b>  | <b>21,849,860,341</b>      | <b>21,811,972,307</b>      |
|           | Decrease in Surplus (Refer to Note 40.1.1)   | (628,497,793)              | (628,497,793)              |
|           | <b>Restatements prior 2023</b>   | <b>(110,221,241)</b>       | <b>(110,221,241)</b>       |
|           | Transfer from Service Charges  | 65,976,310                 | 65,976,310                 |
|           | Transfer Property Rates  | 6,248,622                  | 6,248,622                  |
|           | Transfer to Other Receivables  | 3,123,226                  | 3,123,226                  |
|           | Transfer to Trade and Other Payables   | (19,793,198)               | (19,793,198)               |
|           | Transfer from Trade Receivables - Non-exchange transactions  | (1,154,694)                | (1,154,694)                |
|           | Transfer from Trade Receivables - Exchange transactions  | (164,621,507)              | (164,621,507)              |
|           | <b>Restated Closing Balance</b>  | <b>21,111,141,307</b>      | <b>21,073,253,273</b>      |
|           | <b>40.3.1 Trade and Other Payables</b>   |                            |                            |
|           | <b>Balance as per Audited financial statements (as previously reported)</b>  | <b>2,302,746,560</b>       | <b>2,285,244,613</b>       |
|           | Transfer from Contracted Services  | 7,567,334                  | 7,567,334                  |
|           | Transfer from Operational Costs  | 4,589,927                  | 4,589,927                  |
|           | Transfer from Finance Charges  | -468                       | -468                       |
|           | Transfer from Inventory Consumed   | 2,175,323                  | 2,175,323                  |
|           | Transfer from Bulk Purchases - Electricity   | 112,901                    | 112,901                    |
|           | Transfer from Remuneration of Councillors  | 3,089,324                  | 3,089,324                  |
|           | Transfer from Transfers and Subsidies (Expense)  | 589,289                    | 589,289                    |
|           | Transfer to Employee Related Costs   | 711,275                    | 711,275                    |
|           | Transfer to Rental of Facilities and Equipment   | 4,800                      | 4,800                      |
|           | Transfer from Service Charges  | 46,719                     | 46,719                     |
|           | Transfer to Accumulated Surplus  | 19,793,198                 | 19,793,198                 |
|           | Transfer to Property, plant and equipment  | 97,254                     | 97,254                     |
|           | Transfer from Inventory  | 31,750                     | 31,750                     |
|           | Transfer from Consumer Deposits  | 2,818                      | 2,818                      |
|           | Transfer to VAT  | 5,054,496                  | 5,054,496                  |
|           | MBDA Correction  | -1,150,490                 | -                          |
|           |  | <b>2,345,462,010</b>       | <b>2,329,110,553</b>       |
|           | Expenses in the amount of R43 865 940 (net movement), Relates to various expenses not previously accrued for or corrections made.        |                            |                            |
|           | <b>40.3.2.1 Other Receivables - Exchange Transactions</b>  |                            |                            |
|           | <b>Balance as per Audited financial statements (as previously reported)</b>  | <b>321,454,306</b>         | <b>350,020,480</b>         |
|           | Transfer from Service Charges  | 3,091,371                  | 3,091,371                  |
|           | Transfer from Employee Related Costs   | 0                          | 0                          |
|           | Transfer from Operational Costs  | 1,799                      | 1,799                      |
|           | Transfer to VAT  | 380,009                    | 380,009                    |
|           | Transfer to Interest raised - Outstanding Debtors  | -65,937                    | -65,937                    |
|           | Transfer to Transfers and Subsidies (Expense)  | -1,394,967                 | -1,394,967                 |
|           | Transfer from Licences and Permits   | 5,000                      | 5,000                      |
|           | Transfer to Accumulated Surplus  | 3,123,226                  | 3,123,226                  |
|           | Transfer to Fines, Penalties and Forfeits  | 247,259                    | 247,259                    |
|           | Transfer to Trade and Other Payables   | 0                          | 0                          |
|           | Transfer to Operational Revenue  | 950,981                    | 950,981                    |
|           | Transfer to Sale of Goods and Rendering of Services  | 933,182                    | 933,182                    |
|           | Transfer to Rental of Facilities and Equipment   | 1,862,766                  | 1,862,766                  |
|           | MBDA Correction  | -1,150,490                 | 0                          |
|           |  | <b>329,438,505</b>         | <b>359,155,169</b>         |
|           | Income in the amount of R9 134 689, relates to various income (net movement), not previously accrued for or corrections made.            |                            |                            |
|           | <b>40.3.2.2 Other Receivables - Non-Exchange Transactions</b>  |                            |                            |
|           | <b>Balance as per Audited financial statements (as previously reported)</b>  | <b>788,056</b>             | <b>785,956</b>             |
|           | Transfer to Transfers and Subsidies (Liability)  | 0                          | 0                          |
|           |  | <b>788,056</b>             | <b>785,956</b>             |
|           | <b>40.3.3 VAT</b>  |                            |                            |
|           | <b>Balance as per Audited financial statements (as previously reported)</b>  | <b>300,372,408</b>         | <b>298,146,463</b>         |
|           | Transfer to Trade and Other Payables   | (5,054,496)                | (5,054,496)                |
|           | Transfer from Trade Receivables - Exchange Transactions  | (104,786,890)              | (104,786,890)              |
|           | Transfer from Other Receivables  | 380,009                    | 380,009                    |
|           | MBDA Correction  |                            | 0                          |
|           | VAT combined   | <b>190,911,031</b>         | <b>188,685,086</b>         |
|           | VAT Receivable   | 101,385,672                | 101,385,672                |
|           | VAT Payable  | <b>292,296,703</b>         | <b>290,070,758</b>         |
|           | Vat in the amount of R109 461 377 (net movement), relates to various income and expenses not previously accrued for or corrections made. |                            |                            |
|           | <b>40.3.4.1 Trade Receivables - Exchange Transactions</b>  |                            |                            |
|           | <b>Balance as per Audited financial statements (as previously reported)</b>  | <b>4,138,225,439</b>       | <b>4,138,225,439</b>       |
|           | Transfer to Accumulated Surplus  | (164,621,507)              | (164,621,507)              |
|           | Transfer from VAT  | (104,786,890)              | (104,786,890)              |
|           | Transfer from Property Rates   | 2,031,594                  | 2,031,594                  |
|           | Transfer from Service Charges  | (535,846,091)              | (535,846,091)              |
|           |  | <b>3,335,002,545</b>       | <b>3,335,002,545</b>       |
|           | Services charges adjustment in the amount of R803 222 894 which have not been previously corrected.                                      |                            |                            |
|           | <b>40.3.4.2 Trade Receivables - Non-exchange Transactions</b>  |                            |                            |
|           | <b>Balance as per Audited financial statements (as previously reported)</b>  | <b>353,945,151</b>         | <b>353,945,151</b>         |
|           | Transfer to Accumulated Surplus  | (1,154,694)                | (1,154,694)                |
|           | Transfer from Property Rates   | (9,388,494)                | (9,388,494)                |
|           |  | <b>343,401,963</b>         | <b>343,401,963</b>         |
|           | Property rates adjustment in the amount of R10 543 188, which have not been previously corrected.  |                            |                            |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**40.3.5 Property, plant and equipment**

|   |                       |                       |
|---|-----------------------|-----------------------|
| <b>Balance as per Audited financial statements (as previously reported)</b> | <b>19,057,011,761</b> | <b>19,022,651,405</b> |
| Transfer to Trade and Other Payables  | 97,254                | 97,254                |
|   | <b>19,057,109,015</b> | <b>19,022,748,659</b> |

Assets in the amount of R97 254, which was not previously accrued for or corrected.

**40.3.6 Inventory**

|   |                    |                    |
|---|--------------------|--------------------|
| <b>Balance as per Audited financial statements (as previously reported)</b> | <b>183,166,395</b> | <b>182,973,367</b> |
| Transfer to Trade and Other Payables  | 31,750             | 31,750             |
|   | <b>183,198,145</b> | <b>183,005,117</b> |

Inventory in the amount of R31 750, which was not previously accrued for or corrected.

**40.3.7 Consumer Deposits**

|   |                    |                    |
|---|--------------------|--------------------|
| <b>Balance as per Audited financial statements (as previously reported)</b> | <b>155,527,819</b> | <b>155,527,819</b> |
| Transfer to Employee Related Costs  | (2,818)            | (2,818)            |
|   | <b>155,525,001</b> | <b>155,525,001</b> |

Consumer Deposits in the amount of R2 818, which was not previously corrected.

**40.3.8 Transfers and Subsidies (Liability)**

|   |                    |                    |
|---|--------------------|--------------------|
| <b>Balance as per Audited financial statements (as previously reported)</b> | <b>190,569,231</b> | <b>185,445,251</b> |
| Transfer to Transfers and Subsidies (Revenue)                               | (185,100)          | (185,100)          |
|   | <b>190,384,131</b> | <b>185,260,151</b> |

Correction of Transfers and Subsidies in the amount of R185 100

**41 PRIOR PERIOD ERROR**  
**PROPERTY, PLANT AND EQUIPMENT**  
**2023 Financial year**

GRAP 17 requires that an entity shall at each reporting date assess whether there has been a change to an entity's assessment of residual value and useful life of assets. The assessment is required to include a consideration on whether the life of the asset has increased or decreased because of its' current condition. In the current financial year, the entity has fully addressed the GRAP 17 requirements to assess an assets useful life at each reporting date. In previous financial years the assessments had not been sufficiently considered.

As a result of the review some assets' useful lives have either increased or decreased and therefore the depreciation charge has now changed, which is included in the total depreciation/ amortisation.

In assessing whether there is any indication that the expected useful life of an asset has changed, the following indications have been considered - whether:

- (a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed
- (b) The use of the asset has changed, because of the following:
  - (i) The municipality has changed the manner in which the asset is used
  - (ii) The municipality has changed the utilisation rate of the asset
  - (iii) The municipality has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used
  - (iv) Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset
  - (v) Legal or similar limits placed on the use of the asset have changed
  - (vi) The asset was idle or retired from use during the reporting period
- (c) The asset is approaching the end of its previously expected useful life
- (d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed
- (e) Environmental factors, eg increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution
- (f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period
- (g) The asset is assessed as being impaired in accordance with GRAP 21 and GRAP 26.

Calculating the prior period adjustment, was considered impracticable by the entity as the restatement requires assumption on management's intentions in the prior years and the retrospective restatement would require significant estimates and it is not possible to distinguish objective information about the estimates.

As per the requirements of GRAP 3, when it is impracticable to determine the period-specific effects, the entity shall apply the corrected values at the beginning of the earliest period where application is practicable, which may be the current period. The entity has therefore applied the changes in the current year and is effectively treated as a prospective adjustment.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**42 OTHER GRAP DISCLOSURES**

**ECONOMIC ENTITY AND MUNICIPALITY**  
**2024 Restated 2023**

**42.1 CONSTRUCTION CONTRACTS**

|  |             |             |
|--|-------------|-------------|
| Amount of revenue recognised - Operating | 116,436,926 | 92,674,646  |
| Amount of revenue recognised - Capital   | 118,828,655 | 162,161,011 |

**Method used to determine the Revenue**

Revenue is determined on a claims basis where the Municipality submit claims to the ECDoHS for expenditure incurred.

**Method used to determine the stage of completion of contracts in progress:**

Subsidies are approved per site for a set amount, which is determined by ECDoHS. Projects are implemented per stage and the contractors are also paid per stage.

Aggregate amount of Costs incurred and recognised surpluses (less recognised deficits) to date for houses not yet transferred

1,142,874,356 1,087,308,705

Amount of advances received

72,947,450 41,194,912

**Amount of retentions**

Refer Note 6 - Included with Trade and Other Payables

Gross amounts due from customers for contract work

210,320,725 210,732,330

**Gross amounts due to customers for contract work**

Refer Note 6 - Included with Trade and Other Payables

**42.2 STATUTORY RECEIVABLES**

|                                     |                    |                    |
|-------------------------------------|--------------------|--------------------|
| Property Rates                      | 383,814,409        | 343,401,963        |
| Traffic Fines                       | 110,642,717        | 54,210,039         |
| VAT Receivable                      | 29,774,778         | 101,385,672        |
| Longterm Receivables - Non-Exchange | 54,153,058         | 43,029,819         |
| Other Receivables - Non-Exchange    | 0                  | 785,956            |
|                                     | <b>578,384,962</b> | <b>542,813,449</b> |

**43 OPERATING LEASE COMMITMENTS**

**Municipality as Lessee**

**Economic Entity**  
**2024 Restated 2023**  
**R R**

**Municipality**  
**2024 Restated 2023**  
**R R**

The Municipality normally enters into a lease agreement over 3 years for most of the Operating leases.

Some leases have escalations ranging between 7 and 10% and an option to renew.

Some leases have restrictions, such as not to sub-let or not to sub-let without consent. There are no sub-leases in place that we are aware off.

The Municipality has no sale and leaseback transactions.

**Future minimum lease payments under non-cancellable operating leases:**

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Buildings</b>   | <b>58,688</b>     | <b>1,065,707</b>  | <b>58,688</b>     | <b>1,065,707</b>  |
| Payable within one year  | 29,589            | 1,007,018         | 29,589            | 1,007,018         |
| Payable within two to five years   | 29,099            | 58,689            | 29,099            | 58,689            |
| <b>Photocopier, fax machines and other equipment</b>   | <b>7,046,462</b>  | <b>17,527,976</b> | <b>6,910,462</b>  | <b>17,166,500</b> |
| Payable within one year  | 6,721,376         | 10,798,280        | 6,585,376         | 10,598,923        |
| Payable within two to five years   | 325,086           | 6,728,696         | 325,086           | 6,567,577         |
| Payable above five years   | 0                 | 1,000             | 0                 | 0                 |
|  | <b>7,105,150</b>  | <b>18,593,683</b> | <b>6,969,150</b>  | <b>18,232,207</b> |
| <b>Municipality as Lessor</b>  |                   |                   |                   |                   |
| At reporting date, the Municipality has contracted with tenants for the following minimum lease payments over a period of 1 to 99 years: |                   |                   |                   |                   |
| No contingent rentals are charged.   |                   |                   |                   |                   |
| <b>Land</b>  | <b>9,680,405</b>  | <b>10,160,417</b> | <b>9,680,405</b>  | <b>10,160,417</b> |
| Receivable within one year   | 480,012           | 480,012           | 480,012           | 480,012           |
| Receivable within two to five years  | 1,920,048         | 1,920,048         | 1,920,048         | 1,920,048         |
| Receivable after 5 years   | 7,280,345         | 7,760,357         | 7,280,345         | 7,760,357         |
| <b>Buildings</b>   | <b>27,055,655</b> | <b>29,083,485</b> | <b>27,055,655</b> | <b>29,079,485</b> |
| Receivable within one year   | 1,668,636         | 2,151,954         | 1,668,636         | 2,147,954         |
| Receivable within two to five years  | 3,087,946         | 3,967,586         | 3,087,946         | 3,967,586         |
| Receivable after 5 years   | 22,299,073        | 22,963,945        | 22,299,073        | 22,963,945        |
|  | <b>36,736,060</b> | <b>39,243,902</b> | <b>36,736,060</b> | <b>39,239,902</b> |



NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

|  |  | Economic Entity and Municipality |                       |
|--|--|----------------------------------|-----------------------|
|  |  | 2024                             | Restated 2023         |
|  |  | R                                | R                     |
| <b>44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>   |  |                                  |                       |
| Incident / Disciplinary steps / Criminal Proceedings   |  |                                  |                       |
| <b>44.1 Unauthorised Expenditure</b>   |  |                                  |                       |
| Opening Balance  |  | 74,174,996                       | 8,895,377             |
| Incurred - Current year - Relating to current year   |  | 1,441,693,865                    | 65,279,619            |
| Approved by Council - refer below  |  | (65,279,619)                     | 0                     |
| Recoveries - Current year  |  | 0                                | 0                     |
|  |  | <b>1,450,589,242</b>             | <b>74,174,996</b>     |
| <b>44.1.1 Actual expenditure in excess of approved budget votes</b>  |  |                                  |                       |
| The total actual expenditure, amounted to <b>R18 863 474 173</b> , compared to the approved adjustments budget of <b>R18 608 363 996</b> . The actual expenditure was thus <b>R255 110 177</b> above the approved adjustments budget.        |  | 1,441,693,865                    | 65,279,619            |
| The total actual expenditure per budget vote exceeded the approved adjustments budget R1 441 693 865   |  |                                  |                       |
| <b>Total</b>   |  | <b>1,441,693,865</b>             | <b>65,279,619</b>     |
| Approved by Council in accordance with Regulation 23(6)(b) of the Municipal Budget and Reporting Regulations No. 32141   |  | (65,279,619)                     | 0                     |
| <b>44.2 Irregular Expenditure</b>  |  |                                  |                       |
| Opening Balance - previously stated  |  | 20,649,309,263                   | 18,879,107,133        |
| Restatement  |  | 0                                | 74,228,679            |
| Restated Opening Balance   |  | <b>20,649,309,263</b>            | <b>18,953,335,812</b> |
| Incurred - Current year - Relating to current year (awards)  |  | 889,742,939                      | 843,827,919           |
| Incurred - Current year - Relating to prior year (awards / other)  |  | 692,493,041                      | 854,166,895           |
| Approved by Council - Other  |  | (183,601)                        | (2,021,363)           |
|  |  | <b>22,231,361,642</b>            | <b>20,649,309,263</b> |
| <b>1 Breach of the Supply Chain Management policy</b>  |  |                                  |                       |
| A breach occurred as certain contracts were awarded to persons in the service of the state where he/she may have a significant influence over the financial or operating policies of the entity.   |  | 113,450,746                      | 206,673,772           |
| <b>2 Breach of the Supply Chain Management policy</b>  |  |                                  |                       |
| A breach occurred as certain contracts were awarded to persons in the service of the state (certain officials and family of officials) where he/she may have a significant influence over the financial or operating policies of the entity. |  | 75,596,021                       | 96,704,639            |
| <b>3 SCM Deviations</b>  |  |                                  |                       |
| Some of the deviations relating to the tender process appear to be made where improper planning was conducted and expenditure were incurred before the deviation was approved and therefore considered to be irregular.                      |  |                                  |                       |
| - Relating to current year   |  | 511,789,214                      | 383,750,882           |
| - Relating to prior year   |  | 432,636,271                      | 417,358,065           |
| <b>4 Breach of the Supply Chain Management policy</b>  |  |                                  |                       |
| Payments made which was in contravention of the scm policy which was not previously disclosed.   |  |                                  |                       |
| - Relating to current year   |  | 0                                | 0                     |
| - Relating to prior year   |  | 0                                | 0                     |

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

|   |   | Economic Entity and Municipality |                      |
|---|---|----------------------------------|----------------------|
|   |   | 2024                             | Restated 2023        |
|   |   | R                                | R                    |
| <b>44</b>   | <b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (Continued)</b>   |                                  |                      |
| <b>44.2</b>   | <b><u>Irregular Expenditure (Continued)</u></b>   |                                  |                      |
| <b>5</b>  | <b>Non-compliance with regards to the Formal Bid and Deviation process</b>  |                                  |                      |
|   | Incurred - Current year - Relating to current year Tenders  | 188,816,652                      | 155,780,472          |
|   | Incurred - Current year - Relating to prior year Tenders  | 259,673,169                      | 436,115,480          |
| <b>6</b>  | MBDA - Irregular Expenditure - current year   | 90,306                           | 918,154              |
|   | MBDA - Irregular Expenditure - prior year   | 183,601                          | 693,350              |
|   | <b>Total</b>  | <b>1,582,235,980</b>             | <b>1,697,994,814</b> |
|   | Total amount approved by Council in respect of ALL cases / Condoned by MBDA Board   | (183,601)                        | (2,021,363)          |
| <b>7</b>  | <b>Information not available (Limitation of Scope)</b>  |                                  |                      |
|   | Opening Balance - previously stated   | 2,604,573,664                    | 2,602,960,842        |
|   | Restatement   | 0                                | 0                    |
|   | Restate Opening Balance   | <b>2,604,573,664</b>             | <b>2,602,960,842</b> |
|   | Incurred - Current year - Relating to prior year Tenders  | 2,766,136                        | 1,612,822            |
|   |   | <b>2,607,339,800</b>             | <b>2,604,573,664</b> |
|   | Total amount approved by Council in respect of ALL cases  | 0                                | 0                    |
| This section of the note has not been included in the Irregular expense calculation, because it is impracticable in terms of GRAP 1 to determine whether the tender files are indeed Irregular or Regular as described below:   |   |                                  |                      |
| Section 44.2.7 of this disclosure note represents expenditure incurred on SCM / Tender files that were declared by Internal Audit Unit in around 2014/15 and 2015/16 to be a LIMITATION OF SCOPE as the AG could not be provided with the said files. The expenditure referred to dates back to around 2003 financial year. As the expenditure on the affected SCM / Tender Files continued to the 2016/17 financial year the actuals have been extended to include the reported financial year. Detailed reports dealing with these files were submitted to Council structures starting from the MPAC Sub Committee dated 31 August 2017, whereafter the note will be amended only after Council approves the recommendation/s on how to deal with these matters. This effectively means that this expenditure is historic or relates to historic financial years. |   |                                  |                      |
| <b>44.3</b>   | <b><u>Fruitless and Wasteful Expenditure</u></b>  |                                  |                      |
|   | Opening Balance   | <b>722,444,486</b>               | <b>700,921,634</b>   |
|   | Restatement - Incurred  | 0                                | 0                    |
|   | Restated Opening Balance  | <b>722,444,486</b>               | <b>700,921,634</b>   |
|   | Incurred - Current year - Relating to current year  | 17,079,185                       | 22,166,192           |
|   | Incurred - Current year - Relating to prior year  | 0                                | 30,494               |
|   | Written off by Council  | (34,114,722)                     | (673,834)            |
|   |   | <b>705,408,949</b>               | <b>722,444,486</b>   |
| <b>1</b>  | <b>Suspended Officials</b>  |                                  |                      |
|   | Various officials have been on suspension for more than 3 months. In terms of the South African Local Government Bargaining Council; disciplinary procedure and collective agreement, the period of suspension shall not exceed a period of 3 months. <b>Matter to be referred to Labour Relations.</b> | 17,079,185                       | 10,006,015           |
| <b>2</b>  | Fruitless and Wasteful expenditure - Non-attendance of training   | 0                                | 224,812              |
| <b>3</b>  | Interest paid on Legal Fees   | 0                                | 5,826,974            |
| <b>4</b>  | Fruitless and Wasteful expenditure - Licences review  | 0                                | 6,011,349            |
| <b>5</b>  | MBDA - Fruitless and Wasteful Expenditure - current year  | 0                                | 97,042               |
|   | MBDA - Fruitless and Wasteful Expenditure - prior year  | 0                                | 30,494               |
|   | <b>TOTAL</b>  | <b>17,079,185</b>                | <b>22,196,686</b>    |
|   | Total amount written off by council in respect of Microsoft licenses  | (34,114,722)                     | (673,834)            |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

