



Rustenburg Local Municipality

**Rustenburg Local Municipality
Consolidated Annual Financial Statements
for the year ended 30/06/2024**

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

General Information

Nature of business and principal activities

The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Legislation governing the municipality's operation

Constitution of the Republic of south Africa (Act 108 of 1998)
Local Government: Municipal Finance Management Act (Act no.56 of 2003)
Local Government: Municipal Systems Act (Act 32 of 2000)
Local Government: Municipal Structures Act (Act 117 of 1998)
Municipal Property Rates Act (Act 6 of 2004)
Division of Revenue Act (Act 1 of 2007)

Mayoral committee

Executive Mayor

Mabale-Huma, S S K (Executive Mayor)

Pule, L (Speaker)

Mabe, L L (Single-Whip)

Mayoral Committee Members

Pule, S (MMC: Integrated Development Planning)

Libe, K (MMC: Special Projects)

Mputle, V (MMC: Public Safety)

Phutu, K (MMC: Local Economic Development)

Xatasi, N (MMC: Community Development)

Gaonakala, M (MMC: Corporate Support Services)

Serongoane, H (MMC: Roads and Transport)

Rampou, T (MMC: Technical and Infrastructure Services)

Marekoa, B (MMC: Planning and Human Settlements)

Kombe, O (MMC: Budget and Treasury)

Capacity

High Capacity

Accounting Officer

Khuduge, A Adv

Chief Finance Officer (CFO)

Vacant

Registered office

Missionary Mpheni House

Cnr, Nelson Mandela & Beyers Naude Drives

Rustenburg

0299

Postal address

P O Box 16

Rustenburg

0300

Bankers

ABSA BANK (Primary Bank)

STANDARD BANK

Auditors

Auditor-General of South Africa (AGSA)

Rustenburg Local Municipality

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

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
SALGA	South African Local Government Association
HDF	Housing Development Fund
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Accounting Officer's Responsibilities and Approval

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

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

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

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

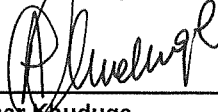
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system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

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30/06/2025 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the economic entity's consolidated annual financial statements. The consolidated annual financial statements will be examined by the economic entity's external auditors and their report will be presented on the page following this report.

The consolidated annual financial statements set out on pages 4 to 116, which have been prepared on the going concern basis, were approved by the accounting officer on 25 September 2024.



Adv. Ashmar Khuduge
Municipal Manager

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Statement of Financial Position as at 30/06/2024

		Economic entity		Controlling entity	
Figures in Rand Thousand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Assets					
Current Assets					
Inventories	13	45 689	47 209	45 689	47 209
VAT Receivable	8	159 166	153 314	159 166	153 314
Finance lease receivables	9	-	-	502	427
Operating lease asset	10	-	9	-	9
Receivables from exchange transactions	14&16	283 844	157 111	262 460	138 606
Receivables from non-exchange transactions	15&16	45 567	29 046	45 567	29 046
Cash and cash equivalents	17	1 059 249	816 975	542 172	436 700
		1 593 515	1 203 664	1 055 556	805 311
Non-Current Assets					
Investment property	3	94 598	101 829	94 598	101 829
Property, plant and equipment	4	9 081 935	9 665 543	8 571 745	9 140 029
Intangible assets	5	-	23	-	23
Heritage assets	6	1 374	1 374	1 374	1 374
Investments	7	1 074	774	1 075	775
Finance lease receivables	9	-	-	-	502
		9 178 981	9 769 543	8 668 792	9 244 532
Total Assets		10 772 496	10 973 207	9 724 348	10 049 843
Liabilities					
Current Liabilities					
Other financial liabilities	21	35 696	40 001	35 696	40 001
Finance lease obligation	19	-	12 057	-	12 057
Payables from exchange transactions	23	1 122 481	1 176 732	1 193 235	1 302 691
VAT payable	24	419 441	430 397	418 494	429 512
Consumer deposits	25	67 952	64 069	67 952	64 069
Employee benefit obligation	11	17 286	11 922	17 286	11 922
Unspent conditional grants and receipts	20	59 797	36 801	59 797	36 801
Provisions	22	190 327	181 561	184 816	177 753
		1 912 980	1 953 540	1 977 276	2 074 806
Non-Current Liabilities					
Other financial liabilities	21	201 201	236 897	201 201	236 897
Employee benefit obligation	11	232 643	214 369	232 643	214 369
Provisions	22	10 774	18 398	10 774	18 398
		444 618	469 664	444 618	469 664
Total Liabilities		2 357 598	2 423 204	2 421 894	2 544 470
Net Assets		8 414 898	8 550 003	7 302 454	7 505 373
Reserves					
Revaluation reserve	18	256 919	262 194	-	-
Accumulated surplus		8 157 979	8 287 809	7 302 454	7 505 373
Total Net Assets		8 414 898	8 550 003	7 302 454	7 505 373

* See Note 48

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Statement of Financial Performance

Figures in Rand Thousand	Note(s)	Economic entity		Controlling entity	
		2024	2023 Restated*	2024	2023 Restated*
Revenue					
Revenue from exchange transactions					
Sale of bus tickets		11 342	4 166	11 342	4 166
Service charges	26	2 976 487	4 354 896	2 899 245	4 277 139
Rental of facilities and equipment	27	11 720	9 596	11 720	9 596
Interest received (trading)		673 321	481 957	673 321	481 957
Agency services		17 731	18 100	17 731	18 100
Licences and permits		14 463	6 707	14 463	6 707
Other income	28	21 300	20 838	21 300	20 838
Interest received - investment	29	89 759	55 368	53 938	35 886
Total revenue from exchange transactions		3 816 123	4 951 628	3 703 060	4 854 389
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	30	521 602	492 850	521 602	492 850
Transfer revenue					
Government grants & subsidies	32	1 964 528	1 596 572	1 964 528	1 596 572
Public contributions and donations		19 270	154 247	19 270	154 247
Fines, Penalties and Forfeits		15 927	19 312	15 927	19 312
Total revenue from non-exchange transactions		2 521 327	2 262 981	2 521 327	2 262 981
Total revenue		6 337 450	7 214 609	6 224 387	7 117 370
Expenditure					
Employee related costs	33	(859 630)	(843 619)	(855 309)	(838 812)
Remuneration of councillors	34	(65 283)	(62 043)	(65 283)	(62 043)
Depreciation and amortisation	35	(368 240)	(430 065)	(339 691)	(397 333)
Finance costs	37	(79 047)	(97 384)	(79 047)	(97 384)
Bulk purchases	38	(2 325 725)	(3 617 809)	(2 472 287)	(3 782 064)
Contracted services	39	(357 123)	(410 676)	(357 123)	(410 676)
Transfers and Subsidies	31	(160 133)	(147 327)	(160 133)	(147 327)
General Expenses	40	(1 135 297)	(498 893)	(977 902)	(350 600)
Total expenditure		(5 350 478)	(6 107 816)	(5 306 775)	(6 086 239)
Operating surplus		986 972	1 106 793	917 612	1 031 131
Gain on disposal of assets and liabilities		23	4	-	-
Actuarial gains/losses	11	5 763	35 957	5 763	35 957
Impairment loss	36	(1 127 089)	(974 009)	(1 126 295)	(972 197)
		(1 121 303)	(938 048)	(1 120 532)	(936 240)
(Deficit) surplus for the year		(134 331)	168 745	(202 920)	94 891

* See Note 48

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Statement of Changes in Net Assets

Figures in Rand Thousand	Revaluation reserve	Accumulated surplus	Total net assets
Economic entity			
Opening balance as previously reported	264 590	7 618 224	7 882 814
Adjustments			
Correction of errors	-	500 834	500 834
Balance at 01 July 2022 restated*	264 590	8 119 058	8 383 648
Changes in net assets			
Surplus for the year - Previously reported	-	146 823	146 823
Impairment adjustment for the year	(770)	-	(770)
Revaluation surplus	(1 626)	-	(1 626)
Total changes	(2 396)	146 823	144 427
Restated balance before adjustments	262 194	8 265 881	8 528 075
Adjustments			
Correction of errors	-	26 429	26 429
Balance as at 01 July 2023 restated*	262 194	8 292 310	8 554 504
Changes in net assets			
Surplus / (Deficit) for the year	-	(134 331)	(134 331)
Impairment adjustment for the year	(774)	-	(774)
Revaluation surplus	(4 501)	-	(4 501)
Total changes	(5 275)	(134 331)	(139 606)
Balance as at 30/06/2024	256 919	8 157 979	8 414 898
Note(s)	18		
Controlling entity			
Opening balance as previously reported	-	6 909 645	6 909 645
Adjustments			
Correction of errors	-	500 834	500 834
Balance as at 01 July 2022 restated*	-	7 410 479	7 410 479
Changes in net assets			
Surplus for the year - Previously reported	-	72 969	72 969
Total changes	-	72 969	72 969
Restated balance before adjustments	-	7 483 448	7 483 448
Adjustments			
Correction of errors	-	21 926	21 926
Balance as at 01 July 2023 restated*	-	7 505 374	7 505 374
Changes in net assets			
Surplus /(Deficit) for the year	-	(202 920)	(202 920)
Total changes	-	(202 920)	(202 920)
Balance as at 30/06/2024	-	7 302 454	7 302 454

* See Note 48

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Consolidated Annual Financial Statements for the year ended 30/06/2024

Cash Flow Statement

Figures in Rand Thousand	Note(s)	Economic entity		Controlling entity	
		2024	2023 Restated*	2024	2023 Restated*
Cash flows from operating activities					
Receipts					
Sale of goods and services		2 346 387	3 831 591	2 272 451	3 749 880
Grants		1 964 528	1 596 572	1 964 528	1 596 572
Interest income		763 080	537 325	727 259	517 843
Other receipts		51 690	46 857	51 690	46 857
		5 125 685	6 012 345	5 015 928	5 911 152
Payments					
Employee costs		(911 563)	(889 790)	(908 946)	(888 791)
Suppliers		(3 401 865)	(4 472 860)	(3 446 298)	(4 520 681)
Finance costs		(25 248)	(43 045)	(25 248)	(43 045)
Transfers and subsidies		(160 110)	(147 323)	(160 133)	(147 327)
		(4 498 786)	(5 553 018)	(4 540 625)	(5 599 844)
Net cash flows from operating activities	42	626 899	459 327	475 303	311 308
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(305 183)	(308 205)	(290 389)	(298 610)
Proceeds from sale of property, plant and equipment	4	-	450	-	450
Net cash flows from investing activities		(305 183)	(307 755)	(290 389)	(298 160)
Cash flows from financing activities					
Repayment of other financial liabilities		(40 001)	(32 389)	(40 001)	(32 389)
Interest paid		(27 084)	(31 741)	(27 084)	(31 741)
Finance lease payments		(12 057)	(11 077)	(12 057)	(11 077)
Realisation / (Withdrawal) of non-current investments		(300)	200	(300)	200
Net cash flows from financing activities		(79 442)	(75 007)	(79 442)	(75 007)
Net increase in cash and cash equivalents		242 274	76 565	105 472	(61 859)
Cash and cash equivalents at the beginning of the year		816 975	740 410	436 700	498 559
Cash and cash equivalents at the end of the year	17	1 059 249	816 975	542 172	436 700

* See Note 48

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand Thousand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of bus tickets	-	-	-	11 342	11 342	60
Service charges	5 479 767	(219 938)	5 259 829	2 976 487	(2 283 342)	60
Rental of facilities and equipment	15 859	(1 838)	14 021	11 720	(2 301)	60
Interest received (trading)	477 919	50 000	527 919	673 321	145 402	60
Agency services	94 282	14 000	108 282	17 731	(90 551)	60
Licences and permits	12 130	-	12 130	14 463	2 333	60
Other income	20 602	(3)	20 599	21 300	701	60
Interest received - investment	27 383	10 000	37 383	89 759	52 376	60
Total revenue from exchange transactions	6 127 942	(147 779)	5 980 163	3 816 123	(2 164 040)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	549 646	-	549 646	521 602	(28 044)	60
Transfer revenue						
Government grants & subsidies	1 769 257	244 702	2 013 959	1 964 528	(49 431)	60
Public contributions and donations	-	-	-	19 270	19 270	60
Fines, Penalties and Forfeits	9 587	-	9 587	15 927	6 340	60
Total revenue from non-exchange transactions	2 328 490	244 702	2 573 192	2 521 327	(51 865)	
Total revenue	8 456 432	96 923	8 553 355	6 337 450	(2 215 905)	
Expenditure						
Employee Related Costs	(927 082)	(2 013)	(929 095)	(859 630)	69 465	60
Remuneration of councillors	(71 890)	-	(71 890)	(65 283)	6 607	60
Depreciation and amortisation	(497 859)	-	(497 859)	(368 240)	129 619	60
Impairment loss	(881 129)	-	(881 129)	(1 127 089)	(245 960)	60
Finance costs	(62 123)	-	(62 123)	(79 047)	(16 924)	60
Bulk purchases	(3 706 077)	139 486	(3 566 591)	(2 325 725)	1 240 866	60
Contracted Services	(883 503)	(267 708)	(1 151 211)	(357 123)	794 088	60
Transfers and Subsidies	(21 164)	-	(21 164)	(160 133)	(138 969)	60
General Expenses	(299 052)	(20 012)	(319 064)	(1 135 297)	(816 233)	60
Total expenditure	(7 349 879)	(150 247)	(7 500 126)	(6 477 567)	1 022 559	
Operating deficit	1 106 553	(53 324)	1 053 229	(140 117)	(1 193 346)	
Gain on disposal of assets and liabilities	7 088	-	7 088	23	(7 065)	60
Actuarial gains/losses	-	-	-	5 763	5 763	60
	7 088	-	7 088	5 786	(1 302)	
Surplus / (Deficit) before taxation	1 113 641	(53 324)	1 060 317	(134 331)	(1 194 648)	