|  |  | Economic Entity and Municipality |               |
|--|--|----------------------------------|---------------|
|  |  | 2024                             | Restated 2023 |
|  |  | R                                | R             |
| 45(a)  | CONTINGENT LIABILITIES   |                                  |               |
| These are ongoing matters and the Municipality is unable to determine the exact timing and amount of the outcome of these matters.   |  |                                  |               |
| Should any liability arise as a result of these claims, the Municipality will attempt to recover any amounts paid over with respect to these claims (if applicable and able to do so).   |  |                                  |               |
| <u>Possible Contingent liabilities:</u>  |  |                                  |               |
| 1  | Various claims arising from alleged negligence by the Municipality due to damages sustained by the Plaintiffs. | 242,453,575                      | 232,563,939   |
| 2  | Various claims due to municipal administrative matters that are under dispute or investigation.                | 5,878,566                        | 1,732,999     |
| 3  | Various claims by current or terminated employees due to alleged unfair labour practices.                      | 686,383                          | 2,318,380     |
| 4  | Various claims due to supply chain related issues or creditor payment related matters.                         | 241,913,630                      | 270,081,446   |
|  |  | 490,932,154                      | 506,696,764   |
| Contingent Liability - MBDA  |  | 0                                | 0             |
| Total Consolidated Amount  |  | 490,932,154                      | 506,696,764   |
| 45(b)  | PROVISION FOR LITIGATION AND CLAIMS  |                                  |               |
| <u>Detail of Provision raised in Note 4.2</u>  |  |                                  |               |
| 1  | Various claims arising from alleged negligence by the Municipality due to damages sustained by the Plaintiffs. | 2,082,227                        | 61,000        |
| 2  | Various claims due to municipal administrative matters that are under dispute or investigation.                | 0                                | 0             |
| 3  | Various claims by current or terminated employees due to alleged unfair labour practices.                      | 0                                | 0             |
| 4  | Various claims due to supply chain related issues or creditor payment related matters.                         | 0                                | 0             |
| TOTAL PROVISION REFER NOTE 4.2   |  | 2,082,227                        | 61,000        |
| 45(c)  | CONTINGENT ASSETS  |                                  |               |
| These are ongoing matters and the Municipality is unable to determine the exact timing and amount of the outcome of these matters.   |  |                                  |               |
| <u>Possible Contingent assets</u>  |  |                                  |               |
| 1  | Various claims due to supply chain related issues or creditor payment related matters.                         | 237,083,972                      | 253,935,194   |
|  |  | 237,083,972                      | 253,935,194   |
| 46   | EVENTS AFTER REPORTING DATE  |                                  |               |
| 46.1   | Nelson Mandela Bay Municipality  |                                  |               |
| A court judgement was issued on 8 Nov 2024 (i.e. Case No: 272/2023) stating that Nelson Mandela Bay Municipality's ex-officials must pay back the money as the court finds them financially liable for irregular expenditure in the amount of R7.6m linked to bus system funded from the Public Transport Infrastructure Grant (PTNG) as gazetted in terms of the Division of Revenue Act (DORA) |  |                                  |               |
| 46.3   | Mandela Bay Development Agency (MBDA)  |                                  |               |
| None   |  |                                  |               |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**47 Information on Post Retirement Benefits**

**RETIREMENT BENEFIT INFORMATION**

The Nelson Mandela Bay Municipality makes provision for post-retirement benefits to employees who belong to different pension schemes. These funds are governed by the Pension Funds Act, and include both defined benefit and defined contribution schemes. Contribution of R382.284 million (2023: R364.580 million) to the defined benefit and defined contribution structures are expensed as incurred during the financial year ended 30 June 2024

**DEFINED CONTRIBUTION SCHEMES**

**CONSOLIDATED RETIREMENT FUND**

The contribution rate paid by the members (9%) and the NMBM (18%) is sufficient to fund the benefits accruing from the fund in future. The actuary certified the fund as being in a sound financial position as at 30 June 2021. The overall funding level at 30 June 2021 was 100.5%.

**SALA CONTRIBUTION FUND**

The SALA Contribution Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.92%) and their councils (19.18%) is sufficient to fund the benefits accruing from the Fund in the future. The fund is 100% funded.

**SOUTH AFRICAN MUNICIPAL WORKERS UNION (SAMWU) NATIONAL PROVIDENT FUND**

The SAMWU National Provident Fund is a defined contribution scheme. The last actuarial valuation of the Fund was performed at 30 June 2008, and certified it as being in a financially sound position with the funding level remaining at 100% since the previous valuation date, 30 June 2005. The 30 June 2011 report is not available yet and is expected to be available towards the end of 2014. The contribution rate paid by the members (7.5%) and their councils (18%) is sufficient to fund the benefits accruing from the Fund in the future.

**DEFINED BENEFIT SCHEMES**

**CAPE JOINT PENSION FUND**

The defined benefit scheme is a multi-employer plan, and the contribution rate payable is 27% (9% by the members and 18% by their councils). The fund was certified by the actuary as being in a sound financial condition as at 30 June 2019 and is funded at 100.3%.

**SALA PENSION FUND**

The defined benefit scheme is a multi-employer plan, and the contribution rate payable is **26.67% (7.92% by the members and 19.18% by their councils)**. This defined benefit plan, is financially sound, and was 100% funded as at 30 June 2013.

The Nelson Mandela Bay Municipality has used GRAP 25 as guidance for treatment of multi-employer plans as sufficient information was not available to use defined-benefit accounting. The Municipality has therefore accounted for the Cape Joint Pension Fund and the SALA Pension Fund as defined contribution plans. It is impracticable to disclose as a defined benefit plan because the funds do not determine a separate actuarial valuation per Municipality but do it as a whole for all the Municipalities together.

**EX GRATIA PENSIONS**

**General Description**

The Ex-gratia pension benefits scheme operates as pensions that are being paid from the Council's revenue, that is, they are not funded or paid from one of the Employer's formalised pension arrangements.

Employees who were under the age of 55 when appointed and who have at least ten years' service at retirement, will receive an annual ex-gratia pension calculated as:

Annual salary \* 1/47 \* Years of non-pensionable service

An employee's widow will get 50% of the accrued (full service) pension on the employees death. This is subject to a maximum of the Government Old Age Pension and will cease at age 60. Pensions increase in line with those granted by the Cape Joint Pension Fund and increases at 50% of CPI inflation.

**Detailed Results**

An actuarial valuation of the Municipality's unfunded liability in respect of revenue pension benefits to eligible employees and retirees of the Nelson Mandela Bay Municipality, was performed as at 30 June 2024. The unfunded liability in respect of past service has been valued at R46.784 million (2023: R44.445 million), of which R38.483 million relates to the non-current portion.

**Past and Future Changes in the Accrued Liability**

The table below shows the development of the accrued liability over the current period, and projects the Municipality's Unfunded Accrued Liability and periodic costs over the following Financial Year.

**Past year and future projected liability**

|                                  | Year ending<br>30/06/2023 | Year ending<br>30/06/2024 | Year ending<br>30/06/2025 |
|----------------------------------|---------------------------|---------------------------|---------------------------|
| <b>Opening Accrued Liability</b> | <b>44,511,000</b>         | <b>44,445,396</b>         | <b>46,784,451</b>         |
| Current service cost             | 0                         | 0                         | 0                         |
| Interest cost                    | 4,713,807                 | 5,024,719                 | 5,045,712                 |
| Benefits paid                    | -3,906,628                | -4,059,980                | -4,178,403                |
| <b>Total Annual Expense</b>      | <b>807,179</b>            | <b>964,739</b>            | <b>867,309</b>            |
| Actuarial Loss / (Gain)          | -872,783                  | 1,374,316                 |                           |
| <b>Closing Accrued Liability</b> | <b>44,445,396</b>         | <b>46,784,451</b>         | <b>47,651,760</b>         |

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

47 Information on Post Retirement Benefits (Continued)

Statement of Financial Position Figures

Unfunded Accrued Liability

| Balance Sheet                         | Year ending<br>30/06/2023 | Year ending<br>30/06/2024 |
|---------------------------------------|---------------------------|---------------------------|
| Fair Value of Plan Assets             | 0                         | 0                         |
| Accrued Liability                     | 44,445,396                | 46,784,452                |
| <b>Unfunded Accrued Liability</b>     | <b>44,445,396</b>         | <b>46,784,452</b>         |
| Unrecognised Transitional Liability   | 0                         | 0                         |
| Unrecognised Actuarial Gains/(Losses) | 0                         | 0                         |
| Unrecognised Past Service Cost        | 0                         | 0                         |
| Miscellaneous Item                    | 0                         | 0                         |
| <b>Closing Balance</b>                | <b>44,445,396</b>         | <b>46,784,452</b>         |

Reconciling and Projecting the Unfunded Accrued Liability

| Unfunded Accrued Liability         | Year ending<br>30/06/2023 | Year ending<br>30/06/2024 |
|------------------------------------|---------------------------|---------------------------|
| Opening Balance                    | 44,511,000                | 44,445,396                |
| Current Service Cost               | 0                         | 0                         |
| Interest Cost                      | 4,713,807                 | 5,024,719                 |
| Expected Return on Plan Assets     | 0                         | 0                         |
| <b>Actuarial (Gain) /Loss</b>      | <b>-872,783</b>           | <b>1,374,316</b>          |
| Past Service Cost                  | 0                         | 0                         |
| Effect of Curtailment / Settlement | 0                         | 0                         |
| Expected Employer Benefit Payments | -3,906,628                | -4,059,980                |
| Employer Prefunding Contributions  | 0                         | 0                         |
| <b>Closing Balance</b>             | <b>44,445,396</b>         | <b>46,784,451</b>         |
| <b>Projected Accrued Liability</b> | <b>45,318,179</b>         | <b>45,410,135</b>         |

Amounts to be recognised in profit or loss for the year (period)

| Category                                       | Year ending<br>30/06/2023 | Year ending<br>30/06/2024 |
|--|---------------------------|---------------------------|
| Current Service Cost (In-Service members only) | 0                         | 0                         |
| Interest Cost                                  | 4,713,807                 | 5,024,719                 |
| Actuarial (Gain)/Loss                          | 872,783                   | 1,374,316                 |
| <b>Total employee benefits expense</b>         | <b>3,841,024</b>          | <b>6,399,035</b>          |

KEY ASSUMPTIONS

Summary of economic assumptions that were used in the valuation:

| Assumption                                       | Current Valuation<br>30 June 2023 | Current Valuation<br>30 June 2024 |
|--|-----------------------------------|-----------------------------------|
| Discount rate                                    | 11.83%                            | 11.28%                            |
| Long-Term Price Inflation                        | 6.58%                             | 5.83%                             |
| Salary Inflation                                 | 7.58%                             | 6.83%                             |
| Pension Increase Rate                            | 3.29%                             | 2.92%                             |
| Net Effective Discount Rate Pre-Retirement(Gap)  | 3.95%                             | 4.16%                             |
| Net Effective Discount Rate Post-Retirement(Gap) | 8.27%                             | 8.12%                             |

**Discount Rate Assumption:**

The discount rate of **11.28%** per annum has been set by taking the average yields from the zero-coupon SA Government bond curve with a duration of 8 years, as was done for the previous valuation.

The recommended discount rate as at 30 June 2024 is 11.28% per annum. The source is the Johannesburg Stock Exchange through IRESS data service.

**The discount rate was set at 11.83% per annum for the previous valuation.**

**Future Price Inflation Assumption:**

The general inflation assumption is used to estimate the base rate for determining the rate at which the future salaries and hence ex-gratia benefits will increase.

The market's pricing of inflation has been estimated by comparing the yields on nominal bonds to the yields on real bonds on the yield curve for bonds with the duration of 8 years, as was done for the previous valuation.

The resulting inflation assumption is, therefore, 5.83% per annum, as at 30 June 2024.

**The source is the Johannesburg Stock Exchange through IRESS data service.**

**The future inflation assumption was set at 6.58% per annum for the previous valuation.**

**Future Salary Inflation:**

The general inflation assumption is used to estimate the base rate for determining the rate at which the future salaries and hence ex-gratia benefits will increase.

It has been assumed that salary inflation will exceed general inflation by 1.0% per annum. therefore the future salary inflation has been set at 6.83% per annum.

The future salary inflation assumption was set at 7.58% per annum for the previous valuation.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**47 Information on Post Retirement Benefits (Continued)**

**Pension Increase Assumption:**

Pension increases are in line with those granted by the LA Retirement Fund (previously known as the Cape Joint Pension Fund). Based on recent experience, pension increases are assumed to be set at 50% of the expected inflation assumption. This is consistent with what was done for the previous valuation.

The expected pension increase rate is, therefore, **2.92%** per annum as at 30 June 2024.

The expected pension increase rate was set at 3.29% per annum for the previous valuation.

**Post Retirement net discount rate:**

Net discount rate is the gap between the discount rate and the expected increase in salary inflation.

The net discount rate for ex-gratia pension benefits as at 30 June 2024 is assumed to be 8.12% per annum (derived from the discount rate of 11.28% and the expected increase rate of 2.92%).

The net discount rate was set at 8.27% per annum for the previous valuation.

**Demographic Valuation Assumptions:**

Actuarial valuation assumptions are required to be made about demographic variables (such as, employee turnover and mortality) that will influence the cost of the benefit, discounting that benefit using the Projected Unit Credit Method.

The demographic assumptions used in the previous valuation have been retained and these assumptions are as follows:

**Pre-retirement Mortality:**

It has been assumed that the pre-retirement mortality will be in line with the SA85-90 table, which is a table reflecting mortality experience in South Africa. This was used for the valuation of in-service members.

**Post-retirement Mortality:**

The post-retirement mortality assumption is based on the PA (90) ultimate mortality table. This was used for the valuation for the mortality of continuation members. (Retired employees).

**Assumed Retirement Age:**

The normal retirement age of employees is 65. It has been assumed that male employees will retire at the age of 63 and female employees will retire at the age of 58, which then implicitly allows for expected rates of ill-health and early retirement. For employees that are older than the assumed retirement age, it is assumed that they will retire immediately.

**Family Profile:**

It has been assumed that female spouses will be 3 years younger than the male spouse. For continuation members, the actual spouse's date of birth was used, where provided.

It has been further assumed that eligible employees will have the same marital status at retirement as they had at the Valuation date.

**Withdrawal Rates:**

The table below reflects the rates of withdrawal used to value the liabilities for both males and females:

**Withdrawal rates**

| Age Band | Withdrawal Rate Females |         |
|----------|-------------------------|---------|
|          | Males                   | Females |
| 20       | 16%                     | 24%     |
| 25       | 12%                     | 18%     |
| 30       | 10%                     | 15%     |
| 35       | 8%                      | 10%     |
| 40       | 6%                      | 6%      |
| 45       | 4%                      | 4%      |
| 50       | 2%                      | 2%      |
| 55       | 1%                      | 1%      |

**Plan Assets:**

Management has indicated that there are no long-term assets set aside off-balance sheet in respect of the Municipality's post-employment ex-gratia pensions.

**Sensitivity Analysis**

The results of the valuation are dependent on the underlying assumptions made and the actual cost of the ex gratia benefit will, however, depend on the actual experience.

The tables below illustrate the likely impact certain changes to the underlying assumptions would have on the results:

The tables below illustrate the likely impact certain changes to the underlying assumptions would have on the figures as at 30 June 2024. These values are determined by assuming all other relevant assumptions remain constant.

These tables set out the impact on results relating to changes of the following assumptions:

- . The Discount Rate;
- . The Salary Inflation Rate;
- . The Pension Increase Rate;
- . The Retirement Rate.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

47 Information on Post Retirement Benefits (Continued)

**The results of the sensitivity analysis on Accrued Liability (Rands)**

| DISCOUNT RATE   | Current Assumption | 1% Decrease | 1% Increase |
|-----------------|--------------------|-------------|-------------|
| Liability       | 46,784,452         | 50,661,770  | 43,425,121  |
| Cost / (Saving) |                    | 3,877,318   | -3,359,331  |
| Total Change    |                    | 8.29%       | -7.18%      |

**The results of the sensitivity analysis on Interest Cost for the year ending 30 June 2024**

| SALARY INFLATION | Current Assumption | 1% Decrease | 1% Increase |
|------------------|--------------------|-------------|-------------|
| Liability        | 46,784,452         | 44,578,456  | 49,177,318  |
| Cost / (Saving)  |                    | -2,205,996  | 2,392,866   |
| Total Change     |                    | -4.72%      | 5.11%       |

| PENSION INCREASE RATE | Current Assumption | 1% Decrease | 1% Increase |
|-----------------------|--------------------|-------------|-------------|
| Liability             | 46,784,452         | 43,289,711  | 50,724,799  |
| Cost / (Saving)       |                    | -3,494,741  | 3,940,347   |
| Total Change          |                    | -7.47%      | 8.42%       |

| RETIREMENT AGE  | Current Assumption | Earlier by 1 Year | Later by 1 Year |
|-----------------|--------------------|-------------------|-----------------|
| Liability       | 46,784,452         | 47,737,800        | 45,890,832      |
| Cost / (Saving) |                    | 953,348           | -893,620        |
| Total Change    |                    | 2.04%             | -1.91%          |

For the purposes of disclosure, all other assumptions are to be held constant.

**POST-EMPLOYMENT HEALTH CARE BENEFITS**

**Benefit Structure**

**Medical Aid Scheme Arrangements:**

The Municipality offers employees and continuation members (pensioners) the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical aid scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical aid scheme.

**Contribution Rate Structure:**

Members contribute according to the tables of contribution rates, which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

**Subsidy Arrangements:**

The Municipality has agreed to subsidise the medical aid contributions of retired members as follows:

In accordance with Resolution 8 of the SALGBC (SALGA), all existing and new pensioners (employees currently in service) and their dependants will receive a subsidy ranging between 60% and 70% subject to the maximum (CAP) amount of R5,277.38 (per month, per member) for the current financial year. The subsidy for LA Health members is 70%, while members of other schemes only qualify for a 60% subsidy. The maximum (CAP) amount was R5,007.00 in the previous financial year.

The maximum subsidy is expected to increase at 50% of inflation.

Eligible employees should have at least five years of service to qualify for a benefit at retirement.

**Valuation Method**

The value of the Municipality's accrued liabilities has been determined by using the Projected Unit Credit Method and a set of actuarial assumptions.

**Post Employment Medical Aid Liabilities:**

The liability in respect of active employees is determined by discounting the projected future benefit payments in respect of these members using assumptions regarding the possible future experience. The liability has been proportioned between past service and future service.

The liability in respect of current pensioners is fully accounted for.

The current service cost is the cost of providing the benefits over the year following the valuation date.

All actuarial gains and losses are recognised immediately and we have not allowed for any disclosure under the corridor method.

**Detailed Results**

The total liability in respect of post-retirement health care benefits amounts to R1,501 billion as at 30 June 2024 (2023: R1,434 billion). Provision for R1,501 billion has been made (non-current R1,406 billion, current R95,787 million). It is expected that approximately 6.0% of the amount provided will be expensed per annum. This is dependent on the accuracy of the assumptions below.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**47 Information on Post Retirement Benefits (Continued)**

**Past and Future Changes in the Accrued Liability**

The table below depicts the development of the accrued liability over the current period, and projects the Municipality's Unfunded Accrued Liability and periodic costs over the next 3 periods following the Valuation Date.

Past year and future projected liability

|  | Year ending<br>30/06/2023<br>R | Year ending<br>30/06/2024<br>R | Year ending<br>30/06/2025<br>R | Year ending<br>30/06/2026<br>R | Year ending<br>30/06/2027<br>R |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Opening Accrued Liability</b>         | <b>1,445,466,000</b>           | <b>1,433,289,000</b>           | <b>1,501,302,000</b>           | <b>1,641,398,000</b>           | <b>1,794,615,000</b>           |
| Interest Cost                            | 165,489,000                    | 199,993,000                    | 203,248,000                    | 222,218,000                    | 242,721,000                    |
| Service Cost                             | 47,519,000                     | 31,335,000                     | 32,635,000                     | 32,635,000                     | 28,723,000                     |
| Estimated Payments                       | -98,855,000                    | -89,703,000                    | -95,787,000                    | -101,636,000                   | -107,752,000                   |
| <b>Total Annual Expense</b>              | <b>114,153,000</b>             | <b>141,625,000</b>             | <b>140,096,000</b>             | <b>153,217,000</b>             | <b>163,692,000</b>             |
| Actuarial (Gain)/Loss on financial basis | -408,346,000                   | 7,027,000                      |                                |                                |                                |
| Actuarial (Gain)/Loss on experience      | 282,016,000                    | -80,639,000                    |                                |                                |                                |
| <b>Closing Accrued Liability</b>         | <b>1,433,289,000</b>           | <b>1,501,302,000</b>           | <b>1,641,398,000</b>           | <b>1,794,615,000</b>           | <b>1,958,307,000</b>           |

**Amounts to be recognised in profit or loss for the year (period)**

|   | Year ending<br>30/06/2023<br>R | Year ending<br>30/06/2024<br>R |
|---|--------------------------------|--------------------------------|
| <b>Category</b>                                       | <b>R</b>                       | <b>R</b>                       |
| Interest Cost   | 165,489,000                    | 199,993,000                    |
| Service Cost (In-Service members only)                | 47,519,000                     | 31,335,000                     |
| Actuarial (Gain)/Loss [2017: Gain on Financial Basis] | -408,346,000                   | 7,027,000                      |
| Actuarial (Gain)/Loss [2017: Loss on Experience]      | 282,016,000                    | -80,639,000                    |
| <b>Total employee benefits expense</b>                | <b>339,338,000</b>             | <b>304,940,000</b>             |

**KEY VALUATION ASSUMPTIONS AND DEVELOPMENTS**

**Summary of economic assumptions that were used in the valuation:**

| Assumption                    | Valuation<br>30 June 2023 | Valuation<br>30 June 2024 |
|-------------------------------|---------------------------|---------------------------|
| Discount rate                 | 14.23%                    | 13.82%                    |
| General Inflation             | 8.68%                     | 8.19%                     |
| Medical Inflation             | 10.18%                    | 9.69%                     |
| Subsidy Inflation             | 4.34%                     | 9.19%                     |
| Post Retirement Interest Rate | 3.68%                     | 3.77%                     |

**Discount Rate:**

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date, on zero-coupon Government bonds. We have used the average nominal yield curve for zero-coupon SA Government bonds with duration of between 15 and 20 years, as at 30 June 2024. The resultant discount rate was 13.82%. The source is the Johannesburg Stock Exchange through IRESS data service.