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1 113 641	(53 324)	1 060 317	(134 331)	(1 194 648)	

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of bus tickets	-	-	-	11 342	11 342	
Service charges	5 218 007	(219 938)	4 998 069	2 899 245	(2 098 824)	60
Rental of facilities and equipment	15 859	(1 838)	14 021	11 720	(2 301)	60
Interest received (trading)	477 919	50 000	527 919	673 321	145 402	60
Agency services	94 282	14 000	108 282	17 731	(90 551)	60
Licences and permits	12 130	-	12 130	14 463	2 333	60
Other income	20 602	(3)	20 599	21 300	701	60
Interest received - investment	22 860	10 000	32 860	53 938	21 078	60
Total revenue from exchange transactions	5 861 659	(147 779)	5 713 880	3 703 060	(2 010 820)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	549 646	-	549 646	521 602	(28 044)	60
Transfer revenue						
Government grants & subsidies	1 769 257	244 702	2 013 959	1 964 528	(49 431)	60
Public contributions and donations	-	-	-	19 270	19 270	60
Fines, Penalties and Forfeits	9 587	-	9 587	15 927	6 340	60
Total revenue from non-exchange transactions	2 328 490	244 702	2 573 192	2 521 327	(51 865)	
Total revenue	8 190 149	96 923	8 287 072	6 224 387	(2 062 685)	
Expenditure						
Employee related costs	(927 082)	(2 013)	(929 095)	(855 309)	73 786	60
Remuneration of councillors	(71 890)	-	(71 890)	(65 283)	6 607	60
Depreciation and amortisation	(456 790)	-	(456 790)	(339 691)	117 099	60
Impairment loss	(881 129)	-	(881 129)	(1 126 295)	(245 166)	60
Finance costs	(61 885)	-	(61 885)	(79 047)	(17 162)	60
Bulk purchases	(3 706 077)	139 486	(3 566 591)	(2 472 287)	1 094 304	60
Contracted Services	(883 503)	(267 708)	(1 151 211)	(357 123)	794 088	60
Transfers and Subsidies	(21 164)	-	(21 164)	(160 133)	(138 969)	60
General Expenses	(147 451)	(37 989)	(185 440)	(977 902)	(792 462)	60
Total expenditure	(7 156 971)	(168 224)	(7 325 195)	(6 433 070)	892 125	
Operating deficit	1 033 178	(71 301)	961 877	(208 683)	(1 170 560)	
Gain on disposal of assets and liabilities	7 088	-	7 088	-	(7 088)	60
Actuarial gains/losses	-	-	-	5 763	5 763	60
	7 088	-	7 088	5 763	(1 325)	
Surplus / (Deficit) before taxation	1 040 266	(71 301)	968 965	(202 920)	(1 171 885)	

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Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1 040 266	(71 301)	968 965	(202 920)	(1 171 885)	

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

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

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

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

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

1.1 Presentation currency

These consolidated annual financial statements are presented in South African Rand rounded off to the nearest thousand, which is the functional currency of the economic entity.

1.2 Going concern assumption

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

1.3 Consolidation

Basis of consolidation

consolidated annual financial statements are the consolidated annual financial statements of the economic entity presented as those of a single entity.

The consolidated annual financial statements incorporate the consolidated annual financial statements of the controlling entity and all controlled entity, including special purpose entities, which are controlled by the controlling entity.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The results of controlled entities, are included in the consolidated financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal is recognised in the consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled entity.

An investment in an entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as the fair value on initial recognition of a financial asset in accordance with the Standards of GRAP on Financial Instruments.

The financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets. Losses applicable to the minority in a consolidated controlled entity may exceed the minority interest in the controlled entity's net assets. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make an additional investment to cover the losses. If the controlled entity subsequently reports surpluses, such surpluses are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

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Consolidated Annual Financial Statements for the year ended 30/06/2024

Accounting Policies

Non-controlling interests in the surplus or deficit of the economic entity is separately disclosed.

1.4 Significant judgements and sources of estimation uncertainty

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

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

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

The impairment for trade receivables is calculated on an assessment of the extent to which trade receivables have been defaulted on payments already due, and an assessment of their ability to make payments based on the history of payments made for municipal services over the last twelve months. This is performed per significant trade receivables first and then for all classes of trade receivables.

Allowance for slow moving, damaged and obsolete stock

An allowance / provision to write down stock to the lower of cost or net realisable value is made. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 22 - Provisions. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Useful lives

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

Post employment medical benefits

The cost of post - employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future medical fund contributions increases and mortality rates. Due to the long - term nature of these plans, such estimates are subject to significant uncertainty.

1.5 Investment property

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

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

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

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

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

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

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

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

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

Item	Expected useful life range
Property - land	Indefinite
Property - buildings	7 - 80 years

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

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

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

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

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- Land held for a currently undetermined future use. (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation).
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality) and a building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of investment property and shall be classified as property, plant and equipment, inventory or non-current assets held for sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale.
- Property being constructed or developed on behalf of third parties.
- Property that is being constructed or developed for future use as investment property.
- Property that is leased to another entity under a finance lease.
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income facilities, etc.
- Property held for strategic purposes or service delivery.
- Property being constructed or developed on behalf of third parties.
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owneroccupied property awaiting disposal.

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

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment whenever it is possible to reliably differentiate between the different components.

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets and commences when an asset is ready for its intended use.

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

Item	Depreciation method	Expected useful life range
Infrastructure Roads and Transport	Straight line	5 - 100
Infrastructure Electricity	Straight line	5 - 50
Infrastructure Water	Straight line	5 - 70
Infrastructure Sewerage	Straight line	5 - 70
Buildings	Straight line	7 - 80
Motor Vehicles	Straight line	5 - 15
Office equipment	Straight line	3 - 10
Specialised vehicles	Straight line	7 - 20
Furniture & fixtures	Straight line	5 - 15
Bins & Containers	Straight line	10
Other	Straight line	7 - 8
Landfill sites	Straight line	20 - 25

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Plant and machinery	Straight line	2 - 15
Emergency equipment	Straight line	3 - 12
Land	Straight line	Indefinite

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

The useful life and residual value of assets are assessed annually to determine the appropriateness of management's initial estimate. If the expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

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

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

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

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

Bulk water assets - Rustenburg Water Services Trust.

The Trust maintains and acquires assets to provide a social service to the community, as well as to sell water to the surrounding mines. The useful lives and economic useful lives of these assets are equal. After the loan have been paid up, all assets will revert back to the parent municipality.

The Trust depreciate separately each part of an item of Property, Plant and Equipment that has a cost that is significant in relation to the total cost of the item. Cost of replacing a part are capitalised and the existing parts being replaced are derecognised. The assets were revalued on 30 June 2012 by an independent party. Fair values were determined by obtaining quotations for the different asset types and determining Depreciated Replacement Cost.

Depreciation on Bulk water assets - Rustenburg Service Trust is recorded by a charge to the income statement computed on a straight-line method to write off the cost of the assets over their remaining useful lives or the remaining period of the lease, to their residual values. The expected useful lives are as follows for this group of assets:

Land and Buildings : 5 - 80 years
Plant and Machinery : 5 - 100 years
Movable assets: 5 - 50 years

1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Item	Depreciation method	Expected useful life range
Computer software, other	Straight line	2 - 3 Years

Intangible assets are derecognised:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.8 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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

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Derecognition

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

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

1.9 Investments in controlled entities

Controlling entity consolidated annual financial statements

In the municipality's separate consolidated annual financial statements, investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

1.10 Financial instruments

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

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

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

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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

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

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

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

A financial asset is:

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

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

Guarantees are disclosed in the notes to the financial statements and they are measured at fair value. Companies are granted the option of providing a guarantee instead of a consumer deposit when opening a new consumer account.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Classification

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

Class

Receivables from Exchange Transactions
Receivables from Non-exchange Transactions
Cash and Cash Equivalents
Investments
Guarantees

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at fair value
Financial asset measured at fair value and cost
Financial asset measured at fair value

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

Class

Consumer Deposits
Payables from Exchange Transactions
Long-term Liabilities
VAT Payable
Finance Lease Obligation

Category

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

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Initial measurement of financial assets and financial liabilities

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

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

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

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

Reclassification

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

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

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

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

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

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

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Presentation

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

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

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

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

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

1.11 VAT

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Section 15 of the Value-Added Tax Act. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position.

1.12 Leases

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

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

Finance leases - lessor

The economic entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the economic entity's net investment in the finance lease.

Finance leases - lessee

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

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

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

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

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Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.13 Inventories

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

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

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

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

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

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

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

The cost of inventories (consumable stores, raw materials, work-in-progress and finished goods) is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

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

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

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

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

Water are valued by using the weighted average method, at the lowest of purified cost and net realisable value, in so far as it is stored and controlled in reservoirs at year-end.

1.14 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

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Identification

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

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

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

Value in use

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

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

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

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

[Specify judgements made]

Identification

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

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

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

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Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

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Redesignation

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

1.16 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

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

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

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

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

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

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Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

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

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Post-employment benefits: Defined benefit plans

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

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

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

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

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

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

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

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

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

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

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45 to enable users to determine the risk involved.

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A Contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

1.18 Capital Commitments

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

Capital commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

1.19 Revenue from exchange transactions

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

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

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

Measurement

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

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Sale of goods

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

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

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Rendering of services

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly..

Interest, royalties and dividends

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

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

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

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

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

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

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

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.20 Revenue from non-exchange transactions

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

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

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Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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

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Accounting Policies

Taxes

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

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

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Collection charges are recognised when such amounts are legally enforceable (property rates). Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rate revenue already recognised are processed or additional rates revenue is recognised.

Fines

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

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

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

The municipality has two types of fines, spot fines and summonses. The municipality recognises the full amount of revenue at the transaction date. Subsequent to initial recognition and measurement, the municipality assesses the collectability of the revenue and recognises an impairment loss.

Government Grants and other grants

Equitable share allocation is recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

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

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

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Gifts and donations, including goods in-kind

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

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

1.21 Accounting by principals and agents

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

Identifying whether an entity is a principal or an agent

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

1.22 Borrowing costs

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

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

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

1.23 Other income

Other income represents income from activities other than normal Municipal ordinary operations. These are recognised in surplus when they accrue to the Municipality, that is when the right to receive payment is established. Other income is measured as fair value of the consideration receivable.

1.24 Licenses and permits

Licenses and permits are recognised in surplus when the municipality's right to receive payment has been established. These are measured by applying the relevant gazetted tariff.

1.25 Comparative figures

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

1.26 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003)

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Accounting Policies

1.27 Fruitless and wasteful expenditure

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

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

1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.29 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report.

1.30 Budget information

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

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

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

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

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

The materiality threshold for variances between budget and actual amounts is 10%. Reasons for variances greater than or equal to 10% are disclosed in the financial statements.

1.31 Related parties

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

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

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

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

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Accounting Policies

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

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

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

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

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

1.32 Events after reporting date

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

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

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

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

1.33 Service concession arrangements: Entity as grantor

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

Recognition of asset and liability

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.

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Accounting Policies

- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

1.34 Expenditure

Expenditure includes bulk purchases, contracted services, general expenses and lease rentals. Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

Expenses are recognised in the period in which they are incurred.

1.35 Non living resources

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, are not recognised as assets. Required information are disclosed in the notes to the annual financial statements.

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand Thousand	2024	2023	2024	2023

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01/07/2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (amended): Heritage Assets	01/04/2099	Unlikely there will be a material impact
• IGRAP 22 : Foreign Currency Transactions and Advance Consideration	01/04/2025	Unlikely there will be a material impact
• Improvements to Standards of GRAP, 2023	01/04/2099	Unlikely there will be a material impact
• Amendments to GRAP 105, GRAP 106 and GRAP 107: Transfers of Functions and Mergers	01/04/2099	Unlikely there will be a material impact
• GRAP 1 (amended), Presentation of Financial Statements (Going Concern)	01/04/2099	Unlikely there will be a material impact
• GRAP 104 (amended): Financial Instruments	01/04/2025	Unable to reliably estimate the impact

3. Investment property

Economic entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	230 037	(135 439)	94 598	230 037	(128 208)	101 829

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	230 037	(135 439)	94 598	230 037	(128 208)	101 829