**Future Price Inflation:**

The general inflation assumption is used to estimate the base rate for determining the rate at which the future salaries will increase. We have used the difference between the above nominal and real bonds with duration of between 15 and 20 years. The implied inflation assumption is therefore, 8.19% for 30 June 2024. The source is the Johannesburg Stock Exchange through IRESS data service.

**Future medical Inflation:**

The general inflation assumption is used to estimate the base rate for determining the rate at which the future medical subsidies will increase. South Africa has experienced high medical cost inflation in recent years and our assumption is that medical cost will outstrip general inflation by about 1.5% per annum.

The medical cost inflation was therefore set at 9.69% per annum for 30 June 2024.

**Net Discount Rate:**

The net discount rate is the gap between the values used for the discount rate and the expected increase in salaries. The net discount rate is assumed to be 3.77% per annum for 30 June 2024, (derived from the discount rate of 13.82% and the expected medical inflation rate of 9.69%).

**Demographic Valuation Assumptions:**

**Pre-Retirement Mortality-**

It has been assumed that the pre-retirement mortality will be in line with the SA 85-90 light table, rated down by 3 years for female members, which is a table reflecting mortality experience in South Africa.

**Post-Retirement Mortality-**

The PA90 ultimate mortality table was used in the valuation for the mortality of Continuation members.



NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

47 Information on Post Retirement Benefits (Continued)

**Withdrawal Rates:**

| Age Band | Withdrawal Rate<br>Males | Withdrawal Rate<br>Females |
|----------|--------------------------|----------------------------|
| 20 - 29  | 16%                      | 24%                        |
| 30 - 39  | 10%                      | 15%                        |
| 40 - 49  | 6%                       | 6%                         |
| 50 - 54  | 2%                       | 2%                         |
| 55+      | 0%                       | 0%                         |

**Assumed Retirement Age:**

The normal retirement age of employees is 65 years. It has been assumed that male employees will retire at age 63 and female employees will retire at age 58, which implicitly allows for the expected rates of early retirement.

This assumption is consistent with the valuation performed as at 30 June 2024.

**Family Profile:**

It is assumed that 90% of In-Service Members on a medical arrangement will be married at retirement. Males are assumed to be five years older than their female spouses. Where the data provided in respect of the Continuation Members, indicated that the spouse was married we have used the actual spouses date of birth. Where this was not known, we have assumed that the male spouse was 5 years older than the female spouse. Members have been assumed to have no dependent children after retirement.

**Continuation of Membership:**

It has been assumed that 100% of In-Service Members will remain on the Municipality's health care arrangement should they stay until retirement. No provision has been made for employees currently not on the Municipality's sponsored medical scheme. At the valuation date there were 462 employees that are not a member of a medical aid scheme. It was also assumed that upon retirement the retiree will remain on the current plan and option, at retirement.

**Plan Assets:**

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

**Sensitivity Analysis**

The results are based on a number of assumptions. The extent to which the actual liability faced by the Municipality in the future differs from these results will depend on the extent to which actual experience differs from the assumptions made.

The assumption which tends to have the greatest impact on the results is the rate of health care cost inflation relative to the discount rate.

The tables below illustrate the likely impact certain changes to the underlying assumptions would have on the valuation results:

- . The Discount Rate;
- . The Medical Inflation;
- . The Retirement Age

**The results of the sensitivity analysis on Accrued Liability (Rands)**

| DISCOUNT RATE   | Current<br>Assumption | 1% Decrease | 1% Increase |
|-----------------|-----------------------|-------------|-------------|
| Liability       | 1,501,301             | 1,648,453   | 1,375,571   |
| Cost / (Saving) |                       | 147,152     | -126,730    |
| Total Change    |                       | 9.80%       | -8.37%      |

| SALARY INFLATION | Current<br>Assumption | 1% Decrease  | 1% Increase |
|------------------|-----------------------|--------------|-------------|
| Liability        | 1,501,301             | 1,404,889    | 1,607,931   |
| Cost / (Saving)  |                       | -101,174,000 | 106,630     |
| Total Change     |                       | -6.42%       | 7.10%       |

| AVERAGE RETIREMENT AGE | Current<br>Assumption | Earlier by 1 Year | Later by 1 Year |
|------------------------|-----------------------|-------------------|-----------------|
| Liability              | 1,501,301             | 1,590,123         | 1,419,330       |
| Cost / (Saving)        |                       | 88,822            | -81,971         |
| Total Change           |                       | 5.92%             | -5.46%          |

For the purposes of disclosure, all other assumptions are to be held constant.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**47 Information on Post Retirement Benefits (Continued)**

**LONG SERVICE AWARD AND LONG SERVICE BONUS**

**Description of the Long Service Award Arrangement**

**Long Service Bonuses:**

The Municipality offers employees LSA in the form of monthly bonuses, commencing when employees reach 12 years of continuous service.

The monthly bonuses are a percentage of employees' monthly basic salaries and are also paid in respect of employees' thirteenth cheques.

**Long Service Awards:**

In addition to the above, employees are eligible to receive a Long Service Award to the value of R2,500 upon completion of 25 years in service milestone. This amount is not expected to increase in the future.

As per clause 9.1.4 of the Long Service Bonus Collective Agreement, all employees will receive a long service bonus that will be phased-in over a period of 4 financial years commencing on 01 July 2016.

The table below describes the benefits accruing to those employed under the SALGBC LSB Agreement. The policy applicable to the subgroups appointed prior to 01 July 2017 will change to the policy outlined in the table below, once they reach twelve years of service.

As from 01 July 2020 all employees will receive benefits as per the table below.

**Long Service Bonus for levels of past service:**

| Completed Service (in years) | Long Service Bonuses (% of Annual Salary) | Description                     |
|------------------------------|---|---------------------------------|
| Less than 12                 | 0%  | None                            |
| 12 - 17                      | 5%  | 5% x monthly basic salary x 13  |
| 18 - 23                      | 10%                                       | 10% x monthly basic salary x 13 |
| 24 and above                 | 15%                                       | 15% x monthly basic salary x 13 |

**Past year and future projected liability**

| Obligation                       | Year ending 30/06/2023 | Year ending 30/06/2024 | Year ending 30/06/2025 | Year ending 30/06/2026 | Year ending 30/06/2027 |
|----------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Opening Accrued Liability</b> | <b>867,595,000</b>     | <b>792,520,000</b>     | <b>757,299,000</b>     | <b>779,589,000</b>     | <b>812,424,000</b>     |
| Current service cost             | 57,471,000             | 50,860,000             | 48,414,000             | 51,779,000             | 55,379,000             |
| Interest cost                    | 91,312,000             | 91,701,000             | 82,075,000             | 85,005,000             | 89,709,000             |
| Expected benefit vestings        | -123,520,000           | -128,781,000           | -108,199,000           | -103,949,000           | -89,268,000            |
| <b>Total Annual Expense</b>      | <b>25,263,000</b>      | <b>13,780,000</b>      | <b>22,290,000</b>      | <b>32,835,000</b>      | <b>55,820,000</b>      |
| <b>Actuarial (Gain)/Loss</b>     | <b>-100,338,000</b>    | <b>-49,001,000</b>     |                        |                        |                        |
| <b>Accrued Liability</b>         | <b>792,520,000</b>     | <b>757,299,000</b>     | <b>779,589,000</b>     | <b>812,424,000</b>     | <b>868,244,000</b>     |

**Net Liability to reflect in the Balance Sheet**

| Net Liability in Balance Sheet                 | Year ending 30/06/2023 | Year ending 30/06/2024 |
|--|------------------------|------------------------|
| <b>Opening Balance</b>                         | <b>867,595,000</b>     | <b>792,520,000</b>     |
| Current service cost                           | 57,471,000             | 50,860,000             |
| Interest cost                                  | 91,312,000             | 91,701,000             |
| <b>Actuarial (Gain)/Loss on basis</b>          | <b>-30,891,000</b>     | <b>-2,349,000</b>      |
| <b>Actuarial (Gain)/Loss on experience</b>     | <b>-69,447,000</b>     | <b>-46,652,000</b>     |
| <b>Net Periodic Cost Recognised in P&amp;L</b> | <b>48,445,000</b>      | <b>93,560,000</b>      |
| Expected benefit vestings                      | -123,520,000           | -128,781,000           |
| <b>Closing Balance</b>                         | <b>792,520,000</b>     | <b>757,299,000</b>     |
| Current Portion of Liability                   |                        | 108,199,000            |
| Non-Current Portion of Liability               |                        | 649,100,000            |

**Key Assumptions**

**Key Financial Assumptions**

The assumptions used are based on statistics and market data as at 30 June 2024. These valuation assumptions are consistent with the requirements of GRAP 25.

| Assumption                    | Valuation 30 June 2023 | Valuation 30 June 2024 |
|-------------------------------|------------------------|------------------------|
| Discount rate                 | 12.15%                 | 11.27%                 |
| Future inflation              | 6.85%                  | 5.95%                  |
| Salary inflation              | 7.85%                  | 6.95%                  |
| Net (Effective) Discount Rate | 3.98%                  | 4.04%                  |

**Detailed Assumptions**

**Discount Rate Assumption:**

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date, on Government bonds. The cashflow weighted duration of the liabilities is approximately 5 years. Therefore the nominal yield curve for zero-coupon SA Government bonds with an average duration between 5 and 10 years as at 30 June 2024, was used. The resultant discount rate was 11.27% per annum.

The source is the Johannesburg Stock Exchange through IRESS data services.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**47 Information on Post Retirement Benefits (Continued)**

**Detailed Assumptions**

**Future Inflation Assumption:**

The general inflation assumption is used to estimate the base rate for determining the rate at which the future benefits will increase. We have estimated the market's pricing of inflation by comparing the yields on zero-coupon index-linked Government bonds and zero-coupon Government bonds, both of a 5 year duration, consistent with the duration of the liabilities. The implied inflation assumption is, therefore, 5.95% per annum for future inflation.

The source of the data is the Johannesburg Stock Exchange through IRESS data service.

**Future Salary Inflation Assumption:**

The general inflation assumption is used to estimate the base rate for determining the rate at which the future salaries will increase.

It is assumed that salary inflation will exceed general inflation by 1.0% per annum. Therefore, we have used a salary inflation assumption of 6.95% per annum.

**Net Discount Rate:**

The net discount rate is the gap between the discount rate and the expected increase in the salary inflation assumptions. The net discount rate is 4.04% per annum, derived from the discount rate of 11.27% and the expected salary inflation rate of 6.95%.

The implied net discount rate was 3.98%, at the previous valuation.

**Demographic Valuation Assumptions**

**Pre-Retirement Mortality:**

It has been assumed that the pre-retirement mortality will be in line with the SA85-90 table, which is a table reflecting mortality experience in South Africa.

This assumption is consistent with that of the previous valuation.

**Withdrawal Rates:**

Withdrawal rates have been provided for, as follows:

| 2022 Valuation |       |         |
|----------------|-------|---------|
| Age            | Males | Females |
| 20             | 16%   | 24%     |
| 30             | 10%   | 15%     |
| 40             | 6%    | 6%      |
| 50             | 2%    | 2%      |
| 55+            | 0%    | 0%      |

This is consistent with the previous year's valuation.

**Assumed Retirement Age:**

The normal retirement age for all active employees is 65. We have assumed a retirement age of 63 for male employees and a retirement age of 58 for female employees, which implicitly allows for early retirement and is consistent with assumptions used for valuing other liabilities of the Municipality. For employees that are older than the assumed retirement age, we have assumed they will retire immediately.

This assumption is consistent with that of the valuation.

**Developments since the previous valuation:**

There were no changes to the rules governing payment and eligibility for the long service awards since the previous valuation. As far as assumptions are concerned, only the discount rate and inflation rate, which are dependent on the market, at the time of the valuation differed from the previous valuation. All other assumptions are broadly consistent with those used in the previous valuation, unless otherwise stated.

**Plan Assets:**

Management has indicated that there are currently no long-term assets set aside off-balance sheet in respect of the LSA liability.

**Sensitivity Analysis**

The results of the valuation are dependent on the underlying assumptions made and the actual cost of the long service awards will, however, depend on the actual experience.

The tables below illustrate the likely impact certain changes to the underlying assumptions would have on the results:

The tables below illustrate the likely impact certain changes to the underlying assumptions would have on the valuation results:

. Liability: the aggregate of the current service cost and the interest cost components of net periodic costs and

. Cost/Saving: the accumulated obligation for Long Service Awards.

**The results of the sensitivity analysis on Accrued Liability (Rands)**

| DISCOUNT RATE          | Current Assumption | 1% Decrease       | 1% Increase     |
|------------------------|--------------------|-------------------|-----------------|
| Liability              | 757,299,000        | 801,094,000       | 717,689,000     |
| Cost / (Saving)        |                    | 43,795,000        | -39,610,000     |
| Total Change           |                    | 5.78%             | -5.23%          |
| SALARY INFLATION       | Current Assumption | 1% Decrease       | 1% Increase     |
| Liability              | 757,299,000        | 715,803,000       | 802,328,000     |
| Cost / (Saving)        |                    | -41,496,000       | 45,029,000      |
| Total Change           |                    | -5.48%            | 5.95%           |
| AVERAGE RETIREMENT AGE | Current Assumption | Earlier by 1 Year | Later by 1 Year |
| Liability              | 757,299,000        | 682,902,000       | 832,008,000     |
| Cost / (Saving)        |                    | -74,397,000       | 74,709,000      |
| Total Change           |                    | -9.82%            | 9.87%           |

For the purposes of disclosure, all other assumptions are to be held constant.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**47 Information on Post Retirement Benefits (Continued)**

**GRATUITY BENEFITS**

**Benefit Structure**

Employees who commenced employment prior to 01 September 1988 are entitled to a gratuity amount plus a gratuity enhancement, as detailed in the following table:

| <b>Gratuity Formula</b>   | <b>Enhancement to Gratuity Formula</b>   |
|---|--|
| Number of years of service prior to joining the PEM pension fund, rounded to the nearest 0.5 years<br>x<br>Fortnightly minimum of PEM Grade 03 immediately prior to joining the pension fund. | Number of whole months of service prior to joining the PEM pension fund, expressed in years<br>x<br>Top monthly notch of PEM Grade 03 immediately prior to joining the pension fund<br>x<br>0.75 |
| Interest is added to the gratuity amount, calculated as per the above, for the period that the employee belonged to the PEM pension fund (ie, join date until termination of service)         | No interest is added to the gratuity enhancement.  |

**Furthermore:**

The benefit is payable on the employee's death or retirement (normal, early, or ill-health), provided the employee has completed 10 or more continuous years of service at that time.

There is no benefit payable on dismissal or resignation.

In the event of an employee's death in service, 50% of the gratuity (with interest from the join date to the date of death) and 100% of the enhancement to gratuity is payable to the estate of the deceased.

The Municipality will pay the estate or the employee a benefit amount of R90,000 should the benefit calculated on death or retirement be less than this amount. This minimum benefit level is fixed, ie. the Municipality does not currently have a policy in place to increase this amount in future.

**Financial Valuation Assumptions**

A summary of the economic assumptions that were used is given below:

| <b>Assumption</b>                           | <b>30 June 2023</b> | <b>30 June 2024</b> |
|---|---------------------|---------------------|
| Discount Rate                               | 9.22%               | 9.12%               |
| Real Rate                                   | 4.00%               | 4.70%               |
| General Inflation                           | 5.02%               | 4.22%               |
| Salary Inflation                            | 6.02%               | 5.22%               |
| Salary Inflation Premium                    | 0.00%               | 0.00%               |
| Net Discount Rate (Gap) Enhanced Gratuities | 3.02%               | 3.71%               |
| Net Discount Rate (Gap) Standard Gratuities | 0.00%               | 0.00%               |

**Discount Rate Assumption:**

The discount rate that reflects the time value of money is best approximated by reference to market yield at the reporting date, on Government bonds GRAP 25 places emphasis on matching the discount rate to the duration of the liabilities.

Therefore the Discount Rate has been set by taking the average yields from the zero-coupon Government bond curve with a duration of 3 years. The recommended discount rate as at 30 June 2024 is 9.12%.

The source is the Johannesburg Stock Exchange through IRESS data service.

**Future Inflation Rate Assumption:**

The general inflation assumption is used to estimate the base rate for determining the rate at which the future employee benefits will increase.

The market's pricing of inflation has been estimated by comparing the yields on nominal bonds to the yields on real bonds on the yield curve for bonds with a duration of 3 years.

The implied inflation assumption is therefore, 4.22% per annum, as at 30 June 2024 for future inflation.

The source is the Johannesburg Stock Exchange through the IRESS data service.

**Future Salary Inflation Rate:**

It has been assumed that salaries (total cost to company) will increase in line with 1.00% in excess of general inflation, ie, 5.22% per annum as at 30 June 2024.

**Net Discount Rate:**

The gap between the discount rate and the expected increase in salary inflation assumptions is referred to as the Net Discount rate.

The net discount rate for salary inflation is assumed to be 3.71% per annum as at 30 June 2024. (Derived from a discount rate of 9.12% and the expected salary inflation rate of 5.22%).

The net discount rate for the Standard Gratuity Pension is 0% since the benefit is assumed to increase annually by the discount rate. The Monetary Enhancement portion is assumed to remain constant until the date of payment.

**Demographic Valuation Assumptions**

**Pre-Retirement Mortality:**

It has been assumed that the pre-retirement mortality will be in line with the SA85-90 light table, rated down by 3 years for female members, which is a table reflecting mortality experience in South Africa.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

47 Information on Post Retirement Benefits (Continued)

Withdrawal Rates

| Age Band | Average Annual % Rate of Withdrawal |         |
|----------|-------------------------------------|---------|
|          | Males                               | Females |
| 20-29    | 16%                                 | 24%     |
| 30-39    | 10%                                 | 15%     |
| 40-49    | 6%                                  | 6%      |
| 50-54    | 2%                                  | 2%      |
| 55+      | 0%                                  | 0%      |

Assumed Retirement Age:

The normal retirement age of employees is 65 years. It has been assumed that male employees will retire at age 63, which implicitly allows for the expected rates of early retirement. The previous valuation assumed a retirement age of 58 years for females. As all female s are now over the age of 58, it has been assumed that they will retire in the year following the valuation.

Other Assumptions:

It was assumed the the Municipality's Gratuity Pension arrangement will remain as is. It was also assumed that the level of benefits receivable will remain unchanged with the exception of allowing for inflationary adjustments.

Valuation Results

| Accrued Liability  |                   |                   |
|--|-------------------|-------------------|
| Category   | 30-Jun-23         | 30-Jun-24         |
| Total Accrued Liability  | 14,317,469        | 12,211,295        |
| Value of Assets  | 0                 | 0                 |
| <b>Total Unfunded Accrued Liability</b>                          | <b>14,317,469</b> | <b>12,211,295</b> |
| Expected current portion of Liability (Payable within 12 months) | 6,404,302         | 4,010,135         |
| Expected non-current portion of Liability (Payable thereafter)   | 7,913,167         | 8,201,161         |

Current Service and Interest Costs

| Current Service and Interest Costs        | 30 June 2022 | 30 June 2023 |
|---|--------------|--------------|
| Current Service Cost (Eligible Employees) | 135,000      | 229,594      |
| Interest Cost (All eligible Individuals)  | 3,478,830    | 1,167,672    |

Projections

The projections of the expected change in the obligation over the period 01 July 2024 to 30 June 2027, are as follows:

| Benefit Projection                   | Year Ending<br>30 June 2025<br>R | Year Ending<br>30 June 2026<br>R | Year Ending<br>30 June 2027<br>R |
|--------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Opening Accrued Liability            | 12,211,295                       | 8,019,714                        | 7,125,692                        |
| Current Service Cost                 | 250,002                          | 298,560                          | 337,119                          |
| Interest Cost                        | 887,423                          | 662,207                          | 572,049                          |
| Expected Benefits Vesting            | -5,329,006                       | -1,854,789                       | -2,085,998                       |
| <b>Total Annual Expense</b>          | <b>-4,191,581</b>                | <b>-894,022</b>                  | <b>-1,176,830</b>                |
| Actuarial Loss/(Gain)                |                                  |                                  |                                  |
| <b>Obligation at end of the year</b> | <b>8,019,714</b>                 | <b>7,125,692</b>                 | <b>5,948,862</b>                 |

Sensitivity Analysis

Sensitivity Analysis on the Accrued Liability based on changes in the following assumptions:

The Discount Rate, and

The Salary inflation Rate

| Discount Rate    | Current<br>Assumption | 1% Decrease | 1% Increase |
|------------------|-----------------------|-------------|-------------|
|                  | R                     | R           | R           |
| Liability        | 12,211,295            | 12,218,544  | 12,204,325  |
| Cost / (Saving)  |                       | 7,249       | -6,970      |
| Total Change     |                       | 0.06%       | -0.06%      |
| Salary Inflation | Current<br>Assumption | 1% Decrease | 1% Increase |
|                  | R                     | R           | R           |
| Liability        | 12,211,295            | 12,118,981  | 12,308,374  |
| Cost / (Saving)  |                       | -92,315     | 97,079      |
| Total Change     |                       | -0.76%      | 0.79%       |

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

48 PROPERTY, PLANT AND EQUIPMENT RECONCILIATION

| ECONOMIC ENTITY  |                      |                       |                      |                    |                       |
|--|----------------------|-----------------------|----------------------|--------------------|-----------------------|
| Reconciliation of Carrying Value   | Land & Buildings     | Infrastructure        | Community            | Other              | Total                 |
| <b>Restated Carry Value 1 July 2023</b>  |                      |                       |                      |                    |                       |
| Cost   | 2,268,834,325        | 23,324,845,342        | 3,752,570,593        | 1,811,523,477      | 31,157,773,737        |
| Transfers/Adjustments - Costs  |                      |                       |                      |                    | -                     |
| Restatement - Cost   |                      | (1,181,655)           |                      |                    | (1,181,655)           |
| Disposal/Impairment  |                      |                       |                      |                    | -                     |
| Transfers/Adjustments - Depreciation   |                      |                       |                      |                    | -                     |
| Accumulated Depreciation   | (483,410,088)        | (8,917,765,615)       | (1,419,310,559)      | (1,280,178,460)    | (12,100,664,722)      |
|  | <b>1,785,424,237</b> | <b>14,405,898,072</b> | <b>2,333,260,034</b> | <b>531,345,017</b> | <b>19,055,927,360</b> |
| <b>Movement during the year ended 30 June 2024</b>                             |                      |                       |                      |                    |                       |
| Acquisitions   | 12,800,802           | 1,178,964,457         | 54,539,342           | 65,139,417         | 1,311,444,018         |
| Take On  | 157,645,510          | 23,844,778            | 15,766,244           | 77,861,167         | 275,117,699           |
| Transfers / Adjustments - Cost   |                      |                       |                      |                    | -                     |
| Useful lives Adjustment - Depreciation   |                      |                       |                      |                    | -                     |
| Depreciation   | (42,398,521)         | (804,817,996)         | (101,441,888)        | (85,155,303)       | (1,033,813,708)       |
|  | <b>128,047,791</b>   | <b>397,991,239</b>    | <b>(31,136,302)</b>  | <b>57,845,281</b>  | <b>552,748,009</b>    |
| <b>Carry Value of Disposals/Impairments during the year ended 30 June 2024</b> |                      |                       |                      |                    |                       |
| Cost   | -                    | (63,592)              | -                    | (8,909,763)        | (8,973,355)           |
| Depreciation   |                      | 63,592                | -                    | 8,452,853          | 8,516,445             |
|  | <b>-</b>             | <b>-</b>              | <b>-</b>             | <b>(456,910)</b>   | <b>(456,910)</b>      |
| <b>Carrying Values at 30 June 2024</b>   | <b>1,913,472,028</b> | <b>14,803,889,311</b> | <b>2,302,123,732</b> | <b>588,733,388</b> | <b>19,608,218,459</b> |
| <b>Summary - Carrying Values at 30 June 2024</b>                               |                      |                       |                      |                    |                       |
| Summary - Cost   | 2,439,280,637        | 24,526,409,330        | 3,822,876,179        | 1,945,614,298      | 32,734,180,444        |
| Summary - Accumulated Depreciation   | (525,808,609)        | (9,722,520,019)       | (1,520,752,447)      | (1,356,880,910)    | (13,125,961,985)      |
|  | <b>1,913,472,028</b> | <b>14,803,889,311</b> | <b>2,302,123,732</b> | <b>588,733,388</b> | <b>19,608,218,459</b> |

  

| Reconciliation of Carrying Value   | Land & Buildings     | Infrastructure        | Community            | Other               | Total                 |
|--|----------------------|-----------------------|----------------------|---------------------|-----------------------|
| <b>Restated Carry Value 1 July 2022</b>  |                      |                       |                      |                     |                       |
| Cost   | 2,219,562,762        | 21,513,938,025        | 3,699,085,967        | 1,784,968,050       | 29,217,554,804        |
| Transfers/Adjustments - Costs  |                      |                       |                      |                     | -                     |
| Restatement - Cost   |                      | 97,254                |                      |                     | 97,254                |
| Disposal/Impairment  |                      |                       |                      |                     | -                     |
| Transfers/Adjustments - Depreciation   |                      |                       |                      |                     | -                     |
| Accumulated Depreciation   | (441,121,275)        | (8,194,814,781)       | (1,340,599,603)      | (1,161,145,271)     | (11,137,680,930)      |
|  | <b>1,778,441,487</b> | <b>13,319,220,498</b> | <b>2,358,486,364</b> | <b>623,822,779</b>  | <b>18,079,971,128</b> |
| <b>Movement during the year ended 30 June 2023</b>                             |                      |                       |                      |                     |                       |
| Acquisitions   | 47,671,215           | 1,389,136,969         | 29,633,039           | 45,779,045          | 1,512,220,268         |
| Take-on  | 7,395,612            | 421,673,094           | 44,262,537           | (19,223,618)        | 454,107,625           |
| Transfers / Adjustments - Cost   | (608,257)            | -                     | 608,257              | -                   | -                     |
| Useful lives Adjustment - Depreciation   |                      |                       |                      |                     | -                     |
| Depreciation   | (42,288,813)         | (722,950,834)         | (89,926,864)         | (119,033,189)       | (974,199,700)         |
|  | <b>12,169,757</b>    | <b>1,087,859,229</b>  | <b>(15,423,031)</b>  | <b>(92,477,762)</b> | <b>992,128,193</b>    |
| <b>Carry Value of Disposals/Impairments during the year ended 30 June 2023</b> |                      |                       |                      |                     |                       |
| Cost   | (5,187,007)          | -                     | (21,019,207)         | -                   | (26,206,214)          |
| Depreciation   |                      | -                     | 11,215,908           | -                   | 11,215,908            |
|  | <b>(5,187,007)</b>   | <b>-</b>              | <b>(9,803,299)</b>   | <b>-</b>            | <b>(14,990,306)</b>   |
| <b>Carrying Values at 30 June 2023</b>   | <b>1,785,424,237</b> | <b>14,407,079,727</b> | <b>2,333,260,034</b> | <b>531,345,017</b>  | <b>19,057,109,015</b> |
| <b>Summary - Carrying Values at 30 June 2023</b>                               |                      |                       |                      |                     |                       |
| Summary - Cost   | 2,268,834,325        | 23,324,845,342        | 3,752,570,593        | 1,811,523,477       | 31,157,773,737        |
| Summary - Accumulated Depreciation   | (483,410,088)        | (8,917,765,615)       | (1,419,310,559)      | (1,280,178,460)     | (12,100,664,722)      |
|  | <b>1,785,424,237</b> | <b>14,407,079,727</b> | <b>2,333,260,034</b> | <b>531,345,017</b>  | <b>19,057,109,015</b> |

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

48 PROPERTY, PLANT AND EQUIPMENT RECONCILIATION (Continued)

| MUNICIPALITY   |                      |                       |                      |                    |                       |
|--|----------------------|-----------------------|----------------------|--------------------|-----------------------|
| Reconciliation of Carrying Value   | Land & Buildings     | Infrastructure        | Community            | Other              | Total                 |
| <b>Restated Carry Value 1 July 2023</b>  |                      |                       |                      |                    |                       |
| Cost   | 2,238,863,441        | 23,324,845,344        | 3,752,570,593        | 1,801,521,707      | 31,117,801,085        |
| Transfers/Adjustments - Costs  |                      |                       |                      |                    | -                     |
| Restatement - Cost   |                      | (1,181,655)           |                      |                    | (1,181,655)           |
| Disposal/Impairment  |                      |                       |                      |                    | -                     |
| Transfers/Adjustments - Depreciation   |                      |                       |                      |                    | -                     |
| Accumulated Depreciation   | (483,108,337)        | (8,917,765,615)       | (1,419,310,559)      | (1,274,867,915)    | (12,095,052,426)      |
|  | <b>1,755,755,104</b> | <b>14,405,898,074</b> | <b>2,333,260,034</b> | <b>526,653,792</b> | <b>19,021,567,004</b> |
| <b>Movement during the year ended 30 June 2024</b>                             |                      |                       |                      |                    |                       |
| Acquisitions   | 10,209,599           | 1,178,964,457         | 54,539,342           | 60,315,435         | 1,304,028,833         |
| Take On  | 157,645,510          | 23,844,778            | 15,766,244           | 77,861,167         | 275,117,699           |
| Transfers / Adjustments - Cost   |                      |                       |                      |                    | -                     |
| Useful lives Adjustment - Depreciation   |                      |                       |                      |                    | -                     |
| Depreciation   | (42,040,805)         | (804,817,996)         | (101,441,888)        | (83,793,949)       | (1,032,094,638)       |
|  | <b>125,814,304</b>   | <b>397,991,239</b>    | <b>(31,136,302)</b>  | <b>54,382,653</b>  | <b>547,051,894</b>    |
| <b>Carry Value of Disposals/Impairments during the year ended 30 June 2024</b> |                      |                       |                      |                    |                       |
| Cost   | -                    | (63,592)              | -                    | (8,909,763)        | (8,973,355)           |
| Depreciation   |                      | 63,592                | -                    | 8,452,853          | 8,516,445             |
|  | <b>-</b>             | <b>-</b>              | <b>-</b>             | <b>(456,910)</b>   | <b>(456,910)</b>      |
| <b>Carrying Values at 30 June 2024</b>   | <b>1,881,569,408</b> | <b>14,803,889,313</b> | <b>2,302,123,732</b> | <b>580,579,535</b> | <b>19,568,161,988</b> |
| <b>Summary - Carrying Values at 30 June 2024</b>                               |                      |                       |                      |                    |                       |
| Summary - Cost   | 2,406,718,550        | 24,526,409,332        | 3,822,876,179        | 1,930,788,546      | 32,686,792,607        |
| Summary - Accumulated Depreciation   | (525,149,142)        | (9,722,520,019)       | (1,520,752,447)      | (1,350,209,011)    | (13,118,630,619)      |
|  | <b>1,881,569,408</b> | <b>14,803,889,313</b> | <b>2,302,123,732</b> | <b>580,579,535</b> | <b>19,568,161,988</b> |

| Reconciliation of Carrying Value   | Land & Buildings     | Infrastructure        | Community            | Other               | Total                 |
|--|----------------------|-----------------------|----------------------|---------------------|-----------------------|
| <b>Restated Carry Value 1 July 2022</b>  |                      |                       |                      |                     |                       |
| Cost   | 2,200,992,495        | 21,513,938,025        | 3,699,085,967        | 1,776,618,107       | 29,190,634,594        |
| Transfers/Adjustments - Costs  |                      |                       |                      |                     | -                     |
| Restatement - Cost   |                      | 97,254                |                      |                     | 97,254                |
| Disposal/Impairment  |                      |                       |                      |                     | -                     |
| Transfers/Adjustments - Depreciation   |                      |                       |                      |                     | -                     |
| Accumulated Depreciation   | (440,913,631)        | (8,194,814,781)       | (1,340,599,603)      | (1,156,759,913)     | (11,133,087,928)      |
|  | <b>1,760,078,864</b> | <b>13,319,220,498</b> | <b>2,358,486,364</b> | <b>619,858,194</b>  | <b>18,057,643,920</b> |
| <b>Movement during the year ended 30 June 2023</b>                             |                      |                       |                      |                     |                       |
| Acquisitions   | 36,270,598           | 1,389,136,971         | 29,633,039           | 44,127,218          | 1,499,167,826         |
| Take on  | 7,395,612            | 421,673,094           | 44,262,537           | (19,223,618)        | 454,107,625           |
| Transfers / Adjustments - Cost   | (608,257)            | -                     | 608,257              | -                   | -                     |
| Useful lives Adjustment - Depreciation   |                      |                       |                      |                     | -                     |
| Depreciation   | (42,194,706)         | (722,950,834)         | (89,926,864)         | (118,108,002)       | (973,180,406)         |
|  | <b>863,247</b>       | <b>1,087,859,231</b>  | <b>(15,423,031)</b>  | <b>(93,204,402)</b> | <b>980,095,045</b>    |
| <b>Carry Value of Disposals/Impairments during the year ended 30 June 2023</b> |                      |                       |                      |                     |                       |
| Cost   | (5,187,007)          | -                     | (21,019,207)         | -                   | (26,206,214)          |
| Depreciation   |                      | -                     | 11,215,908           | -                   | 11,215,908            |
|  | <b>(5,187,007)</b>   | <b>-</b>              | <b>(9,803,299)</b>   | <b>-</b>            | <b>(14,990,306)</b>   |
| <b>Carrying Values at 30 June 2023</b>   | <b>1,755,755,104</b> | <b>14,407,079,729</b> | <b>2,333,260,034</b> | <b>526,653,792</b>  | <b>19,022,748,659</b> |
| <b>Summary - Carrying Values at 30 June 2023</b>                               |                      |                       |                      |                     |                       |
| Summary - Cost   | 2,238,863,441        | 23,324,845,344        | 3,752,570,593        | 1,801,521,707       | 31,117,801,085        |
| Summary - Accumulated Depreciation   | (483,108,337)        | (8,917,765,615)       | (1,419,310,559)      | (1,274,867,915)     | (12,095,052,426)      |
|  | <b>1,755,755,104</b> | <b>14,407,079,729</b> | <b>2,333,260,034</b> | <b>526,653,792</b>  | <b>19,022,748,659</b> |

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

49 HERITAGE ASSETS RECONCILIATION

| ECONOMIC ENTITY  |                    |
|--|--------------------|
| Reconciliation of Carrying Value                           | Heritage Assets    |
| <b>Restated Carry Value 1 July 2023</b>                    |                    |
| Cost   | 236,017,350        |
| Transfers/Adjustments                                      | -                  |
| Restatement - Cost   | -                  |
| Disposal   | -                  |
| Accumulated Impairment                                     | (15,820,657)       |
|  | <b>220,196,693</b> |
| <b>Movement during the year ended 30 June 2024</b>         |                    |
| Acquisition  | 39,652             |
| Take On  | 6,204,542          |
| Transfers / Adjustment                                     |                    |
| Impairment   |                    |
|  | <b>6,244,194</b>   |
| <b>Impairment value during the year ended 30 June 2024</b> |                    |
| Cost   | -                  |
| Amortisation   | -                  |
|  | -                  |
| <b>Carrying Values at 30 June 2024</b>                     | <b>226,440,887</b> |
| <b>Summary - Carrying Values at 30 June 2024</b>           |                    |
| Summary - Cost   | 242,261,544        |
| Summary - Accumulated Impairment                           | (15,820,657)       |
|  | <b>226,440,887</b> |

| Reconciliation of Carrying Value                           | Heritage Assets    |
|--|--------------------|
| <b>Restated Carry Value 1 July 2022</b>                    |                    |
| Cost   | 234,433,820        |
| Transfers/Adjustments                                      | -                  |
| Restatement - Cost   | -                  |
| Disposal   | -                  |
| Accumulated Impairment                                     | (15,820,657)       |
|  | <b>218,613,163</b> |
| <b>Movement during the year ended 30 June 2023</b>         |                    |
| Acquisition  | 455,000            |
| Takeon   | 1,128,530          |
| Transfers / Adjustment                                     |                    |
| Impairment   |                    |
|  | <b>1,583,530</b>   |
| <b>Impairment value during the year ended 30 June 2023</b> |                    |
| Cost   | -                  |
| Amortisation   | -                  |
|  | -                  |
| <b>Carrying Values at 30 June 2023</b>                     | <b>220,196,693</b> |
| <b>Summary - Carrying Values at 30 June 2023</b>           |                    |
| Summary - Cost   | 236,017,350        |
| Summary - Accumulated Impairment                           | (15,820,657)       |
|  | <b>220,196,693</b> |



NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

49 HERITAGE ASSETS RECONCILIATION (Continued)

| MUNICIPALITY   |                    |
|--|--------------------|
| Reconciliation of Carrying Value                           | Heritage Assets    |
| <b>Restated Carry Value 1 July 2023</b>                    |                    |
| Cost   | 235,766,850        |
| Transfers/Adjustments                                      | -                  |
| Restatement - Cost   | -                  |
| Disposal   | -                  |
| Accumulated Impairment                                     | (15,820,657)       |
|  | <b>219,946,193</b> |
| <b>Movement during the year ended 30 June 2024</b>         |                    |
| Acquisition  | 39,652             |
| Take On  | 6,204,542          |
| Transfers / Adjustment                                     |                    |
| Impairment   |                    |
|  | <b>6,244,194</b>   |
| <b>Impairment value during the year ended 30 June 2024</b> |                    |
| Cost   | -                  |
| Amortisation   | -                  |
|  | -                  |
| <b>Carrying Values at 30 June 2024</b>                     | <b>226,190,387</b> |
| <b>Summary - Carrying Values at 30 June 2024</b>           |                    |
| Summary - Cost   | 242,011,044        |
| Summary - Accumulated Impairment                           | (15,820,657)       |
|  | <b>226,190,387</b> |

| Reconciliation of Carrying Value                           | Heritage Assets    |
|--|--------------------|
| <b>Restated Carry Value 1 July 2022</b>                    |                    |
| Cost   | 234,183,320        |
| Transfers/Adjustments                                      | -                  |
| Restatement - Cost   | -                  |
| Disposal   | -                  |
| Accumulated Depreciation                                   | (15,820,657)       |
|  | <b>218,362,663</b> |
| <b>Movement during the year ended 30 June 2023</b>         |                    |
| Acquisition  | 455,000            |
| Takeon   | 1,128,530          |
| Transfers / Adjustment                                     |                    |
| Impairment   |                    |
|  | <b>1,583,530</b>   |
| <b>Impairment value during the year ended 30 June 2023</b> |                    |
| Cost   | -                  |
| Amortisation   | -                  |
|  | -                  |
| <b>Carrying Values at 30 June 2023</b>                     | <b>219,946,193</b> |
| <b>Summary - Carrying Values at 30 June 2023</b>           |                    |
| Summary - Cost   | 235,766,850        |
| Summary - Accumulated Impairment                           | (15,820,657)       |
|  | <b>219,946,193</b> |

No transfers were made between Heritage Assets and Other Assets

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

50 INTANGIBLE ASSETS RECONCILIATION

| ECONOMIC ENTITY  |                   |
|--|-------------------|
| Reconciliation of Carrying Value                                     | Intangible Assets |
| <b>Restated Carry Value 1 July 2023</b>                              |                   |
| Cost   | 428,822,706       |
| Transfers/Adjustments  | -                 |
| Restatement - Amortisation   | -                 |
| Impairment   | -                 |
| Accumulated Amortisation   | (385,413,207)     |
|  | <b>43,409,499</b> |
| <b>Movement during the year ended 30 June 2024</b>                   |                   |
| Acquisition  | 25,147,227        |
| Transfers/Adjustments  | -                 |
| Useful lives adjustment - Amortisation                               | -                 |
| Amortisation   | (11,772,733)      |
|  | <b>13,374,494</b> |
| <b>Impairment/ Disposal value during the year ended 30 June 2024</b> |                   |
| Cost   | 0                 |
| Amortisation   | 0                 |
|  | -                 |
| <b>Carrying Values at 30 June 2024</b>                               | <b>56,783,993</b> |
| <b>Summary - Carrying Values at 30 June 2024</b>                     |                   |
| Summary - Cost   | 453,969,933       |
| Summary - Accumulated Amortisation                                   | (397,185,940)     |
|  | <b>56,783,993</b> |

| Reconciliation of Carrying Value                                     | Intangible Assets   |
|--|---------------------|
| <b>Restated Carry Value 1 July 2022</b>                              |                     |
| Cost   | 464,477,335         |
| Transfers/Adjustments  | -                   |
| Restatement - Amortisation   | -                   |
| Impairment   | -                   |
| Accumulated Amortisation   | (408,116,400)       |
|  | <b>56,360,935</b>   |
| <b>Movement during the year ended 30 June 2023</b>                   |                     |
| Acquisition  | 1,959,287           |
| Transfers/Adjustments  | -                   |
| Useful lives adjustment - Amortisation                               | -                   |
| Amortisation   | (14,910,723)        |
|  | <b>(12,951,436)</b> |
| <b>Impairment/ Disposal value during the year ended 30 June 2023</b> |                     |
| Cost   | -37,613,916         |
| Amortisation   | 37,613,916          |
|  | -                   |
| <b>Carrying Values at 30 June 2023</b>                               | <b>43,409,499</b>   |
| <b>Summary - Carrying Values at 30 June 2023</b>                     |                     |
| Summary - Cost   | 428,822,706         |
| Summary - Accumulated Amortisation                                   | (385,413,207)       |
|  | <b>43,409,499</b>   |