Reconciliation of investment property - Economic entity - 2024

	Opening balance	Depreciation	Total
Investment property	101 829	(7 231)	94 598

Reconciliation of investment property - Economic entity - 2023

	Opening balance	Depreciation	Total
Investment property	109 445	(7 616)	101 829

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

3. Investment property (continued)

Reconciliation of investment property - Controlling entity - 2023

	Opening balance	Depreciation	Total
Investment property	101 829	(7 231)	94 598

Reconciliation of investment property - Controlling entity - 2022

	Opening balance	Depreciation	Total
Investment property	109 445	(7 616)	101 829

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

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

4. Property, plant and equipment

Economic entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 528 855	-	1 528 855	2 094 608	-	2 094 608
Buildings	1 594 289	(1 282 217)	312 072	1 593 629	(1 237 866)	355 763
Plant and machinery	68 830	(57 723)	11 107	68 555	(52 713)	15 842
Furniture and fixtures	57 527	(45 293)	12 234	56 709	(40 966)	15 743
Transport Assets	248 383	(133 211)	115 172	249 303	(126 396)	122 907
Office equipment	56 164	(39 263)	16 901	52 121	(34 297)	17 824
Bins and containers	1 672	(1 510)	162	1 672	(1 419)	253
Other	2 815	(2 606)	209	2 816	(2 482)	334
Electrical Equipment	13 255	-	13 255	11 688	-	11 688
Infrastructure - Sewerage	1 122 263	(719 073)	403 190	1 085 578	(690 629)	394 949
Infrastructure - Electricity	1 413 951	(818 039)	595 912	1 399 547	(777 276)	622 271
Infrastructure - Roads and Transport	6 927 809	(3 166 017)	3 761 792	6 770 956	(2 987 214)	3 783 742
Infrastructure - Water	1 598 167	(1 050 933)	547 234	1 497 134	(1 017 439)	479 695
Infrastructure - Work in progress	1 253 650	-	1 253 650	1 224 410	-	1 224 410
Rustenburg Water Services Trust Bulk Water Assets	1 261 843	(751 653)	510 190	1 262 219	(736 705)	525 514
Total	17 149 473	(8 067 538)	9 081 935	17 370 945	(7 705 402)	9 665 543

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 528 855	-	1 528 855	2 094 608	-	2 094 608
Buildings	1 594 289	(1 282 217)	312 072	1 593 629	(1 237 866)	355 763
Plant and machinery	68 830	(57 723)	11 107	68 555	(52 713)	15 842
Furniture and fixtures	57 527	(45 293)	12 234	56 709	(40 966)	15 743
Transport Assets	248 383	(133 211)	115 172	249 303	(126 396)	122 907
Office equipment	56 164	(39 263)	16 901	52 121	(34 297)	17 824
Bins and containers	1 672	(1 510)	162	1 672	(1 419)	253
Other	2 815	(2 606)	209	2 816	(2 482)	334
Electrical Equipment	13 255	-	13 255	11 688	-	11 688
Infrastructure - Sewerage	1 122 263	(719 073)	403 190	1 085 578	(690 629)	394 949
Infrastructure - Electricity	1 413 951	(818 039)	595 912	1 399 547	(777 276)	622 271
Infrastructure - Roads and Transport	6 927 809	(3 166 017)	3 761 792	6 770 956	(2 987 214)	3 783 742
Infrastructure - Water	1 598 167	(1 050 933)	547 234	1 497 134	(1 017 439)	479 695
Infrastructure - Work in progress	1 253 650	-	1 253 650	1 224 410	-	1 224 410
Total	15 887 630	(7 315 885)	8 571 745	16 108 726	(6 968 697)	9 140 029

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Notes to the Consolidated Annual Financial Statements

Figures in Rand Thousand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2024

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	2 094 608	8 045	(573 798)	-	-	-	-	1 528 855
Buildings	355 763	657	-	-	-	(36 571)	(7 777)	312 072
Plant and machinery	15 842	327	(13)	-	-	(5 035)	(14)	11 107
Furniture and fixtures	15 743	840	(14)	-	-	(4 300)	(35)	12 234
Transport assets	122 907	2 796	(1 591)	-	-	(8 940)	-	115 172
Office equipment	17 824	4 555	(225)	-	-	(5 206)	(47)	16 901
Bins and containers	253	-	-	-	-	(90)	(1)	162
Other	334	-	-	-	-	(125)	-	209
Electrical Equipment	11 688	-	-	-	1 567	-	-	13 255
Infrastructure - Sewerage	394 949	36 638	-	-	-	(27 924)	(473)	403 190
Infrastructure - Electricity	622 271	14 404	-	-	-	(37 311)	(3 452)	595 912
Infrastructure - Roads and Transport	3 783 742	156 853	-	-	-	(174 421)	(4 382)	3 761 792
Infrastructure - Water	479 695	101 032	-	-	-	(32 513)	(980)	547 234
Work in progress	1 224 410	332 810	-	(303 570)	-	-	-	1 253 650
Rustenburg Water Trust Bulk Water Assets	525 514	14 792	-	-	-	(28 547)	(1 569)	510 190
	9 665 543	673 749	(575 641)	(303 570)	1 567	(360 983)	(18 730)	9 081 935

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand Thousand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2023

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	2 085 673	9 144	(209)	-	-	-	-	2 094 608
Buildings	390 738	26 874	-	-	-	(61 363)	(486)	355 763
Plant and machinery	18 190	2 552	(8)	-	-	(4 866)	(26)	15 842
Furniture and fixtures	26 813	1 271	(1)	-	-	(12 323)	(17)	15 743
Transport assets	113 311	18 880	(137)	-	-	(9 147)	-	122 907
Office equipment	14 370	8 147	(95)	-	-	(4 569)	(29)	17 824
Bins and containers	524	-	-	-	-	(271)	-	253
Other	461	-	-	-	-	(127)	-	334
Electrical Equipment	11 309	-	-	-	379	-	-	11 688
Infrastructure - Sewerage	422 123	2 055	-	-	-	(29 110)	(119)	394 949
Infrastructure - Electricity	660 929	-	-	-	-	(38 380)	(278)	622 271
Infrastructure - Roads and Transport	3 955 689	39 836	-	-	-	(202 161)	(9 622)	3 783 742
Infrastructure - Water	495 587	12 054	-	-	-	(27 610)	(336)	479 695
Work in progress	885 121	420 026	-	(80 737)	-	-	-	1 224 410
Rustenburg Water Trust Bulk Water Assets	552 856	7 971	-	-	-	(32 732)	(2 581)	525 514
	9 633 694	548 810	(450)	(80 737)	379	(422 659)	(13 494)	9 665 543

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand Thousand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2024