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

50 INTANGIBLE ASSETS RECONCILIATION (Continued)

| MUNICIPALITY   |                   |
|--|-------------------|
| Reconciliation of Carrying Value                                     | Intangible Assets |
| <b>Restated Carry Value 1 July 2023</b>                              |                   |
| Cost   | 427,238,922       |
| Transfers/Adjustments  | -                 |
| Restatement - Amortisation   | -                 |
| Impairment   | -                 |
| Accumulated Amortisation   | (384,643,449)     |
|  | <b>42,595,473</b> |
| <b>Movement during the year ended 30 June 2024</b>                   |                   |
| Acquisition  | 24,718,927        |
| Transfers/Adjustments  | -                 |
| Useful lives adjustment - Amortisation                               | (11,414,169)      |
| Amortisation   | <b>13,304,758</b> |
| <b>Impairment/ Disposal value during the year ended 30 June 2024</b> |                   |
| Cost   | 0                 |
| Amortisation   | 0                 |
|  | -                 |
| <b>Carrying Values at 30 June 2024</b>                               | <b>55,900,231</b> |
| <b>Summary - Carrying Values at 30 June 2024</b>                     |                   |
| Summary - Cost   | 451,957,849       |
| Summary - Accumulated Amortisation                                   | (396,057,618)     |
|  | <b>55,900,231</b> |

| Reconciliation of Carrying Value                                     | Intangible Assets   |
|--|---------------------|
| <b>Restated Carry Value 1 July 2022</b>                              |                     |
| Cost   | 462,901,801         |
| Transfers/Adjustments  | -                   |
| Restatement - Amortisation   | -                   |
| Impairment   | -                   |
| Accumulated Amortisation   | (407,417,842)       |
|  | <b>55,483,959</b>   |
| <b>Movement during the year ended 30 June 2023</b>                   |                     |
| Acquisition  | 1,951,037           |
| Transfers/Adjustments  | -                   |
| Transfers/Adjustments  | -                   |
| Amortisation   | (14,839,523)        |
|  | <b>(12,888,486)</b> |
| <b>Impairment/ Disposal value during the year ended 30 June 2023</b> |                     |
| Cost   | -37,613,916         |
| Amortisation   | 37,613,916          |
|  | -                   |
| <b>Carrying Values at 30 June 2023</b>                               | <b>42,595,473</b>   |
| <b>Summary - Carrying Values at 30 June 2023</b>                     |                     |
| Summary - Cost   | 427,238,922         |
| Summary - Accumulated Amortisation                                   | (384,643,449)       |
|  | <b>42,595,473</b>   |

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

51 INVESTMENT PROPERTY RECONCILIATION

ECONOMIC ENTITY AND MUNICIPALITY

| Reconciliation of Carrying Value                                | Investment Property |
|---|---------------------|
| <b>Restated Carry Value 1 July 2023</b>                         |                     |
| Cost  | 226,767,881         |
| Restatement - Cost  | -                   |
| Transfers/Adjustments   | -                   |
| Disposal  | -                   |
| Restatement - Depreciation                                      | -                   |
| Accumulated Depreciation  | (84,256,275)        |
|   | <b>142,511,606</b>  |
| <b>Movement during the year ended 30 June 2024</b>              |                     |
| Acquisition / Take-on   | -                   |
| Transfers/Adjustments   | -                   |
| Transfers/Adjustments   | -                   |
| Depreciation  | (4,154,602)         |
|   | <b>(4,154,602)</b>  |
| <b>Carry Value of Disposals for the year ended 30 June 2024</b> |                     |
| Cost  | -                   |
| Depreciation  | -                   |
|   | -                   |
| <b>Carrying Values at 30 June 2024</b>                          | <b>138,357,004</b>  |
| <b>Summary - Carrying Values at 30 June 2024</b>                |                     |
| Summary - Cost  | 226,767,881         |
| Summary - Accumulated Depreciation                              | (88,410,877)        |
|   | <b>138,357,004</b>  |

| Reconciliation of Carrying Value                                | Investment Property |
|---|---------------------|
| <b>Restated Carry Value 1 July 2022</b>                         |                     |
| Cost  | 226,767,881         |
| Restatement - Cost  | -                   |
| Transfers/Adjustments   | -                   |
| Disposal  | -                   |
| Restatement - Depreciation                                      | -                   |
| Accumulated Depreciation  | (79,606,507)        |
|   | <b>147,161,374</b>  |
| <b>Movement during the year ended 30 June 2023</b>              |                     |
| Acquisition   | -                   |
| Transfers/Adjustments   | -                   |
| Transfers/Adjustments   | -                   |
| Depreciation  | (4,649,768)         |
|   | <b>(4,649,768)</b>  |
| <b>Carry Value of Disposals for the year ended 30 June 2023</b> |                     |
| Cost  | -                   |
| Depreciation  | -                   |
|   | -                   |
| <b>Carrying Values at 30 June 2023</b>                          | <b>142,511,606</b>  |
| <b>Summary - Carrying Values at 30 June 2023</b>                |                     |
| Summary - Cost  | 226,767,881         |
| Summary - Accumulated Depreciation                              | (84,256,275)        |
|   | <b>142,511,606</b>  |

Financial assets: At Amortised Cost  
Financial liabilities: At amortised cost  
Financial Assets: At Fair Value

The amounts relating to financial instruments reflected below approximates fair value

\* This is to indicate that these items have been made either zero or reduced as they are Statutory Receivables/ Non-exchange transactions in terms of GRAP 23, which doesn't form part of Financial Instruments.

## MUNICIPALITY

|  | Financial<br>Instruments at<br>Amortised Cost | Non financial<br>liabilities | Total                | Financial<br>Instruments at<br>Amortised Cost | Non financial<br>liabilities | Total                |
|--|---|------------------------------|----------------------|---|------------------------------|----------------------|
|  | R   | R                            | R                    | R   | R                            | R                    |
| <b>LIABILITIES</b>                         |   |                              |                      |   |                              |                      |
| Long-term Liabilities                      | 929,834,256                                   |                              | 929,834,256          | 1,148,680,157                                 |                              | 1,148,680,157        |
| Non-current Provisions - Employee Benefits |   | 2,100,340,001                | 2,100,340,001        |   | 2,078,364,463                | 2,078,364,463        |
| Non-current Provisions - Other             |   | 801,101,837                  | 801,101,837          |   | 571,613,741                  | 571,613,741          |
| Consumer deposits                          | 157,184,512                                   |                              | 157,184,512          | 155,525,001                                   |                              | 155,525,001          |
| Current Provisions - Employee Benefits     |   | 598,896,507                  | 598,896,507          |   | 598,342,375                  | 598,342,375          |
| Current Provisions - Other                 |   | 2,082,227                    | 2,082,227            |   | 61,000                       | 61,000               |
| Trade and Other Payables                   | 2,303,486,662                                 |                              | 2,303,486,662        | 2,329,110,553                                 |                              | 2,329,110,553        |
| Transfers and Subsidies*                   | 0   |                              | 0                    | 0   |                              | 0                    |
| VAT  |   | 0                            | 0                    |   | 290,070,758                  | 290,070,758          |
| Current Portion of Long-term Liabilities   | 213,697,820                                   |                              | 213,697,820          | 192,286,800                                   |                              | 192,286,800          |
|  | <b>3,604,203,250</b>                          | <b>3,502,420,572</b>         | <b>7,106,623,822</b> | <b>3,825,602,511</b>                          | <b>3,538,452,337</b>         | <b>7,364,054,848</b> |

|  |                             |                             |
|--|-----------------------------|-----------------------------|
| <b>Financial Asset at amortised cost</b>           |                             |                             |
| <b>Opening balance</b>                             | 8,466,971,756               | 7,429,450,373               |
| <i>Net other movements</i>                         | <u>(871,564,844)</u>        | <u>1,037,521,383</u>        |
| <b>Closing balance</b>                             | <b><u>7,595,406,912</u></b> | <b><u>8,466,971,756</u></b> |
| <br><b>Financial liabilities at amortised cost</b> |                             |                             |
| <b>Opening balance</b>                             | 3,825,602,511               | 3,483,446,896               |
| <i>Net other movements</i>                         | <u>(221,399,261)</u>        | <u>342,155,615</u>          |
| <b>Closing balance</b>                             | <b><u>3,604,203,250</u></b> | <b><u>3,825,602,511</u></b> |

\* This is to indicate that these items have been made either zero or reduced as they are Statutory Receivables/ Non-exchange transactions in terms of GRAP 23, which doesn't form part of Financial Instruments.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

53 EXPLANATION FOR OPERATING VARIANCES: ECONOMIC ENTITY AND MUNICIPALITY

APPROVED ORIGINAL BUDGET VS APPROVED FINAL BUDGET:

In terms of GRAP 24.27 the changes between the approved original budget and approved final budget are as a consequence of reallocations within the approved original budget as at 30 June 2024.

The Original Budget was approved on 07 June 2023 for the 2023/24 financial year (01 July 2023 to 30 June 2024), and the Final Budget was approved on 27 February 2024.

NMBM uses the accrual basis of accounting for its Budget.

The reconciliation of the Original approved Budget and Final Adjustments Budget and Actual amounts are shown on the face of the Statement of Financial Performance, with the reasons for variances explained below.

ACTUAL VERSUS APPROVED FINAL ADJUSTMENT BUDGET (REVENUE AND EXPENDITURE)

Explanations of Significant Variances and those greater than 10% versus Budget - The 10% threshold was considered to be the best indicator to measure performance.

1 Interest earned - External Investments

The interest earned is influenced by the higher interest rates as well as the investment portfolio as at 30 June 2024.

2 Interest raised - Outstanding Debtors - Exchange Revenue

An increase in outstanding consumer debt or payments not being made on time, resulted in additional interest being raised when comparing the original budget to the actual revenue received.

2 Interest raised - Outstanding Debtors - Non-Exchange Revenue

An increase in outstanding consumer debt or payments not being made on time, resulted in additional interest being raised when comparing the original budget to the actual revenue received.

3 Licences and Permits

Due to the ad hoc nature of this income source, accurate income projections are not possible.

4 Sale of Goods and Rendering of Services

The main decrease is due to the IPTS busses not being operational resulting from other operational reasons.

5 Gains on disposal of PPE

Gains on disposal of PPE relates to the sale of motor vehicles.

6 Fines, Penalties and Forfeits

The main increase relates to traffic fines of which accurate income projections are not possible and also non-existence of a service provider during the financial year.

7 Transfers and Subsidies

It was anticipated that all Transfers and Subsidies will be spent by 30 June 2024. Refer note 7 for the remaining unspent portion causing the underspending. Any unspent portion in this category also qualifies for rollover application through National Treasury.

8 Employee Related Costs

It was anticipated that the increase for the actuarial valuation will be significantly higher which was not the case. Refer notes 3 and 4.

9 Impairment - Receivables and Other

Due to the increase in water tariffs as a result of water restrictions, it caused the debt to increase resulting in non-payment of accounts, therefore it was decided to write-off arrear outstanding debt causing the overspending. There was also a policy change relating to a qualification criteria for ATTP recipients which was on the basis of a property value from R0 to R130 000 automatically qualifying for an ATTP with effect from 2023/2024 financial year.

10 Contracted Services

A major part of the variance is due to no/ less maintenance being done to Property, plant and equipment and essential services required by the communities as the services are being utilised as and when required due to capacity constraints.

Also, less expenditure incurred on Business and Advisory projects as these services are also being utilised as and when required.

11 Operational Costs

A major part of the variance is IT related expenses and Hire charges as costs are only incurred as and when required and strict cost containment measures by management.

Also, there are pending lease agreements which contributed to the lower spending.

12 Inventory Consumed

The main reason for the variance is due to the method of calculating the water stock as per NT guidelines and less was spend on chemicals to treat the water than initially anticipated.

13 Losses

The major variance is attributable to water losses.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

54 EXPLANATION FOR CAPITAL VARIANCES:

APPROVED ORIGINAL BUDGET VS APPROVED FINAL BUDGET:

In terms of GRAP 24.27 the changes between the approved original budget and approved final budget are as a consequence of reallocations within the approved original budget as at 30 June 2024.

The Original Budget was approved on 07 June 2023 for the 2023/24 financial year (01 July 2023 to 30 June 2024), and the Final Budget was approved on 27 February 2024.

NMBM uses the accrual basis of accounting for its Budget.

See below reconciliation between the Budget and the Actual expenditure:

| ACTUAL EXPENDITURE<br>VERSUS<br>2023/24 BUDGET        | 2023/24<br>Capital Adjustments<br>Budget (Approved 27<br>February 2024) | Budget<br>Amendment -<br>USDG Reductions<br>(Gazette 50318) | Budget<br>Amendment -<br>ISUPG<br>Reductions<br>(Gazette 50318) | Budget<br>Amendment -<br>IPTG Reductions<br>(Gazette 50318) | Budget<br>Amendment -<br>NDPG Reductions<br>(Gazette 50318) | 2023/24 Total Capital<br>Budget | Actual<br>Expenditure as at<br>30 June 2024 | % Capital Spend<br>as at 30 June<br>2024 | Variance    | % Variance<br>with<br>Adjustments<br>Budget | Explanation of Variances greater than 10 %   |
|---|---|---|---|---|---|---------------------------------|---|--|-------------|---|--|
|   |   |   |   |   |   |                                 |   |  |             |   |  |
| Infrastructure & Engineering - Roads & Storm<br>water | 514,430,334   | -11,886,499   |   | -56,466,761   | -599,130  | 445,477,944                     | 393,442,353                                 | 88%                                      | 52,035,591  | 12  | One of the projects contributing to the variance is the Tarring of Gravel Roads. Delays were experienced due to disputes by EME's on the value and scope of works allocated  |
| Human Settlements                                     | 134,311,780   | -10,886,956   |   |   |   | 123,424,824                     | 119,124,643                                 | 97%                                      | 4,300,181   | 3   | The overall variance is less than 10%. Detailed variances per project are provided separately  |
| Economic Development, Tourism &<br>Agriculture        | 6,279,566   |   | -3,269,566  |   |   | 3,010,000                       | 2,397,399                                   | 80%                                      | 612,601     | 20  | The main variance relates to the construction of the perimeter wall at the Fresh Produce Market. Due to heavy rains that occurred towards the end of the project, the remaining work was unable to be concluded before the end of the financial year   |
| Sport, Recreational and Cultural Service              | 26,246,080  |   | -1,969,411  |   |   | 24,276,669                      | 18,024,418                                  | 74%                                      | 6,252,251   | 26  | The majority of the variance can be attributed to 2 key projects, namely the Rehabilitation of Main Pavillion - Uitenhage sportsfields and the Upgrading of the Geivandale Caretakers cottage.<br>The Main Pavillion project experienced delays due to having to appoint a new Project Manager to continue the project.<br>The Caretaker Cottage project experienced delays as a result of the building needing to be demolished due to severe structural deficiencies and safety concerns, which was not part of the original plan  |
| Safety & Security                                     | 36,416,600  |   |   |   |   | 36,416,600                      | 18,788,212                                  | 52%                                      | 17,628,388  | 48  | The main variance is directly attributable to the Safer Cities project. A new formal tender process was supposed to have commenced within the 2024 financial year, however this did not materialise.   |
| Budget & Treasury                                     | 5,712,000   |   |   |   |   | 5,712,000                       | 1,847,110                                   | 32%                                      | 3,864,890   | 68  | The main variance is attributable to the Construction of New Offices at SCM. The BSC procurement processes was concluded and the tender is currently being advertised,. All remaining procurement processes are only planned to conclude by the second quarter of the new financial year. The budget therefore remained unspent as at 30 June 2024   |
| Public Health   | 79,221,290  | -679,674  | -2,484,348  |   |   | 76,057,268                      | 60,317,201                                  | 79%                                      | 15,740,067  | 21  | The main reason for the variance within this directorate is due to the challenges experienced on the procurement of vehicles. The directorate has a dependency on Fleet Management to procure the vehicles, and unfortunately Fleet Management was unable to fulfill their requests.   |
| Corporate Services                                    | 36,943,240  |   |   |   |   | 36,943,240                      | 6,314,396                                   | 17%                                      | 30,628,844  | 83  | The main variance within this directorate can be attributed to the Purchase of ICT infrastructure and equipment.<br>The Virtual Server Infrastructure experienced prolonged delays at the BSC and as a result the final award was only made in June 2024. Therefore the budget could not be utilised in time.<br>For the Procurement of Network Infrastructure, MIS is currently preparing an item to BAC to cancel the tender and re-advertise based on the assessment of the queries received by NMBM.   |
| Sanitation Service                                    | 141,896,048   | -17,993,289   |   |   |   | 123,902,759                     | 86,672,116                                  | 70%                                      | 37,230,643  | 30  | The variance can be attributed to a few key Capital Projects, one of which was the Rehabilitation of Sewerage Pump Stations. The pump stations are constantly being vandalised. These security issues led to the work being cancelled to prevent wasteful expenditure, due to the new equipment being installed and getting vandalised the same day.<br>The other significant variance relates to the Purchase of Vacuum Tankers. Initially, the directorate had planned to purchase 4 Vacuum Tankers, however the supplier only had 2 units available for purchase, and were unable to supply additional tankers before the end of the financial year.  |
| Water Service   | 467,229,738   |   | -2,695,652  |   |   | 464,534,086                     | 332,369,923                                 | 72%                                      | 132,164,163 | 28  | The main variance is directly attributable to both the East-West Bulk Water Transfer Pipeline and Borehole Exploration and Development of which both were funded by the RBIG. These Projects could not reach the stage of spending the allocated amounts. Finalizing the institutional arrangements took time, with the NMBM Executive Council deciding in April 2023 to appoint the Coega Development Corporation (CDC) as its Implementing Agent. However, the Service Level Agreement was only finalized in October 2023. After finalizing the institutional arrangements, project preparations only began in November 2023. The procurement process was then undertaken by the CDC, which concluded in May and June 2024 |
| Electricity & Energy                                  | 304,382,680   |   | -11,494,074   |   |   | 292,888,606                     | 289,489,642                                 | 99%                                      | 3,398,964   | 1   | The variance can be attributed to a few key Capital Projects, namely the Electricity Reinforcement Capital Projects as well as the Miscellaneous Mains and Substations project.<br>These projects are funded by Public Contributions with an approved budget based on what is planned to be undertaken within the financial year. Expenditure is limited the funds that are received during the financial year   |
|   | 1,753,069,356   | (41,446,418)  | (21,913,051)  | (56,466,761)  | (599,130)   | 1,632,643,996                   | 1,328,787,413                               | 81%                                      | 303,856,583 | 19  |  |
| CONTROLLED ENTITIES                                   |   |   |   |   |   |                                 |   |  |             |   |  |
| Mandela Bay Development Agency                        | 38,200,000  |   |   |   |   | 38,200,000                      | 41,190,734                                  | 108%                                     | (2,990,734) | -7  | Purchase of property, plant and equipment - Refer MBDA's Financial Statements.   |
| ECONOMIC ENTITY                                       | 1,791,269,356   | -41,446,418   | -21,913,051   | -56,466,761   | -599,130  | 1,670,843,996                   | 1,369,978,147                               | 82%                                      | 300,865,849 |   |  |

In accordance with GRAP 24.12 The entity has disclosed an explanation for the material differences between the budget and actual capital expenditure amounts.



NOTE 55.1

## ECONOMIC ENTITY'S: ANALYSIS OF PROPERTY, PLANT &amp; EQUIPMENT AS AT 30 JUNE 2024

|                                       | COST            |              |                           |                          |             |               |            |            |                 | ACCUMULATED DEPRECIATION |              |                           |                          |                           |            |            |                 |  | Carrying Value |
|---------------------------------------|-----------------|--------------|---------------------------|--------------------------|-------------|---------------|------------|------------|-----------------|--------------------------|--------------|---------------------------|--------------------------|---------------------------|------------|------------|-----------------|--|----------------|
|                                       | Opening Balance | Re-statement | Re-stated Opening Balance | Transfers / Adjustments/ | Take-On     | Acquisitions  | Disposals  | Impairment | Closing Balance | Opening Balance          | Re-statement | Re-stated Opening Balance | Transfers / Adjustments/ | Depreciation/Amortisation | Disposals  | Impairment | Closing Balance |  |                |
| Land & Buildings                      |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |                          |                           |            |            |                 |  |                |
| Assets Under Construction             | 731,319         | -            | 731,319                   | -4,377,649               | -           | 3,682,370     | -          | -          | 36,040          | -                        | -            | -                         | -                        | -                         | -          | -          | 36,040          |  |                |
| Buildings                             | 1,049,237,455   | -            | 1,049,237,455             | 4,377,649                | 231,929     | 3,097,732     | -          | -          | 1,056,944,766   | 483,108,337              | -            | 483,108,337               | -                        | 42,040,805                | -          | -          | 525,149,142     |  |                |
| Land                                  | 1,188,894,668   | -            | 1,188,894,668             | -                        | 157,413,581 | 3,429,496     | -          | -          | 1,349,737,746   | -                        | -            | -                         | -                        | -                         | -          | -          | 1,349,737,746   |  |                |
|                                       | 2,238,863,442   | -            | 2,238,863,442             | -                        | 157,645,510 | 10,209,599    | -          | -          | 2,406,718,551   | 483,108,337              | -            | 483,108,337               | -                        | 42,040,805                | -          | -          | 525,149,142     |  |                |
| Infrastructure Assets                 |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |                          |                           |            |            |                 |  |                |
| Assets Under Construction             | 874,312,185     | -            | 874,312,185               | -1,316,105,706           | -           | 1,107,234,199 | -          | -          | 665,440,678     | -                        | -            | -                         | -                        | -                         | -          | -          | 665,440,678     |  |                |
| Roads, Sidewalks & Stormwater Network | 8,906,615,888   | 2,766,532    | 8,909,382,420             | 498,534,478              | 23,844,778  | 16,711,385    | -          | -          | 9,448,473,060   | 3,727,505,288            | -            | 3,727,505,288             | -                        | 350,336,111               | -          | -          | 4,077,841,399   |  |                |
| Beach Developments                    | 80,201,272      | -            | 80,201,272                | 170,000                  | -           | 80,371,272    | -          | -          | 80,371,272      | 24,918,309               | -            | 24,918,309                | -                        | 2,132,702                 | -          | -          | 27,051,011      |  |                |
| Electricity Reticulation & Supply     | 3,968,028,865   | -            | 3,968,028,865             | 92,234,329               | -           | 4,071,380,826 | -          | -          | 1,595,088,792   | 1,595,088,792            | -            | 1,595,088,792             | -                        | 130,440,566               | -          | -          | 1,725,529,358   |  |                |
| Fencing                               | 306,286,949     | -            | 306,286,949               | 5,286,480                | -           | 311,802,279   | -          | -          | 338,186,430     | 133,186,430              | -            | 133,186,430               | -                        | 29,214,973                | -          | -          | 162,401,403     |  |                |
| Sewerage Mains & Purification Works   | 3,387,416,175   | -            | 3,387,416,175             | 72,337,274               | -           | 73,113        | -          | -          | 3,459,826,563   | 1,667,003,178            | -            | 1,667,003,178             | -                        | 123,503,934               | -          | -          | 1,790,507,112   |  |                |
| Waste Disposal Facilities             | 50,693,745      | -            | 50,693,745                | -                        | -           | 50,693,745    | -          | -          | 7,671,968       | 7,671,968                | -            | 7,671,968                 | -                        | 1,075,244                 | -          | -          | 8,747,212       |  |                |
| Water Supply & Reticulation           | 3,769,696,270   | 660,948      | 3,770,357,118             | 344,678,716              | -           | 43,599,278    | -          | -          | 4,158,635,112   | 1,287,773,886            | -            | 1,287,773,886             | -                        | 111,644,987               | -          | -          | 1,399,418,873   |  |                |
| Dams & Treatment Works                | 1,971,678,509   | -            | 1,971,678,509             | 302,864,429              | -           | -             | -          | -          | 2,274,542,937   | 468,012,812              | -            | 468,012,812               | -                        | 56,469,479                | -          | -          | 524,482,291     |  |                |
| Wi-Fi Infrastructure                  | 6,604,949       | -            | 6,604,949                 | -                        | -           | -             | -          | -          | 6,604,949       | 6,604,949                | -            | 6,604,949                 | -                        | -                         | -          | -          | 6,604,949       |  |                |
|                                       | 23,321,534,807  | 3,427,380    | 23,324,962,187            | 0                        | 23,844,778  | 1,178,964,457 | -          | -          | 24,527,771,422  | 8,917,765,612            | -            | 8,917,765,612             | -                        | 804,817,996               | -          | -          | 9,722,583,608   |  |                |
| Community Assets                      |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |                          |                           |            |            |                 |  |                |
| Assets Under Construction             | 3,501,637       | -            | 3,501,637                 | -33,753,376              | -           | 51,596,328    | -          | -          | 21,344,589      | -                        | -            | -                         | -                        | -                         | -          | -          | 21,344,589      |  |                |
| Libraries                             | 44,892,930      | -            | 44,892,930                | -                        | -           | -             | -          | -          | 44,892,930      | 19,211,446               | -            | 19,211,446                | -                        | 1,318,878                 | -          | -          | 20,530,324      |  |                |
| Library Books                         | 98,321,306      | -            | 98,321,306                | -                        | -           | -             | -          | -          | 98,321,306      | 45,501,351               | -            | 45,501,351                | -                        | 2,934,442                 | -          | -          | 48,435,793      |  |                |
| Fire Stations                         | 78,157,874      | -            | 78,157,874                | 749,238                  | -           | 2,697,447     | -          | -          | 81,604,560      | 38,841,477               | -            | 38,841,477                | -                        | 2,440,636                 | -          | -          | 41,282,114      |  |                |
| Cemeteries                            | 142,119,987     | -            | 142,119,987               | 13,463,064               | -           | -             | -          | -          | 155,583,051     | 44,562,870               | -            | 44,562,870                | -                        | 6,567,849                 | -          | -          | 51,130,718      |  |                |
| Clinics                               | 5,735,475       | -            | 5,735,475                 | -                        | -           | -             | -          | -          | 5,735,475       | 2,824,264                | -            | 2,824,264                 | -                        | 145,821                   | -          | -          | 2,970,085       |  |                |
| Community Centres                     | 261,701,013     | -            | 261,701,013               | -                        | 114,068     | 245,567       | -          | -          | 262,060,648     | 110,426,004              | -            | 110,426,004               | -                        | 7,708,631                 | -          | -          | 118,134,635     |  |                |
| Public Conveniences                   | 13,619,382      | -            | 13,619,382                | -                        | -           | -             | -          | -          | 13,619,382      | 5,332,953                | -            | 5,332,953                 | -                        | 421,357                   | -          | -          | 5,754,310       |  |                |
| Swimming Pools                        | 84,311,651      | -            | 84,311,651                | 1,124,129                | -           | -             | -          | -          | 85,435,780      | 34,886,555               | -            | 34,886,555                | -                        | 2,511,051                 | -          | -          | 37,397,606      |  |                |
| Recreational Facilities               | 2,980,890,241   | -            | 2,980,890,241             | 18,416,945               | 15,652,176  | -             | -          | -          | 3,014,959,362   | 1,092,259,589            | -            | 1,092,259,589             | -                        | 76,617,902                | -          | -          | 1,168,877,491   |  |                |
| Selling & Letting Schemes             | 39,310,410      | -            | 39,310,410                | -                        | -           | -             | -          | -          | 39,310,410      | 25,464,052               | -            | 25,464,052                | -                        | 775,322                   | -          | -          | 26,239,374      |  |                |
|                                       | 3,752,561,907   | -            | 3,752,561,907             | -                        | 15,766,244  | 54,539,342    | -          | -          | 3,822,867,493   | 1,419,310,561            | -            | 1,419,310,561             | -                        | 101,441,888               | -          | -          | 1,520,762,450   |  |                |
| Other Assets                          |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |                          |                           |            |            |                 |  |                |
| Assets Under Construction             | -               | -            | -                         | -                        | -           | -             | -          | -          | -               | -                        | -            | -                         | -                        | -                         | -          | -          | -               |  |                |
| Bins & Containers                     | 35,079,534      | -            | 35,079,534                | -                        | -           | 6,175,660     | -          | -          | 41,255,194      | 25,992,802               | -            | 25,992,802                | -                        | 2,817,853                 | -          | -          | 28,810,655      |  |                |
| Vehicles & Plant                      | 719,276,190     | -            | 719,276,190               | -                        | -           | 39,581,722    | -8,909,763 | -          | 749,948,150     | 539,389,505              | -            | 539,389,505               | -                        | 23,246,910                | -8,452,853 | -          | 554,183,562     |  |                |
| Office Furniture & Fittings           | 305,330,193     | -            | 305,330,193               | -                        | -           | 6,524,476     | -          | -          | 311,854,669     | 217,896,485              | -            | 217,896,485               | -                        | -                         | -          | -          | 217,896,485     |  |                |
| Air Monitoring Facilities             | 24,511          | -            | 24,511                    | -                        | -           | -             | -          | -          | 24,511          | 15,463                   | -            | 15,463                    | -                        | 1,324                     | -          | -          | 16,787          |  |                |
| Security Systems                      | 10,395,538      | -            | 10,395,538                | -                        | -           | 174,739       | -          | -          | 10,570,277      | 10,395,538               | -            | 10,395,538                | -                        | -                         | -          | -          | 10,395,538      |  |                |
| Tip Sites                             | 556,315,331     | -            | 556,315,331               | -                        | 72,074,515  | -             | -          | -          | 628,389,846     | 342,045,979              | -            | 342,045,979               | -                        | 57,727,862                | -          | -          | 399,773,840     |  |                |
| Computer Hardware                     | 173,810,595     | -            | 173,810,595               | -                        | -           | 5,786,652     | -          | -          | 187,456,086     | 139,132,143              | -            | 139,132,143               | -                        | -                         | -          | -          | 139,132,143     |  |                |
|                                       | 1,800,231,893   | -            | 1,800,231,893             | -                        | 77,861,167  | 60,315,435    | -8,909,763 | -          | 1,929,498,733   | 1,274,867,914            | -            | 1,274,867,914             | -                        | 83,793,949                | -8,452,853 | -          | 1,350,209,010   |  |                |
| MBDA:                                 |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |                          |                           |            |            |                 |  |                |
| Land and Buildings                    | 29,970,882      | -            | 29,970,882                | -                        | -           | 2,799,698     | -          | -          | 32,770,580      | 301,751                  | -            | 301,751                   | -                        | 357,716                   | -          | -          | 659,467         |  |                |
| Other Assets                          | 9,972,903       | -            | 9,972,903                 | -                        | -           | 4,615,487     | -          | -          | 14,588,390      | 5,281,677                | -            | 5,281,677                 | -                        | 1,361,354                 | -          | -          | 6,643,031       |  |                |
|                                       | 31,153,135,833  | 3,427,380    | 31,156,563,213            | 0                        | 275,117,699 | 1,311,444,019 | -8,909,763 | -          | 32,734,215,169  | 12,100,635,853           | -            | 12,095,052,425            | -                        | 1,033,813,708             | -8,452,853 | -          | 13,125,996,708  |  |                |

NOTE 55.1 (CONTINUED)  
ECONOMIC ENTITY'S: ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2024

|   | COST            |              |                           |                          |             |               |            |            |                 | ACCUMULATED AMORTISATION |              |                           |          |               |            |            |                 |                | Carrying Value |
|---|-----------------|--------------|---------------------------|--------------------------|-------------|---------------|------------|------------|-----------------|--------------------------|--------------|---------------------------|----------|---------------|------------|------------|-----------------|----------------|----------------|
|   | Opening Balance | Re-statement | Re-stated Opening Balance | Transfers / Adjustments/ | Take-On     | Acquisitions  | Disposals  | Impairment | Closing Balance | Opening Balance          | Re-statement | Re-stated Opening Balance | Transfer | Additions     | Disposals  | Impairment | Closing Balance |                |                |
| Intangible  |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
| MBDA  | 1,583,784       |              | 1,583,784                 |                          |             | 428,300       |            |            | 2,012,084       | 769,758                  |              | 769,758                   |          | 358,564       |            |            | 1,128,322       | 883,762        |                |
| NMBM  |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
| Assets Under Construction   | 0               | -            | 0                         | -                        | -           | -             | -          | -          | 0               | -                        | -            | -                         | -        | -             | -          | -          | -               | -              |                |
| Computer Software - Internally Generated                              | 219,956,400     | -            | 219,956,400               | -                        | -           | -             | -          | -          | 219,956,400     | 195,300,413              | -            | 195,300,413               | -        | -             | -          | -          | 195,300,413     | 24,655,987     |                |
| Computer Software - Other   | 207,282,523     | -            | 207,282,523               | -                        | -           | 24,718,927    | -          | -          | 232,001,450     | 189,343,038              | -            | 189,343,038               | -        | 11,414,169    | -          | -          | 200,757,207     | 31,244,244     |                |
|   | 428,822,707     | -            | 428,822,707               | -                        | -           | 25,147,227    | -          | -          | 453,969,934     | 385,413,209              | -            | 385,413,209               | -        | 11,772,733    | -          | -          | 397,185,942     | 56,783,992     |                |
|   |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
| ECONOMIC ENTITY'S: ANALYSIS OF INVESTMENT PROPERTY AS AT 30 JUNE 2024 |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
|   | COST            |              |                           |                          |             |               |            |            |                 | ACCUMULATED DEPRECIATION |              |                           |          |               |            |            |                 |                | Carrying Value |
|   | Opening Balance | Re-statement | Re-stated Opening Balance | Transfers / Adjustments/ | Take-On     | Acquisitions  | Disposals  | Impairment | Closing Balance | Opening Balance          | Re-statement | Re-stated Opening Balance | Transfer | Additions     | Disposals  | Impairment | Closing Balance |                |                |
| Investment Property   |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
| Assets Under Construction   |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
| Land & Buildings  | 226,767,882     | -            | 226,767,882               | -                        | -           | -             | -          | -          | 226,767,882     | 84,256,276               | -            | 84,256,276                | -        | 4,154,602     | -          | -          | 88,410,878      | 138,357,004    |                |
|   |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
| ECONOMIC ENTITY'S: ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2024     |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
|   | COST            |              |                           |                          |             |               |            |            |                 | ACCUMULATED DEPRECIATION |              |                           |          |               |            |            |                 |                | Carrying Value |
|   | Opening Balance | Re-statement | Re-stated Opening Balance | Transfers / Adjustments/ | Take-On     | Acquisitions  | Disposals  | Impairment | Closing Balance | Opening Balance          | Re-statement | Re-stated Opening Balance | Transfer | Additions     | Disposals  | Impairment | Closing Balance |                |                |
| Heritage Assets   |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
| MBDA  | 250,500         |              | 250,500                   |                          |             |               |            |            | 250,500         | -                        |              | -                         |          |               |            |            | -               | 250,500        |                |
| NMBM  |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
| Assets Under Construction   |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
| Heritage Buildings  | 153,776,384     | -            | 153,776,384               | -                        | 6,204,542   | 39,652        | -          | -          | 160,020,579     | -                        | -            | -                         | -        | -             | -          | -          | -               | 160,020,579    |                |
| Memorials & Statues   | 48,070,066      | -            | 48,070,066                | -                        | -           | -             | -          | -          | 48,070,066      | -                        | -            | -                         | -        | -             | -          | -          | -               | 48,070,066     |                |
| Land  | 55,764          | -            | 55,764                    | -                        | -           | -             | -          | -          | 55,764          | -                        | -            | -                         | -        | -             | -          | -          | -               | 55,764         |                |
| Art Works   | 18,043,979      | -            | 18,043,979                | -                        | -           | -             | -          | -          | 18,043,979      | -                        | -            | -                         | -        | -             | -          | -          | -               | 18,043,979     |                |
|   | 220,196,693     | -            | 220,196,693               | -                        | 6,204,542   | 39,652        | -          | -          | 226,440,887     | -                        | -            | -                         | -        | -             | -          | -          | -               | 226,440,887    |                |
|   |                 |              |                           |                          |             |               |            |            |                 |                          |              |                           |          |               |            |            |                 |                |                |
| Grand Totals Assets   | 32,028,923,115  | 3,427,380    | 32,032,350,495            | 0                        | 281,322,241 | 1,336,630,898 | -8,909,763 | -          | 33,641,393,872  | 12,570,305,338           | -            | 12,564,721,910            | -        | 1,049,741,043 | -8,452,853 | -          | 13,611,593,528  | 20,029,800,344 |                |

The amount of impairment losses recognized, and the amount of impairment losses reversed, during the period is in accordance with GRAP 26. There were no transfers from PPE to Inventory.

## NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## 55.2 Maintenance of Assets:

| Asset Class                                 | 2023/2024         |                    |                    | 2023/2022         |                    |                    |
|---|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
|   | R<br>Preventative | R<br>Corrective    | R<br>Total         | R<br>Preventative | R<br>Corrective    | R<br>Total         |
| <b><u>Property, Plant and Equipment</u></b> |                   |                    |                    |                   |                    |                    |
| Buildings                                   | 1,660,553         | 19,989,368         | 21,649,921         | 1,685,742         | 36,762,081         | 38,447,822         |
| Clinics                                     | 0                 | 43,075             | 43,075             | 0                 | 38,624             | 38,624             |
| Community Centres                           | 3,742,558         | 1,000,520          | 4,743,078          | 3,032,333         | 1,416,564          | 4,448,898          |
| Computer Hardware                           | 0                 | 2,175,722          | 2,175,722          | 0                 | 4,081,690          | 4,081,690          |
| Electricity Reticulation & Supply           | 3,384             | 117,143,682        | 117,147,066        | 1,508,850         | 86,492,637         | 88,001,487         |
| Libraries                                   | 205,804           | 389,558            | 595,363            | 643,144           | 592,074            | 1,235,217          |
| Office Furniture and Fittings               | 114,061           | 366,398            | 480,459            | 48,447            | 1,037,888          | 1,086,335          |
| Public Convenience                          | 0                 | 161,821            | 161,821            | 0                 | 0                  | 0                  |
| Recreational Facilities                     | 986               | 8,854,158          | 8,855,145          | 0                 | 12,556,068         | 12,556,068         |
| Roads, Sidewalks & Stormwater Network       | 1,907,266         | 57,765,699         | 59,672,965         | 3,703,314         | 56,198,859         | 59,902,173         |
| Selling & Letting Schemes                   | 107,490           | 735,838            | 843,328            | 0                 | 1,569,368          | 1,569,368          |
| Sewerage Mains & Purification Works         | 453,247           | 85,302,316         | 85,755,563         | 206,707           | 84,523,130         | 84,729,837         |
| Vehicles and Plant                          | 0                 | 50,654,996         | 50,654,996         | 0                 | 55,732,345         | 55,732,345         |
| Water Supply & Reticulation                 | 71,816            | 129,523,667        | 129,595,483        | 51,916            | 98,668,979         | 98,720,895         |
| Wi-fi Infrastructure                        | 0                 | 741,764            | 741,764            | 0                 | 0                  | 0                  |
|   | <b>8,267,164</b>  | <b>474,848,582</b> | <b>483,115,747</b> | <b>10,880,452</b> | <b>439,670,307</b> | <b>450,550,759</b> |
| <b>Heritage Assets</b>                      | <b>21,352</b>     | <b>656,643</b>     | <b>677,995</b>     | <b>144,234</b>    | <b>258,621</b>     | <b>402,855</b>     |
| <b>Intangible Assets</b>                    | <b>512,215</b>    | <b>0</b>           | <b>512,215</b>     | <b>4,271,012</b>  | <b>0</b>           | <b>4,271,012</b>   |
|   | <b>8,800,732</b>  | <b>475,505,225</b> | <b>484,305,957</b> | <b>15,295,698</b> | <b>439,928,928</b> | <b>455,224,626</b> |

## Maintenance Assets by Condition:

| Asset Class                                 | 2023/2024         |                    |                    |                    |                    | 2023/2022         |                    |                    |                    |                    |
|---|-------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
|   | R<br>Preventative |                    | R<br>Corrective    |                    | R<br>Total         | R<br>Preventative |                    | R<br>Corrective    |                    | R<br>Total         |
|   | Interval<br>Based | Condition<br>Based | Planning           | Emergency          |                    | Interval<br>Based | Condition<br>Based | Planning           | Emergency          |                    |
| <b><u>Property, Plant and Equipment</u></b> |                   |                    |                    |                    |                    |                   |                    |                    |                    |                    |
| Buildings                                   | 1,660,553         | 0                  | 1,033,559          | 18,955,809         | 21,649,921         | 1,672,742         | 13,000             | 787,739            | 35,974,341         | 38,447,822         |
| Clinics                                     | 0                 | 0                  | 0                  | 43,075             | 43,075             | 0                 | 0                  | 0                  | 38,624             | 38,624             |
| Community Centres                           | 3,644,540         | 98,018             | 0                  | 1,000,520          | 4,743,078          | 2,877,420         | 154,913            | 0                  | 1,416,564          | 4,448,898          |
| Computer Hardware                           | 0                 | 0                  | 27,000             | 2,148,722          | 2,175,722          | 0                 | 0                  | 219,500            | 3,862,190          | 4,081,690          |
| Electricity Reticulation & Supply           | 3,384             | 0                  | 45,130,309         | 72,013,373         | 117,147,066        | 2,500             | 1,506,350          | 35,918,267         | 50,574,371         | 88,001,487         |
| Libraries                                   | 205,804           | 0                  | 0                  | 389,558            | 595,363            | 643,144           | 0                  | 0                  | 592,074            | 1,235,217          |
| Office Furniture and Fittings               | 114,061           | 0                  | 0                  | 366,398            | 480,459            | 48,447            | 0                  | 0                  | 1,037,888          | 1,086,335          |
| Public Convenience                          | 0                 | 0                  | 0                  | 161,821            | 161,821            | 0                 | 0                  | 0                  | 0                  | 0                  |
| Recreational Facilities                     | 986               | 0                  | 0                  | 8,854,158          | 8,855,145          | 0                 | 0                  | 0                  | 12,556,068         | 12,556,068         |
| Roads, Sidewalks & Stormwater Network       | 1,907,266         | 0                  | 0                  | 57,765,699         | 59,672,965         | 3,703,314         | 0                  | 0                  | 56,198,859         | 59,902,173         |
| Selling & Letting Schemes                   | 107,490           | 0                  | 48,567             | 687,271            | 843,328            | 0                 | 0                  | 43,747             | 1,525,621          | 1,569,368          |
| Sewerage Mains & Purification Works         | 388,050           | 65,197             | 5,655,493          | 79,646,823         | 85,755,563         | 206,707           | 0                  | 11,172,040         | 73,351,089         | 84,729,837         |
| Vehicles and Plant                          | 0                 | 0                  | 25,778,243         | 24,876,753         | 50,654,996         | 0                 | 0                  | 31,540,719         | 24,191,626         | 55,732,345         |
| Water Supply & Reticulation                 | 220               | 71,596             | 115,263,529        | 14,260,138         | 129,595,483        | 6,299             | 45,617             | 88,828,851         | 9,840,128          | 98,720,895         |
| Wi-fi Infrastructure                        | 0                 | 0                  | 741,764            | 0                  | 741,764            | 0                 | 0                  | 0                  | 0                  | 0                  |
|   | <b>8,032,353</b>  | <b>234,811</b>     | <b>193,678,464</b> | <b>281,170,119</b> | <b>483,115,747</b> | <b>9,160,573</b>  | <b>1,719,880</b>   | <b>168,510,863</b> | <b>271,159,443</b> | <b>450,550,759</b> |
| <b>Heritage Assets</b>                      | <b>0</b>          | <b>21,352</b>      | <b>0</b>           | <b>656,643</b>     | <b>677,995</b>     | <b>0</b>          | <b>144,234</b>     | <b>0</b>           | <b>258,621</b>     | <b>402,855</b>     |
| <b>Intangible Assets</b>                    | <b>512,215</b>    | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>512,215</b>     | <b>4,271,012</b>  | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>4,271,012</b>   |
|   | <b>8,544,568</b>  | <b>256,163</b>     | <b>193,678,464</b> | <b>281,826,762</b> | <b>484,305,957</b> | <b>13,431,584</b> | <b>1,864,114</b>   | <b>168,510,863</b> | <b>271,418,064</b> | <b>455,224,626</b> |