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	2 094 608	8 045	(573 798)	-	-	-	-	1 528 855
Buildings	355 763	657	-	-	-	(36 571)	(7 777)	312 072
Plant and machinery	15 842	327	(13)	-	-	(5 035)	(14)	11 107
Furniture and fixtures	15 743	840	(14)	-	-	(4 300)	(35)	12 234
Transport assets	122 907	2 796	(1 591)	-	-	(8 940)	-	115 172
Office equipment	17 824	4 555	(225)	-	-	(5 206)	(47)	16 901
Bins and containers	253	-	-	-	-	(90)	(1)	162
Other	334	-	-	-	-	(125)	-	209
Electrical Equipment	11 688	-	-	-	1 567	-	-	13 255
Infrastructure - Sewerage	394 949	36 638	-	-	-	(27 924)	(473)	403 190
Infrastructure - Electricity	622 271	14 404	-	-	-	(37 311)	(3 452)	595 912
Infrastructure - Roads and Transport	3 783 742	156 853	-	-	-	(174 421)	(4 382)	3 761 792
Infrastructure - Water	479 695	101 032	-	-	-	(32 513)	(980)	547 234
Work in progress	1 224 410	332 810	-	(303 570)	-	-	-	1 253 650
	9 140 029	658 957	(575 641)	(303 570)	1 567	(332 436)	(17 161)	8 571 745

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand Thousand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2023

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	2 085 673	9 144	(209)	-	-	-	-	2 094 608
Buildings	390 738	26 874	-	-	-	(61 363)	(486)	355 763
Plant and machinery	18 190	2 552	(8)	-	-	(4 866)	(26)	15 842
Furniture and fixtures	26 813	1 271	(1)	-	-	(12 323)	(17)	15 743
Transport assets	113 311	18 880	(137)	-	-	(9 147)	-	122 907
Office equipment	14 370	8 147	(95)	-	-	(4 569)	(29)	17 824
Bins and containers	524	-	-	-	-	(271)	-	253
Other	461	-	-	-	-	(127)	-	334
Electrical Equipment	11 309	-	-	-	379	-	-	11 688
Infrastructure - Sewerage	422 123	2 055	-	-	-	(29 110)	(119)	394 949
Infrastructure - Electricity	660 929	-	-	-	-	(38 380)	(278)	622 271
Infrastructure - Roads and Transport	3 955 689	39 836	-	-	-	(202 161)	(9 622)	3 783 742
Infrastructure - Water	495 587	12 054	-	-	-	(27 610)	(336)	479 695
Infrastructure - Work in progress	885 121	420 026	-	(80 737)	-	-	-	1 224 410
	9 080 838	540 839	(450)	(80 737)	379	(389 927)	(10 913)	9 140 029

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
4. Property, plant and equipment (continued)				
Property, plant and equipment in the process of being constructed or developed				
Cumulative expenditure recognised in the carrying value of property, plant and equipment				
Buildings	391 959	346 419	391 959	346 419
Electricity	185 526	150 782	185 526	150 782
Roads	374 106	438 285	374 106	438 285
Sewerage	235 957	121 790	235 957	121 790
Water	66 102	167 134	66 102	167 134
	1 253 650	1 224 410	1 253 650	1 224 410

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Upgrading of the bulk sewer lines to the WWTW (Western Area) [Project suspended due to non performance by the contractor]	6 992	6 992	6 992	6 992
Boschdal Water Supply (Infra, Water) [Project suspended due to non performance by the contractor]	2 231	2 231	2 231	2 231
Fleet Services [Contract under litigation]	16 745	16 745	16 745	16 745
Marikana Waste Transfer Station - Construction R (Land & Bld, Solid waste fac [Contract terminated due to non performance by the contractor]	-	-	-	-
Motor City Substation - Phase 2 (Infr, Elec) [Project delays due to contractual disagreements]	13 137	13 137	13 137	13 137
Rustenburg - (Incl - Extensions) Replacement Of Water Ac Pipes (Infra, Water) [Project delays due to contractual disagreements]	21 470	21 470	21 470	21 470
Rtb & Extensions - Upgrading Of Water Meters And Aged Connections (Infra, Water) [Project delays due to contractual disagreements]	-	-	-	-
Waterkloof Substation-Inter Connection To New Eskom Switching Station , (Infra) [Project delays due to contractual disagreements]	16 057	16 057	16 057	16 057
Construction of RRT Station - Contractor A (Land & Bld, Comm) [Project delays due to contractual disagreements]	48 003	48 003	48 003	48 003
Replacement of Thlabane AC sewer bulk line (B) [The contractor was terminated]	-	-	-	-
Replacement of Thlanane AC Sewer bulk line (A) [The contractor was terminated]	28 017	28 017	28 017	28 017
Marikana roads and storm waterPhase D [The contractor experienced stoppages due to sub-contracting, rain, and communitystoppage]	28 591	28 591	28 591	28 591
Meriting Ward 18 Part A There is an MOU between RLM and Impala Mines, but due to financial constrainsImpala Mine will be taking over the remaining portion of the works]	-	9 637	-	9 637
Boitekong Hawker Stalls [The contractor had stoppages from the business forum]	6 034	6 034	6 034	6 034
Construction of Tlhabane West Sport Facility	-	-	-	-
	8 149	8 149	8 149	8 149
	-	-	-	-
	19 505	12 444	19 505	12 444

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
4. Property, plant and equipment (continued)				
[The contractor could not again access to site due to community unrests and subcontractors]	-	-	-	-
Upgrading and construction of internal access roads in Kanana Phase A	21 180	17 406	21 180	17 406
[The contractor experienced challenges on site of hard rock, local subcontractors and rain]	-	-	-	-
Bospoort Water Treatment Works	62 609	62 609	-	-
[Slow progress on the procurement process of the mechanical and electrical contract]	-	-	-	-
	607 366	595 436	544 757	532 827

Expenditure incurred to repair and maintain property, plant and equipment

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

Buildings	20 815	22 520	20 815	22 520
Infrastructure - Electricity	48 663	46 592	48 663	46 592
Infrastructure - Roads	59 244	56 995	59 244	56 995
Infrastructure - Sewerage	13 145	1 449	13 145	1 449
Infrastructure - Water	13 991	1 032	13 991	1 032
Office Equipment	7 075	6 627	7 075	6 627
Furniture and Fixtures	1 970	-	1 970	-
Transport assets	1 279	2 053	1 279	2 053
Other	221	103	221	103
Rustenburg Water Services Trust Bulk Water Assets	22 161	14 499	-	-
	188 564	151 870	166 403	137 371

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

Work in Progress (WIP) : The Work in Progress (WIP) primarily comprises buildings and infrastructure. The WIP balance increased significantly in the prior year and current year, largely due to the recognition of housing projects undertaken within municipal boundaries by the North West Department of Human Settlements, in accordance with GRAP 1 and GRAP 17. Additionally, several projects have taken significantly longer to complete than initially anticipated, as disclosed in this note, contributing to the elevated WIP balance.