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

56 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| ECONOMIC ENTITY                                   | Actual<br>2024<br>R   | Approved<br>Original Budget<br>2024<br>R | Adjustments<br>2024<br>R | Approved<br>Final Budget<br>2024<br>R | Variance between<br>Final Budget<br>and Actual<br>2024<br>R | %    | No. |
|---|-----------------------|--|--------------------------|---------------------------------------|---|------|-----|
| <b>NET ASSETS</b>                                 |                       |  |                          |                                       |   |      |     |
| <b>Total Net Assets</b>                           |                       |  |                          |                                       |   |      |     |
| Total Accumulated Funds                           | 21,085,954,476        | 17,037,957,000                           | 1,050,756,000            | 18,088,713,000                        | (2,997,241,476)   | -17% | 1   |
| <b>LIABILITIES</b>                                |                       |  |                          |                                       |   |      |     |
| <b>Non-current Liabilities</b>                    | <b>3,835,513,507</b>  | <b>5,928,608,000</b>                     | <b>193,431,000</b>       | <b>6,122,039,000</b>                  |   |      |     |
| Long-term Liabilities                             | 934,071,669           | 1,055,049,000                            | 314,529,000              | 1,369,578,000                         | 435,506,331   | 32%  | 2   |
| Non-current Provisions - Employee Benefits        | 2,100,340,001         | 3,767,977,000                            | -398,579,000             | 3,369,398,000                         | 467,956,162   | 14%  | 3   |
| Non-current Provisions - Other                    | 801,101,837           | 1,105,582,000                            | 277,481,000              | 1,383,063,000                         | 0   |      | 3   |
| <b>Current Liabilities</b>                        | <b>3,632,767,896</b>  | <b>5,506,361,000</b>                     | <b>275,062,000</b>       | <b>5,781,423,000</b>                  |   |      |     |
| Current Provisions - Employee Benefits            | 603,440,491           | 229,572,000                              | 166,187,000              | 395,759,000                           | (209,763,718)   | -53% | 3   |
| Current Provisions - Other                        | 2,082,227             | 0  | 0                        | 0                                     | 0   |      |     |
| Consumer Deposits                                 | 157,184,512           | 176,659,000                              | -1,145,000               | 175,514,000                           | 18,329,488  | 10%  |     |
| Trade and Other Payables                          | 2,319,525,943         | 3,191,038,000                            | 110,020,000              | 3,301,058,000                         | 644,695,154   | 20%  | 4   |
| Transfers and Subsidies                           | 336,836,903           | 0  | 0                        | 0                                     | 0   | 0%   |     |
| VAT Payable                                       | 0                     | 1,716,713,000                            | 0                        | 1,716,713,000                         | 1,716,713,000   | 100% | 5   |
| Current Portion of Long-term Liabilities          | 213,697,820           | 192,379,000                              | 0                        | 192,379,000                           | (21,318,820)  | -11% | 2   |
| <b>Total Liabilities</b>                          | <b>7,468,281,403</b>  | <b>11,434,969,000</b>                    | <b>468,493,000</b>       | <b>11,903,462,000</b>                 |   |      |     |
| <b>ASSETS</b>                                     |                       |  |                          |                                       |   |      |     |
| <b>Non-current Assets</b>                         | <b>20,165,382,625</b> | <b>19,311,372,000</b>                    | <b>310,426,000</b>       | <b>19,621,798,000</b>                 |   |      |     |
| Property, Plant and Equipment (PPE)               | 19,608,218,459        | 18,706,291,000                           | 350,721,000              | 19,057,012,000                        | (551,206,459)   | -3%  | 6   |
| Heritage Assets                                   | 226,440,887           | 217,452,000                              | 2,745,000                | 220,197,000                           | (6,243,887)   | -3%  |     |
| Intangible Assets                                 | 56,783,993            | 63,351,000                               | -19,942,000              | 43,409,000                            | (13,374,993)  | -31% | 6   |
| Investment Property                               | 138,357,004           | 153,640,000                              | -11,128,000              | 142,512,000                           | 4,154,996   | 3%   |     |
| Long-term Receivables - Exchange Transactions     | 81,429,224            | 115,638,000                              | 0                        | 115,638,000                           | 34,208,776  | 30%  | 7   |
| Long-term Receivables - Non-exchange Transactions | 54,153,058            | 55,000,000                               | -11,970,000              | 43,030,000                            | (11,123,058)  | -26% | 7   |
| <b>Current Assets</b>                             | <b>8,388,853,254</b>  | <b>9,161,554,000</b>                     | <b>1,208,823,000</b>     | <b>10,370,377,000</b>                 |   |      |     |
| Inventory   | 163,397,052           | 260,285,000                              | 69,104,000               | 329,389,000                           | 165,991,948   | 50%  | 8   |
| Trade Receivables - Exchange Transactions         | 2,988,562,735         | 3,301,835,000                            | 330,353,000              | 3,632,188,000                         | 400,330,896   | 11%  | 9   |
| Trade Receivables - Non-exchange Transactions     | 383,814,409           | 217,452,000                              | 280,329,000              | 497,781,000                           | 113,962,491   | 23%  | 9   |
| Other Receivables - Non-exchange Transactions     | 4,100                 | 0  | 0                        | 0                                     | 0   | 0%   |     |
| Other Receivables - Exchange Transactions         | 243,294,369           | 0  | 0                        | 0                                     | 0   | 0%   |     |
| VAT Receivable                                    | 180,120,096           | 1,102,841,000                            | 232,305,000              | 1,335,146,000                         | 1,155,025,904   | 87%  | 5   |
| Call Deposits and Investments                     | 3,403,954,248         | 4,279,141,000                            | 296,732,000              | 4,575,873,000                         | 146,212,507   | 3%   |     |
| Call Deposits and Investments - Other             | 3,311,165             | 0  | 0                        | 0                                     | 0   |      |     |
| Bank Balances and Cash                            | 1,022,395,080         | 0  | 0                        | 0                                     | 0   | 0%   |     |
| <b>Total Assets</b>                               | <b>28,554,235,879</b> | <b>28,472,926,000</b>                    | <b>1,519,249,000</b>     | <b>29,992,175,000</b>                 |   |      |     |

Refer to Note 57 of the Financial Statements for explanation of variances

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| 56 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUES) |                        |  |                          |                                       | Variance<br>between<br>Final Budget<br>and Actual<br>2024 | %    | No. |
|---|------------------------|--|--------------------------|---------------------------------------|---|------|-----|
| ECONOMIC ENTITY   | Actual<br>2024<br>R    | Approved<br>Original Budget<br>2024<br>R | Adjustments<br>2024<br>R | Approved<br>Final Budget<br>2024<br>R | R   |      |     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                        |  |                          |                                       |   |      |     |
| Cash receipts from ratepayers, government and other                 | 12,885,478,328         | 15,768,615,000                           | -1,948,280,000           | 13,820,335,000                        |   |      |     |
| - Sale of goods and services, fines and taxes levied                | 9,513,799,758          | 12,207,915,000                           | -1,606,354,000           | 10,601,561,000                        | 1,087,761,242   | 10%  | 1   |
| - Grants  | 2,986,901,717          | 3,352,612,000                            | -341,716,000             | 3,010,896,000                         | 23,994,283  | 1%   |     |
| - Interest received   | 384,776,853            | 208,088,000                              | -210,000                 | 207,878,000                           | (176,898,853)   | -85% | 2   |
| Cash paid to suppliers and employees                                | (11,744,829,309)       | (14,324,178,000)                         | 2,374,855,000            | (11,949,323,000)                      |   |      |     |
| - Employee Costs  | (3,999,932,429)        | (14,195,950,000)                         | 2,376,905,000            | (11,819,045,000)                      | (188,827,917)   | 2%   |     |
| - Suppliers   | (7,630,284,654)        | 0  | 0                        | 0                                     | 0   | 0%   |     |
| - Finance Cost  | (114,612,226)          | (128,228,000)                            | (2,050,000)              | (130,278,000)                         | (15,665,774)  | 12%  | 3   |
| <b>CASH GENERATED FROM OPERATIONS</b>                               | <b>1,140,649,019</b>   | <b>1,444,437,000</b>                     | <b>426,575,000</b>       | <b>1,871,012,000</b>                  |   |      |     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                        |  |                          |                                       |   |      |     |
| Purchase of PPE   | (1,311,444,019)        | (1,822,952,000)                          | (78,275,000)             | (1,901,227,000)                       | (564,178,327)   | 30%  | 4   |
| Purchase of Intangible assets                                       | (25,147,227)           | 0  | 0                        | 0                                     |   |      |     |
| Purchase of Heritage assets   | (39,652)               | 0  | 0                        | 0                                     |   |      |     |
| Proceeds on disposal of assets                                      | 1,320,935              | 0  | 0                        | 0                                     |   |      |     |
| Loss on disposal of assets  | (1,738,710)            | 0  | 0                        | 0                                     |   |      |     |
| Increase in Non-Current Receivables                                 | 0                      |  | -16,572,000              | -16,572,000                           | (16,572,000)  | 100% | 5   |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                      | <b>(1,337,048,673)</b> | <b>(1,822,952,000)</b>                   | <b>(94,847,000)</b>      | <b>(1,917,799,000)</b>                |   |      |     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                        |  |                          |                                       |   |      |     |
| Increase in Consumer Deposits                                       | 0                      | 0  | 0                        | 0                                     | 0   | 0%   |     |
| Movement in Long-term loans (External)                              | (192,286,800)          | (139,993,000)                            | (52,383,000)             | (192,376,000)                         | (89,200)  | 0%   |     |
| Increase in Borrowings  | 0                      |  | 281,943,000              | 281,943,000                           | 281,943,000   | 100% | 6   |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                      | <b>(192,286,800)</b>   | <b>(139,993,000)</b>                     | <b>229,560,000</b>       | <b>89,567,000</b>                     |   |      |     |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                      | <b>-388,686,454</b>    | <b>-518,508,000</b>                      | <b>561,288,000</b>       | <b>42,780,000</b>                     |   |      |     |
| Cash and cash equivalents at the beginning of the year              | 4,815,035,782          | 4,797,650,000                            | 17,386,000               | 4,815,036,000                         | 218   | 0%   |     |
| Cash and cash equivalents at the end of the year                    | <b>4,426,349,328</b>   | <b>4,279,142,000</b>                     | <b>578,674,000</b>       | <b>4,857,816,000</b>                  |   |      |     |

Refer to Note 57 of the Financial Statements for explanation of variances

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

56 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUES)

| MUNICIPALITY                                      | Actual<br>2024<br>R   | Approved<br>Original Budget<br>2024<br>R | Adjustments<br>2024<br>R | Approved<br>Final Budget<br>2024<br>R | Variance between<br>Final Budget<br>and Actual<br>2024<br>R | %    | No. |
|---|-----------------------|--|--------------------------|---------------------------------------|---|------|-----|
| <b>NET ASSETS</b>                                 |                       |  |                          |                                       |   |      |     |
| <b>Total Net Assets</b>                           |                       |  |                          |                                       |   |      |     |
| Total Accumulated Funds                           | 21,041,798,037        | 17,031,947,000                           | 1,307,031,000            | 18,338,978,000                        | (2,702,820,037)   | -15% | 1   |
| <b>LIABILITIES</b>                                |                       |  |                          |                                       |   |      |     |
| <b>Non-current Liabilities</b>                    | <b>3,831,276,094</b>  | <b>5,928,608,000</b>                     | <b>193,431,000</b>       | <b>6,122,039,000</b>                  |   |      |     |
| Long-term Liabilities                             | 929,834,256           | 1,055,049,000                            | 314,529,000              | 1,369,578,000                         | 439,743,744   | 32%  | 2   |
| Non-current Provisions - Employee Benefits        | 2,100,340,001         | 3,767,977,000                            | (398,579,000)            | 3,369,398,000                         | 1,269,057,999   | 38%  | 3   |
| Non-current Provisions - Other                    | 801,101,837           | 1,105,582,000                            | 277,481,000              | 1,383,063,000                         | 581,961,163   | 42%  | 3   |
| <b>Current Liabilities</b>                        | <b>3,602,922,154</b>  | <b>5,506,361,000</b>                     | <b>275,062,000</b>       | <b>5,781,423,000</b>                  |   |      |     |
| Current Provisions - Employee Benefits            | 598,896,507           | 229,572,000                              | 166,187,000              | 395,759,000                           | (205,219,734)   | -52% | 3   |
| Current Provisions - Other                        | 2,082,227             |  | 0                        | 0                                     |   |      |     |
| Consumer Deposits                                 | 157,184,512           | 176,659,000                              | -1,145,000               | 175,514,000                           | 18,329,488  | 10%  |     |
| Trade and Other Payables                          | 2,303,486,662         | 2,878,343,000                            | 110,020,000              | 2,988,363,000                         | 684,876,338   | 23%  | 4   |
| Transfers and Subsidies                           | 327,574,426           | 312,695,000                              | 0                        | 312,695,000                           | (14,879,426)  | -5%  |     |
| VAT Payable                                       | 0                     | 1,716,713,000                            | 0                        | 1,716,713,000                         | 1,716,713,000   | 100% | 5   |
| Current Portion of Long-term Liabilities          | 213,697,820           | 192,379,000                              | 0                        | 192,379,000                           | (21,318,820)  | -11% | 2   |
| <b>Total Liabilities</b>                          | <b>7,434,198,248</b>  | <b>11,434,969,000</b>                    | <b>468,493,000</b>       | <b>11,903,462,000</b>                 |   |      |     |
| <b>ASSETS</b>                                     |                       |  |                          |                                       |   |      |     |
| <b>Non-current Assets</b>                         | <b>20,124,191,892</b> | <b>19,311,372,000</b>                    | <b>310,426,000</b>       | <b>19,621,798,000</b>                 |   |      |     |
| Property, Plant and Equipment (PPE)               | 19,568,161,988        | 18,706,291,000                           | 350,721,000              | 19,057,012,000                        | (511,149,988)   | -3%  | 6   |
| Heritage Assets                                   | 226,190,387           | 217,452,000                              | 2,745,000                | 220,197,000                           | (5,993,387)   | -3%  |     |
| Intangible Assets                                 | 55,900,231            | 63,351,000                               | -19,942,000              | 43,409,000                            | (12,491,231)  | -29% | 6   |
| Investment Property                               | 138,357,004           | 153,640,000                              | -11,128,000              | 142,512,000                           | 4,154,996   | 3%   |     |
| Long-term Receivables - Exchange Transactions     | 81,429,224            | 115,638,000                              | 0                        | 115,638,000                           | 34,208,776  | 30%  | 7   |
| Long-term Receivables - Non-exchange Transactions | 54,153,058            | 55,000,000                               | -11,970,000              | 43,030,000                            | (11,123,058)  | -26% | 7   |
| <b>Current Assets</b>                             | <b>8,351,804,393</b>  | <b>9,155,544,000</b>                     | <b>1,465,098,000</b>     | <b>10,620,642,000</b>                 |   |      |     |
| Inventory   | 163,222,456           | 260,285,000                              | 69,104,000               | 329,389,000                           | 166,166,544   | 50%  | 8   |
| Trade Receivables - Exchange Transactions         | 2,988,562,735         | 3,301,835,000                            | 330,353,000              | 3,632,188,000                         | 345,633,253   | 10%  | 9   |
| Trade Receivables - Non-exchange Transactions     | 383,814,409           | 0  | 0                        | 0                                     | 0   |      | 9   |
| Other Receivables - Non-exchange Transactions     | 0                     | 217,452,000                              | 280,329,000              | 497,781,000                           | 113,966,591   | 23%  |     |
| Other Receivables - Exchange Transactions         | 297,992,012           |  | 0                        |                                       |   |      |     |
| VAT Receivable                                    | 176,835,958           | 1,102,841,000                            | 232,305,000              | 1,335,146,000                         | 1,158,310,042   | 87%  | 5   |
| Call Deposits and Investments                     | 3,403,954,248         | 4,273,131,000                            | 553,007,000              | 4,826,138,000                         | 484,761,177   | 10%  |     |
| Call Deposits and Investments - Other             | 3,311,165             | 0  | 0                        | 0                                     |   |      |     |
| Bank Balances and Cash                            | 934,111,410           | 0  | 0                        | 0                                     |   |      |     |
| <b>Total Assets</b>                               | <b>28,475,996,285</b> | <b>28,466,916,000</b>                    | <b>1,775,524,000</b>     | <b>30,242,440,000</b>                 |   |      |     |

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| 56 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUES) |                         |  |                          |                                       | Variance<br>between<br>Final Budget<br>and Actual<br>2024 | %    | No. |
|---|-------------------------|--|--------------------------|---------------------------------------|---|------|-----|
| MUNICIPALITY  | Actual<br>2024<br>R     | Approved<br>Original Budget<br>2024<br>R | Adjustments<br>2024<br>R | Approved<br>Final Budget<br>2024<br>R | R   |      |     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                         |  |                          |                                       |   |      |     |
| Cash receipts from ratepayers, government and other                 | <b>12,825,748,452</b>   | <b>15,762,605,000</b>                    | <b>-1,948,280,000</b>    | <b>13,814,325,000</b>                 |   |      |     |
| - Sale of goods and services, fines and taxes levied                | 9,509,722,003           | 12,205,905,000                           | (1,606,354,000)          | 10,599,551,000                        | 1,089,828,997   | 10%  | 1   |
| - Grants  | 2,934,753,257           | 3,352,612,000                            | -341,716,000             | 3,010,896,000                         | 76,142,743  | 3%   |     |
| - Interest received   | 381,273,192             | 204,088,000                              | -210,000                 | 203,878,000                           | (177,395,192)   | -87% | 2   |
| Cash paid to suppliers and employees                                | <b>(11,714,826,709)</b> | <b>(14,324,178,000)</b>                  | <b>2,374,855,000</b>     | <b>(11,949,323,000)</b>               |   |      |     |
| - Employee Costs  | (3,951,498,028)         | (14,195,950,000)                         | 2,376,905,000            | (11,819,045,000)                      | (218,830,517)   | 2%   |     |
| - Suppliers   | (7,648,716,455)         | 0  | 0                        | 0                                     | 0   | 0%   |     |
| - Finance Cost  | (114,612,226)           | (128,228,000)                            | (2,050,000)              | (130,278,000)                         | (15,665,774)  | 12%  | 3   |
| <b>CASH GENERATED FROM OPERATIONS</b>                               | <b>1,110,921,743</b>    | <b>1,438,427,000</b>                     | <b>426,575,000</b>       | <b>1,865,002,000</b>                  |   |      |     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                         |  |                          |                                       |   |      |     |
| Purchase of PPE   | (1,304,028,834)         | (1,822,952,000)                          | (78,275,000)             | (1,901,227,000)                       | -572,439,587  | 30%  | 4   |
| Purchase of Intangible assets                                       | (24,718,927)            |  | 0                        |                                       | 0   |      |     |
| Purchase of Heritage assets   | (39,652)                |  | 0                        |                                       |   |      |     |
| Proceeds on disposal of assets                                      | 1,281,801               |  | 0                        |                                       |   |      |     |
| Loss on disposal of assets  | (1,738,710)             |  | 0                        |                                       |   |      |     |
| Increase in Other Non-Current Receivables                           | 0                       | 0  | (16,572,000)             | (16,572,000)                          | (16,572,000)  | 100% | 5   |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                      | <b>(1,329,244,322)</b>  | <b>(1,822,952,000)</b>                   | <b>(94,847,000)</b>      | <b>(1,917,799,000)</b>                |   |      |     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                         |  |                          |                                       |   |      |     |
| Increase in Consumer Deposits                                       | 0                       | 0  | 0                        | 0                                     | 0   | 0%   |     |
| Movement in Long-term loans (External)                              | (192,286,800)           | (139,993,000)                            | -52,383,000              | (192,376,000)                         | (89,200)  | 0%   |     |
| Increase in Borrowings  | 0                       | 0  | 281,942,700              | 281,942,700                           | 281,942,700   | 100% | 6   |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                      | <b>(192,286,800)</b>    | <b>(139,993,000)</b>                     | <b>229,559,700</b>       | <b>89,566,700</b>                     |   |      |     |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                      | <b>-410,609,379</b>     | <b>-524,518,000</b>                      | <b>561,287,700</b>       | <b>36,769,700</b>                     |   |      |     |
| Cash and cash equivalents at the beginning of the year              | 4,748,675,037           | 4,797,650,000                            | (14,292,000)             | 4,783,358,000                         | 34,682,963  | 1%   |     |
| Cash and cash equivalents at the end of the year                    | <b>4,338,065,658</b>    | <b>4,273,132,000</b>                     | <b>546,995,700</b>       | <b>4,820,127,700</b>                  |   |      |     |

Refer to Note 57 of the Financial Statements for explanation of variances

57 EXPLANATION FOR VARIANCES:

APPROVED ORIGINAL BUDGET VS APPROVED FINAL BUDGET:

In terms of GRAP 24.27 the changes between the approved original budget and approved final budget are as a consequence of reallocations within the approved original budget as at 30 June 2024.

The Original Budget was approved on 07 June 2023 for the 2023/24 financial year (01 July 2023 to 30 June 2024), and the Final Budget was approved on 27 February 2024.

NMBM uses the accrual basis of accounting for its Budget.

The reconciliation of the Original approved Budget and Final Adjustments Budget and Actual amounts are shown on the face of the Statement of Financial Position , Statement of Financial Performance and Statement of Cash Flows, with the reasons for variances explained below.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

57 EXPLANATION FOR VARIANCES CONTINUED:

APPROVED ORIGINAL BUDGET VS APPROVED FINAL BUDGET:

57.1 ACTUAL VERSUS APPROVED FINAL ADJUSTMENT BUDGET (STATEMENT OF FINANCIAL POSITION)

Explanations of Significant Variances and those greater than 10% versus Budget - The 10% threshold was considered to be the best indicator to measure performance targets.

1 Total Accumulated Funds

The accumulated funds variance is affected by all the other variances and their explanations are given below.

2 Longterm Liabilities / Current Portion of Long-term Liabilities

The actual liabilities are below budget. The Current Portion is as per the Bank confirmations provided to the AG. The Budget was based on a further withdrawal; therefore it was over budgeted for.

3 Non-current Provisions - Employee Benefits / Current Provisions - Employee Benefits

The Employee benefits amount is based on the value assessed by the Actuaries - Refer to the financial statement notes 3.1 and 4.1 for the movement calculated by the actuaries.

3 Non-current Provisions - Other

The Landfill sites amount is based on an external valuation done taking into account various factors. Refer to the financial statements note 3.2 for the movement calculated. The reason for the increase for the Swartkops river valuation results from the institutions plans to renew or rehabilitate the sewer infrastructure going forward as budgeted for in the Municipality's budget.

4 Trade and Other Payables

The main variance is due to a decrease in Trade and Other Payables. This is due to persistent follow-ups with suppliers with regards to outstanding payments.

5 VAT

VAT has been budgeted for with the view that there will be a liability, but due to adjustments done with regards to service charges revenue, that was reversed, has caused the liability to result in VAT due to the Municipality.

6 Property, Plant and Equipment, Intangible Assets

Refer to Note 54, which gives a breakdown and reasons for the under-expenditure.