Land De-recognition and Recognition : During the year, a thorough reconciliation between the deeds dataset and the land register was completed, resulting in the de-recognition of R573 798 for owner-occupied land in accordance with iGRAP 18. However, this was offset by the recognition of municipal-owned land on the Fixed Asset Register (FAR) for the first time, leading to a prior year adjustment of R536 487 and a current year adjustment of R8 045. These adjustments significantly impacted the reported surplus or deficit for the period.

5. Intangible assets

Economic entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 193	(1 193)	-	1 193	(1 170)	23

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

5. Intangible assets (continued)

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 193	(1 193)	-	1 193	(1 170)	23

Reconciliation of intangible assets - Economic entity - 2024

	Opening balance	Amortisation	Total
Computer software	23	(23)	-

Reconciliation of intangible assets - Economic entity - 2023

	Opening balance	Amortisation	Total
Computer software	90	(67)	23

Reconciliation of intangible assets - Controlling entity - 2024

	Opening balance	Amortisation	Total
Computer software	23	(23)	-

Reconciliation of intangible assets - Controlling entity - 2023

	Opening balance	Amortisation	Total
Computer software	90	(67)	23

Other information

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

All of the municipality's Intangible Assets are held under freehold interest and no intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

6. Heritage assets

Economic entity		2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value	
Ox Wagon	150	-	150	150	-	150	
Historical statue	1 100	-	1 100	1 100	-	1 100	
Hand Drawn Field Ambulance	5	-	5	5	-	5	
Jewellery	119	-	119	119	-	119	
Total	1 374	-	1 374	1 374	-	1 374	

Controlling entity		2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value	
Ox Wagon	150	-	150	150	-	150	
Historical statue	1 100	-	1 100	1 100	-	1 100	
Hand Drawn Field Ambulance	5	-	5	5	-	5	
Jewellery	119	-	119	119	-	119	
Total	1 374	-	1 374	1 374	-	1 374	

Reconciliation of heritage assets Economic entity - 2024

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

Reconciliation of heritage assets Economic entity - 2023

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

Reconciliation of heritage assets Controlling entity - 2024

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

6. Heritage assets (continued)

Reconciliation of heritage assets Controlling entity - 2023

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

7. Investments

Name of company	Carrying amount 2024	Carrying amount 2023	Carrying amount 2024	Carrying amount 2023
Listed Shares - Sanlam	1 074	774	1 074	774
Unlisted - Municipal Entity	-	-	1	1
	1 074	774	1 075	775

Detail

Market value of listed investment is R1 074 (2023: R774). The municipal entity is the Rustenburg Water Services Trust. The Trusts objective is to procure the design, construction, implementation, operation and maintenance of the Rustenburg, Boitekong, Lethabong and Monnakato Waste Water Treatment Works (WWTW) as well the Boosport and Kloof Water Treatment Plants. The nature of the relationship is that Rustenburg Local Municipality is the sole beneficiary of the trust and has the right to appoint 4 representatives on the board of trustees.

8. VAT Receivable

VAT Accrual	159 166	153 314	159 166	153 314
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The VAT accrual does not represent amounts to be received, but rather amounts that are associated with transactions that are yet to be settled. There is no money to be received from SARS for these amounts as yet.

9. Finance lease receivables

Present value of minimum lease payments due

- within one year	-	-	502	427
- in second to fifth year inclusive	-	-	-	502
	-	-	502	929

Non-current assets	-	-	-	502
Current assets	-	-	502	427
	-	-	502	929

Leasing Arrangements

A finance lease was granted to the entity (RWST) for sewerage plant transferred by the municipality to the RWST. The lease is repayable over twenty years, in half yearly payments at the end of June and December, with the last instalment due on 30 June 2025. The interest rate implicit in the lease is 11%. All leases are denominated in Rand Currency Unit.

Management of the municipality is of the opinion that the carrying value of finance lease receivables recorded at amortised cost in the annual financial statements approximate their fair values.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

10. Operating lease asset (liability)

Current assets	-	9	-	9
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Operating leases are recognised on the straight-line basis as per the requirements of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	9	31	9	31
Operating Lease Revenue recorded	(9)	(22)	(9)	(22)
	-	9	-	9

Up to 1 year	-	9	-	9
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Total Operating Lease Arrangements:

The impact of charging the escalations in Operating Leases on a straight-line basis over the lease through the Statement of Financial Performance is an increase in current year income of R9 (2023: R22).

No restrictions have been imposed by the municipality in terms of the operating lease agreements.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

11. Employee benefit obligations

Defined benefit plan

Post-retirement Health Care Benefits Liability

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2024 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Long Service Awards Liability

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long service based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2024 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	1 266	1 298	1 266	1 298
In-service Non-members (Employees)	420	434	420	434
Continuation Members (Retirees, widowers and orphans)	121	127	121	127
	1 807	1 859	1 807	1 859

The liability in respect of past

	249 930	226 292	249 930	226 292
In-service Members - Post Retirement Health Care	101 254	90 334	101 254	90 334
In-service: Non members - Post Retirement Health Care	4 251	3 778	4 251	3 778
Continuation Members (Retirees, widows and orphans) - Post Retirement Health Care	62 094	59 148	62 094	59 148
Long Service Awards	82 331	73 032	82 331	73 032

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

11. Employee benefit obligations (continued)

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

Carrying value

Present value of the defined benefit obligation - Post Retirement Health Care	(167 598)	(153 259)	(167 598)	(153 259)
Present value of the defined benefit obligation - Long Service Awards	(82 331)	(73 032)	(82 331)	(73 032)
	(249 929)	(226 291)	(249 929)	(226 291)
Non-current liabilities	(232 643)	(214 369)	(232 643)	(214 369)
Current liabilities	(17 286)	(11 922)	(17 286)	(11 922)
	(249 929)	(226 291)	(249 929)	(226 291)

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

Post Retirement Health Care	-	-	-	-
Opening balance	153 259	161 848	153 259	161 848
Benefits paid	(6 078)	(5 771)	(6 078)	(5 771)
Net (income) / expense recognised in the statement of financial performance	20 417	(2 818)	20 417	(2 818)
	167 598	153 259	167 598	153 259

Long Service Awards

Opening balance	73 032	72 050	73 032	72 050
Benefits paid	(4 490)	(5 927)	(4 490)	(5 927)
Net (income) / expense recognised in the statement of financial performance	13 789	6 909	13 789	6 909
	82 331	73 032	82 331	73 032