7 Long-term Receivables - Exchange Transactions and Non-Exchange Transactions

Due to increase in arrear consumer debt, it was assumed that more consumers will request

8 Inventory

The budget was more due to the assumption that water stock would have increased significantly

9 Trade Receivables - Exchange Transactions and Non-Exchange Transactions

The Trade Receivables - Exchange and Non-Exchange is budgeted as one amount and thus included with the R3.632 billion budget. There was a major write-off in debt, refer note 26 of the financial statements, which have thus caused the outstanding debt to decrease.

9 Other Receivables - Exchange Transactions and Non-Exchange Transactions

The Trade Receivables - Non-Exchange and Other Receivables - Non-Exchange is budgeted as one amount and thus included with the R497 million budget. There was a major write-off in debt, refer note 26 of the financial statements, which have thus caused the outstanding debt to decrease.

57.2 ACTUAL VERSUS APPROVED FINAL ADJUSTMENT BUDGET (STATEMENT OF CASH FLOWS)

Explanations of Significant Variances and those greater than 10% versus Budget - The 10% threshold was considered to be the best indicator to measure performance.

1 Sale of goods and services, fines and taxes levied

Refer to Notes 21.1 in the AFS. Reduction is mainly related to the Sale of Water, as punitive tariffs and step tariffs have been adjusted to a lower category.

2 Interest received

The interest received is influenced by higher interest rates.

3 Finance Cost

The finance cost was less than anticipated due to loans reaching their end of term.

4 Purchase of Intangibles Assets, Investment Property, Heritage Assets

When comparing the actual capital expenditure incurred to the final approved budget it results in an underspending. Reference is thus made to Note 54.

5 Increase in Non-Current Receivables

Non-Current Receivables variance have been included as part of the Cash Generated from Operations note, hence not reflected under this item.

6 Movement in Long-term loans (External)

The budget was based on the increase in the borrowings to be taken up with the bank which was not



NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

58 SEGMENTAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024

|   | Water Management      | Waste Water Management | Waste Management     | Energy Sources        | Municipal Governance And Administration | Community And Public Safety | Economic And Environmental Services | Inter Segment Offsetting | Municipality TOTAL     | MBDA                | Inter-company Offsetting | Economic Entity TOTAL  |
|---|-----------------------|------------------------|----------------------|-----------------------|---|-----------------------------|-------------------------------------|--------------------------|------------------------|---------------------|--------------------------|------------------------|
| <b>STATEMENT OF FINANCIAL POSITION</b>    |                       |                        |                      |                       |   |                             |                                     |                          |                        |                     |                          |                        |
| <b>ASSETS</b>                             |                       |                        |                      |                       |   |                             |                                     |                          |                        |                     |                          |                        |
| Non-current Assets                        | 2,883,816,580         | 1,282,192,629          | -6,596,440           | 3,098,807,097         | -197,468,744                            | 7,812,072,946               | 5,251,367,823                       |                          | 20,124,191,891         | 41,190,734          |                          | 20,165,382,625         |
| Current Assets                            | 2,045,117,515         | 191,929,938            | 1,030,669,904        | 1,001,548,482         | 4,928,991,692                           | 255,041,689                 | -1,096,207,266                      |                          | 8,357,091,954          | 196,509,184         | -164,747,884             | 8,388,853,254          |
| <b>Total Assets</b>                       | <b>4,928,934,095</b>  | <b>1,474,122,567</b>   | <b>1,024,073,464</b> | <b>4,100,355,579</b>  | <b>4,731,522,948</b>                    | <b>8,067,114,635</b>        | <b>4,155,160,557</b>                | <b>0</b>                 | <b>28,481,283,845</b>  | <b>237,699,918</b>  | <b>-164,747,884</b>      | <b>28,554,235,879</b>  |
| <b>LIABILITIES</b>                        |                       |                        |                      |                       |   |                             |                                     |                          |                        |                     |                          |                        |
| Non-current Liabilities                   | -147,904,169          | -185,641,821           | -52,847,000          | -680,901,816          | -2,069,253,444                          | 0                           | -694,727,844                        |                          | -3,831,276,094         | -4,237,413          |                          | -3,835,513,507         |
| Current Liabilities                       | -582,239,002          | -120,336,842           | -63,270,094          | -1,208,797,525        | -971,020,679                            | -323,592,439                | -338,953,135                        |                          | -3,608,209,715         | -189,306,065        | 164,747,884              | -3,632,767,896         |
| <b>Total Liabilities</b>                  | <b>-730,143,171</b>   | <b>-305,978,662</b>    | <b>-116,117,094</b>  | <b>-1,889,699,341</b> | <b>-3,040,274,123</b>                   | <b>-323,592,439</b>         | <b>-1,033,680,979</b>               | <b>0</b>                 | <b>-7,439,485,809</b>  | <b>-193,543,478</b> | <b>164,747,884</b>       | <b>-7,468,281,403</b>  |
| <b>ADDITIONS TO PPE AND OTHER ASSETS</b>  | <b>332,369,923</b>    | <b>86,672,116</b>      | <b>60,317,201</b>    | <b>289,489,642</b>    | <b>8,161,506</b>                        | <b>155,937,273</b>          | <b>395,839,752</b>                  |                          | <b>1,328,787,413</b>   | <b>41,190,734</b>   |                          | <b>1,369,978,147</b>   |
| <b>STATEMENT OF FINANCIAL PERFORMANCE</b> |                       |                        |                      |                       |   |                             |                                     |                          |                        |                     |                          |                        |
| <b>REVENUE</b>                            |                       |                        |                      |                       |   |                             |                                     |                          |                        |                     |                          |                        |
| <b>Exchange Revenue</b>                   | <b>-3,750,515,186</b> | <b>-959,790,022</b>    | <b>-380,489,872</b>  | <b>-5,037,375,505</b> | <b>-441,295,167</b>                     | <b>-55,125,040</b>          | <b>-41,985,339</b>                  |                          | <b>-10,666,576,131</b> | <b>-65,279,606</b>  | <b>59,763,337</b>        | <b>-10,672,092,400</b> |
| Service Charges                           | -3,048,560,648        | -807,631,183           | -290,782,750         | -4,956,689,912        |   |                             |                                     |                          | -9,103,664,493         |                     | 1,405,668                | -9,102,258,825         |
| Interest earned - External Investments    |                       |                        |                      |                       | -382,196,734                            |                             |                                     |                          | -382,196,734           | -3,573,662          |                          | -385,770,396           |
| Interest raised - Receivables             | -701,025,393          | -148,848,623           | -84,866,697          | -74,007,391           | -539,031                                |                             |                                     |                          | -1,009,287,135         |                     |                          | -1,009,287,135         |
| Licences and Permits                      |                       |                        |                      |                       |   | -19,941,459                 | -1,577,601                          |                          | -21,519,059            |                     |                          | -21,519,059            |
| Rental of Facilities and Equipment        | -794,679              |                        | -4,840,425           | -15,763               | -9,390,158                              | -16,819,904                 | -2,158,360                          |                          | -34,019,289            |                     |                          | -34,019,289            |
| Income for Agency Services                |                       |                        |                      |                       | -3,901,308                              |                             | -1,176                              |                          | -3,902,484             |                     |                          | -3,902,484             |
| Operational Revenue                       | -124,668              | -3,305,239             |                      | -266,342              | -8,823,775                              | -779,792                    | -19,359,166                         |                          | -32,658,982            | -3,309,145          |                          | -35,968,127            |
| Sale of Goods and Rendering of Services   | -9,798                | -4,977                 |                      | -6,396,096            | -36,444,161                             | -17,583,886                 | -17,607,235                         |                          | -78,046,155            |                     |                          | -78,046,155            |
| Transfers and Subsidies                   |                       |                        |                      |                       |   |                             |                                     |                          | 0                      | -58,357,669         | 58,357,669               | 0                      |
| Gains on disposal                         |                       |                        |                      |                       |   |                             | -1,281,801                          |                          | -1,281,801             | -39,130             |                          | -1,320,931             |
| <b>Non-exchange Revenue</b>               | <b>-468,450,182</b>   | <b>-212,692,329</b>    | <b>-90,101,301</b>   | <b>-246,278,402</b>   | <b>-3,857,503,543</b>                   | <b>-1,509,634,233</b>       | <b>-415,219,044</b>                 |                          | <b>-6,799,879,035</b>  | <b>-111,515,742</b> | <b>110,919,146</b>       | <b>-6,800,475,631</b>  |
| Property Rates                            |                       |                        |                      |                       | -2,875,600,160                          |                             |                                     |                          | -2,875,600,160         |                     |                          | -2,875,600,160         |
| Fuel Levy                                 |                       |                        |                      |                       | -524,542,690                            | -249,119,800                | -9,815,510                          |                          | -783,478,000           |                     |                          | -783,478,000           |
| Interest raised - Receivables             |                       |                        |                      |                       | -199,672,891                            |                             |                                     |                          | -199,672,891           |                     |                          | -199,672,891           |
| Fines, Penalties and Forfeits             |                       |                        |                      | -1,497,303            | -32,429,711                             | -63,542,106                 | -37,838                             |                          | -97,506,958            |                     |                          | -97,506,958            |
| Transfers and Subsidies                   | -468,450,182          | -212,692,329           | -90,101,301          | -244,781,100          | -225,258,091                            | -1,196,972,327              | -405,364,989                        |                          | -2,843,620,318         | -111,515,742        | 110,919,146              | -2,844,216,914         |
| Licences and Permits                      |                       |                        |                      |                       |   |                             | -708                                |                          | -708                   |                     |                          | -708                   |
| <b>Inter-segment Revenue</b>              | <b>-123,379,490</b>   | <b>-78,913,754</b>     | <b>-3,843,511</b>    | <b>-237,397,231</b>   | <b>-769,228,219</b>                     | <b>-25,447,238</b>          | <b>-94,138,864</b>                  |                          | <b>-1,332,348,307</b>  |                     |                          | <b>-1,332,348,307</b>  |
| <b>Total Revenue</b>                      | <b>-4,342,344,857</b> | <b>-1,251,396,105</b>  | <b>-474,434,685</b>  | <b>-5,521,051,138</b> | <b>-5,068,026,929</b>                   | <b>-1,590,206,512</b>       | <b>-551,343,247</b>                 | <b>0</b>                 | <b>-18,798,803,473</b> | <b>-176,795,348</b> | <b>170,682,483</b>       | <b>-18,804,916,338</b> |
| <b>EXPENDITURE</b>                        | <b>3,767,564,098</b>  | <b>850,123,203</b>     | <b>306,620,137</b>   | <b>6,527,663,934</b>  | <b>2,376,572,730</b>                    | <b>2,019,914,389</b>        | <b>1,645,193,077</b>                |                          | <b>17,493,651,567</b>  | <b>170,526,944</b>  | <b>-170,682,483</b>      | <b>17,493,496,028</b>  |
| Employee Related Costs                    | 104,254,436           | 227,724,805            | 98,499,830           | 445,245,165           | 895,386,781                             | 1,415,681,294               | 702,981,059                         |                          | 3,889,773,370          | 38,841,823          |                          | 3,928,615,193          |
| Remuneration of Councillors               |                       |                        |                      |                       | 82,053,376                              |                             |                                     |                          | 82,053,376             |                     |                          | 82,053,376             |
| Debt Impairment - Receivables             | 2,792,934,980         | 332,318,124            | 124,905,407          | 66,833,651            | 814,064,624                             | 13,998,990                  |                                     |                          | 4,145,055,776          |                     |                          | 4,145,055,776          |
| Debt Impairment - Other                   |                       |                        |                      |                       |   | 55,937,739                  |                                     |                          | 55,937,739             | -329,660            |                          | 55,608,079             |
| Finance Charges                           | 36,978,046            | 21,687,978             |                      | 34,714,164            | -31,115                                 | 1,535,831                   | 27,074,675                          |                          | 121,959,579            |                     |                          | 121,959,579            |
| Bulk Purchases - Electricity              |                       |                        |                      | 5,635,672,552         |   |                             |                                     |                          | 5,635,672,552          |                     |                          | 5,635,672,552          |
| Transfers and Subsidies                   |                       |                        |                      |                       | 163,009,925                             | 23,381,954                  | 23,782,434                          |                          | 210,174,314            |                     | -123,163,370             | 87,010,944             |
| Contracted Services                       | 94,521,855            | 115,551,978            | 677,893              | 80,105,602            | 141,605,206                             | 307,770,106                 | 228,809,153                         |                          | 969,141,792            | 12,741,835          |                          | 981,883,627            |
| Operational Costs                         | 47,701,277            | 18,860,245             | 72,811,660           | 27,667,315            | 215,018,944                             | 88,701,541                  | 141,001,192                         |                          | 611,762,173            | 117,195,313         | -47,519,113              | 681,438,373            |
| Inventory Consumed                        | 317,105,222           | 10,476,139             | 9,725,348            | 95,727,036            | 14,483,504                              | 26,663,245                  | 38,110,730                          |                          | 512,291,223            |                     |                          | 512,291,223            |
| Depreciation                              | 5,471,199             | 123,503,934            |                      | 141,698,449           | 35,871,881                              | 84,502,000                  | 483,336,812                         |                          | 874,384,274            | 1,719,069           |                          | 876,103,343            |
| Amortisation                              |                       |                        |                      |                       | 11,414,169                              |                             |                                     |                          | 11,414,169             | 358,564             |                          | 11,772,733             |
| Impairment                                |                       |                        |                      |                       |   |                             |                                     |                          | 0                      |                     |                          | 0                      |
| Losses                                    | 368,597,084           |                        |                      |                       | 3,695,435                               | 1,741,688                   | -2,978                              |                          | 374,031,229            |                     |                          | 374,031,229            |
| <b>Inter-segment Expenses</b>             | <b>206,380,744</b>    | <b>228,437,933</b>     | <b>18,593,357</b>    | <b>165,580,793</b>    | <b>243,402,505</b>                      | <b>285,509,600</b>          | <b>184,443,375</b>                  |                          | <b>1,332,348,307</b>   |                     |                          | <b>1,332,348,307</b>   |
| <b>Total Expenditure</b>                  | <b>3,973,944,842</b>  | <b>1,078,561,136</b>   | <b>325,213,494</b>   | <b>6,693,244,727</b>  | <b>2,619,975,235</b>                    | <b>2,305,423,988</b>        | <b>1,829,636,452</b>                | <b>0</b>                 | <b>18,825,999,874</b>  | <b>170,526,944</b>  | <b>-170,682,483</b>      | <b>18,825,844,335</b>  |
| <b>NET SURPLUS FROM OPERATIONS</b>        | <b>-368,400,015</b>   | <b>-172,834,969</b>    | <b>-149,221,191</b>  | <b>1,172,193,589</b>  | <b>-2,448,051,694</b>                   | <b>715,217,477</b>          | <b>1,278,293,202</b>                | <b>0</b>                 | <b>27,196,399</b>      | <b>-6,268,404</b>   | <b>0</b>                 | <b>20,927,995</b>      |

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**58 SEGMENTAL REPORT (continued)**

**Description of Segments And Principal Activities**

The following summary describes the principal activities and operations of each reportable segment.

| <b>REPORTABLE SEGMENTS</b>   | <b>PRINCIPAL ACTIVITIES AND OPERATIONS</b>   |
|--|--|
| <b>Water Management</b>  | Provide residents, business and industry with clean, safe and reliable drinking water. This entails many diverse activities from the management of water catchments areas and water storage distribution.  |
| <b>Wastewater Management</b>   | The treatment of wastewater and its safe disposal back into the environment.   |
| <b>Waste Management</b>  | Collection and disposal of waste in a safe manner as required by legislation. Ensure the general cleanliness in the city's streets, public spaces, beaches and rivers.   |
| <b>Energy Sources</b>  | Distribute electricity to residential, commercial and industrial customers in Nelson Mandela Bay. Construct and maintain the equipment that transforms the power supply for the consumers needs.   |
| <b>Municipal Governance and Administration</b>                         | This segment is responsible for all aspects of governance and the centralised financial administration of the municipality. Various transactions are managed and administered centrally.   |
| <b>Community and Public Safety</b>                                     | <p>This segment consists of a combination of various departments with aligned objectives:</p> <ul style="list-style-type: none"> <li>•Community and Social Services aims to provide community facilities, spaces and services, as well as developmental programmes in support of building communities and individuals capabilities towards improved social well-being.</li> <li>•Sport and Recreation provide world-class facilities and programmes such as community centres, district and regional parks, resorts, sports grounds/fields and cemeteries.</li> <li>•Public Safety is responsible for crime prevention, by-law and traffic enforcement.</li> <li>•Housing manages the Nelson Mandela Bay's public housing assets.</li> </ul> |
| <b>Economic and Environmental Services</b>                             | <p>This segment consists of a combination of various departments with aligned objectives:</p> <ul style="list-style-type: none"> <li>•Urban Planning and Development provide spatial and integrated planning, and land use management in accordance with by-laws.</li> <li>•Road Transport develop, maintain and manages the roads and stormwater infrastructure of Nelson Mandela Bay.</li> <li>•Environmental Protection coordinate and facilitate the implementation of Nelson Mandela Bay's Environmental Strategy to manage and protect the environment and ensure Nelson Mandela Bay's long-term environmental sustainability.</li> </ul>  |
| <b>MBDA and Intercompany-offsetting</b>                                | <p>MBDA (Mandela Bay Development Agency) is the only entity of the Municipality, and includes all transactions relating to the entity, therefore it is 100% consolidated.</p> <p>The intercompany-offsetting relates to all the transactions between the Municipality and MBDA.</p>  |
| <b>Centrally incurred assets, liabilities, revenue and expenditure</b> | <p>Cash and investments, have not been allocated to individual segments as these are managed centrally by the treasury department. Similarly, external interest related to cash, investments are not allocated to individual segments. All these items are allocated to the Municipal governance and administration segment.</p>   |

**Appendix A  
ECONOMIC ENTITY**

**DISCLOSURES OF CONDITIONAL GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE PERIOD ENDED 30 JUNE 2024**

| Name of Grants                                    | Name of Organ of State | Quarterly Receipts |             |             |            | Total Funds Received | Quarterly Expenditure |            |             |               |             | Reasons for Delay | Did Municipality comply with grant conditions |
|---|------------------------|--------------------|-------------|-------------|------------|----------------------|-----------------------|------------|-------------|---------------|-------------|-------------------|---|
|   |                        | July-Sept          | Oct-Dec     | Jan- Mar    | April-June |                      | July-Sept             | Oct-Dec    | Jan- Mar    | April-June    | Total Spent |                   |   |
| Financial Management Grant                        | NT                     | 1,000,000          |             |             |            | 1,000,000            | 154,896               | 253,724    | 196,696     | 394,684       | 1,000,000   | N / A             | Yes   |
| Urban Settlement Development Grant                | DPLG                   | 127,902,000        | 195,000,000 | 199,302,000 |            | 522,204,000          |                       | 21,475,606 | 132,074,093 | 333,147,014   | 486,696,713 | N / A             | Yes   |
| Transport or PTIS                                 | NT                     | 49,131,000         |             | 51,245,000  |            | 100,376,000          | 13,183,015            | 11,131,089 | 12,204,353  | 61,651,188    | 98,169,645  | N / A             | Yes   |
| Neighbourhood Development Partnership Grant       | NT                     | 15,048,000         | 4,279,000   |             | 9,684,000  | 29,011,000           |                       | 171,820    | 7,976,777   | 20,862,401.00 | 29,010,998  | N / A             | Yes   |
| Expanded Public Works Programme Intergrated Grant | NT                     | 2,099,000          |             | 3,779,000   | 2,050,000  | 7,928,000            | 215,680               | 2,552,989  | 2,411,847   | 2,350,193     | 7,530,709   | N / A             | Yes   |
| Infrastructure Skill Development Grant            | NT                     | 9,000,000          |             | 4,970,000   |            | 13,970,000           | 3,082,026             | 1,976,384  | 1,711,408   | 3,340,815     | 10,110,633  | N / A             | Yes   |
| Intergrated City Development Grant                | NT                     |                    |             |             |            | -                    |                       |            |             |               | -           | N / A             | Yes   |
| Programme and Project Preperation Support Grant   | NT                     | 4,530,000          |             | 5,470,000   |            | 10,000,000           |                       | 1,263,971  |             | 2,565,870     | 3,829,841   | N / A             | Yes   |
| Informal Settlements Upgrading Grant              | NT                     | 63,440,000         | 143,400,000 | 94,727,000  |            | 301,567,000          |                       |            | 72,098,756  | 245,343,993   | 317,442,749 | N / A             | Yes   |
| Drought Relief Grant Funding                      | NT                     |                    |             |             |            | -                    |                       |            |             |               | -           | N / A             | Yes   |
| Electricity Demand Side Management Grant          | NT                     | 2,000,000          | 4,000,000   | 3,000,000   |            | 9,000,000            |                       |            |             | 7,733,812     | 7,733,812   | N / A             | Yes   |
| Regional Bulk Infrastructure Grant                | NT                     | 71,840,000         |             | 276,160,000 |            | 348,000,000          |                       |            | 56,668,285  | 149,159,592   | 205,827,877 | N / A             | Yes   |

**Appendix B - Unaudited  
ECONOMIC ENTITY  
TOTAL ACCUMULATED FUNDS FOR THE YEAR ENDED 30 JUNE 2024**

| <b>TOTAL ACCUMULATED FUNDS</b>              | <b>2024<br/>R</b>            | <b>Restated 2023<br/>R</b>   |
|---|------------------------------|------------------------------|
| <b>Made up as follows:</b>                  |                              |                              |
| Capital Replacement Reserve                 | 224,851,685                  | 149,618,708                  |
| Government Grant Reserve                    | 13,831,723,750               | 12,935,690,979               |
| Donations and Public Contributions Reserves | 589,418,605                  | 540,719,029                  |
| Self-Insurance Reserve                      | 212,835,753                  | 181,756,838                  |
| COVID Reserve                               | 63,999,901                   | 59,576,051                   |
| Accumulated Surplus                         | 6,163,124,782                | 7,243,779,702                |
|   | <b><u>21,085,954,476</u></b> | <b><u>21,111,141,307</u></b> |