Net (income)/expense recognised in the statement of financial performance

Post Retirement Health Care	-	-	-	-
Current service cost	6 879	7 451	6 879	7 451
Interest cost	18 769	18 787	18 769	18 787
Actuarial (gains) losses	(5 231)	(29 056)	(5 231)	(29 056)
Post-retirement Benefit included in Profit and Loss	20 417	(2 818)	20 417	(2 818)

Long Service Awards

Current service cost	6 375	6 321	6 375	6 321
Interest cost	7 946	7 489	7 946	7 489
Actuarial (gains) losses	(532)	(6 901)	(532)	(6 901)
Long Service Award included in Profit and Loss	13 789	6 909	13 789	6 909

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

11. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Post Retirement Health Care	-	-	-	-
Discount rate	12,26 %	12,49 %	12,26 %	12,49 %
Health care cost inflation rate	7,74 %	8,10 %	7,74 %	8,10 %
Net-of-health-care-cost-inflation discount rate	4,20 %	4,06 %	4,20 %	4,06 %
Maximum subsidy inflation rate	5,43 %	5,70 %	5,43 %	5,70 %
Net-of-maximum-subsidy-inflation discount rate	6,48 %	6,42 %	6,48 %	6,42 %
Long Service Awards	-	-	-	-
Discount Rate	10,97 %	11,32 %	10,97 %	11,32 %
General Salary Inflation	6,14 %	6,57 %	6,14 %	6,57 %
Net discount rate	4,55 %	4,45 %	4,55 %	4,45 %

The basis on which the discount rate has been determined is as follow:

Post Retirement Health Care

GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post employment liabilities should be used.

Consequently, a discount rate of 12.26% per annum has been used. The corresponding index-linked yield at this term is 5.20%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 28 June 2024.

These rates are calculated by using a liability-weighted average of the yields for the three components of the liability. Each component's fixed-interest and index-linked yields were taken from the bond yield curve at that component's duration, using an iterative process (because the yield depends on the liability, which in turn depends on the yield).

Long Service Awards

GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post employment liabilities should be used.

Consequently, a discount rate of 10.97% per annum has been used. The corresponding liability-weighted index-linked yield is 5.08%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2024.

Expected Retirement Age

Expected Retirement Age - Female	62	62	62	62
Expected Retirement Age - Male	62	62	62	62
	-	-	-	-

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

11. Employee benefit obligations (continued)

Other assumptions

Amounts for the current and previous four years are as follows:

	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Accrued liability - Post Retirement Health Care	142 636	154 596	161 849	153 260	167 599
Actuarial Gains / (Losses) - Post Retirement Health Care	(41 157)	3 417	9 751	29 056	5 231
Accrued liability - Long Service Award	76 549	67 255	72 050	73 032	82 331
Actuarial Gains / (Losses) - Long Service Award	(47 139)	16 101	3 302	6 901	532
	-	-	-	-	-

Sensitivity Analysis on Current-service and interest cost for the year ending 30 June 2024

	Current-service cost	Interest cost	Total
Post Retirement Health Care	-	-	-
Central Assumptions	6 879	18 769	25 648
Health care inflation (+1%)	7 518	19 991	27 509
Health care inflation (-1%)	6 044	17 237	23 281
Discount rate (+1%)	5 794	17 859	23 653
Discount rate (-1%)	8 254	19 798	28 052
Post-retirement mortality (+1 years)	6 734	18 298	25 032
Post-retirement mortality (-1 years)	7 014	19 232	26 246
Average retirement age (-1 year)	7 422	19 957	27 379
Continuation of membership at retirement (-10%)	5 897	17 062	22 959
Long Service Award	-	-	-
Central assumptions	6 375	7 946	14 321
General salary inflation (+1%)	6 859	8 453	15 312
General salary inflation (-1%)	5 939	7 483	13 422
Discount rate (+1%)	5 992	8 140	14 132
Discount rate (-1%)	6 805	7 717	14 522
Average retirement age (+2yrs)	6 894	8 715	15 609
Average retirement age (-2 yrs)	5 808	7 110	12 918
Withdrawal rates (x2)	4 766	6 319	11 085
Withdrawal rates (x0.5)	7 520	9 034	16 554
	-	-	-

Sensitivity Analysis on the Accrued Liability - Assumptions & Change for the year ending 30 June 2024

	In-service	Retired	Total
Post Retirement Health Care	-	-	-
Central Assumptions	105 505	62 094	167 599
Health care inflation (+1%)	114 193	63 794	177 987
Health care inflation (-1%)	94 521	59 897	154 418
Discount rate (+1%)	90 156	57 887	148 043
Discount rate (-1%)	124 765	66 906	191 671
Post-retirement mortality (+1 years)	103 334	60 230	163 564
Post-retirement mortality (-1 years)	107 617	63 943	171 560
Average retirement age (-1 years)	116 212	62 094	178 306
Continuation of membership at retirement (-10%)	90 150	62 094	152 244
Long Service Award	-	-	-

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
11. Employee benefit obligations (continued)				
Central assumptions	-	-	-	82 331
General salary inflation (+1%)	-	-	-	87 029
General salary inflation (-1%)	-	-	-	78 024
Discount rate (+1%)	-	-	-	77 971
Discount rate (-1%)	-	-	-	87 160
Average retirement age (+2 yrs)	-	-	-	90 069
Average retirement age (-2 yrs)	-	-	-	74 255
Withdrawal rates (x2yrs)	-	-	-	67 424
Withdrawal rates (x0.5yrs)	-	-	-	92 189
	-	-	-	-

Expected contributions for the year ending 30 June 2025

Post Retirement Health Care

Opening balance	167 599
Estimate - benefits to be paid	(7 245)
Estimate - Net (income) / expense	<u>27 422</u>
Estimate Balance - 30 June 2025	187 776

Long Service Awards

Opening balance	82 331
Estimate - benefits to be paid	(10 041)
Estimate - Net (income) / expense	<u>15 078</u>
Estimate Balance - 30 June 2025	87 368

12. Multi-Employer Retirement Benefit Information

Some councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds are described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Funds and the Municipal Gratuity Fund are defined contribution plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons: -

- i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

Municipal Councillors Pension Fund:

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13.75%) and Council (15.00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Joint Pension Fund:

Municipal Joint Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (minimum of 7.5%) and Council (18.00% and 22.00% for employees appointed before 01 July 2012) is sufficient to fund the benefits accruing from the fund in the future.

National Fund for Municipal Workers - Pension Fund:

National Fund for Municipal Workers operates as a defined contribution scheme. The contribution rate paid by the members (7.50% or 9.00%) and Council (18.00%) is sufficient to fund the benefits accruing from the fund in the future.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

12. Multi-Employer Retirement Benefit Information (continued)

Municipal Employees Pension Fund:

The Municipal Employees Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (15,00% and 22,00% for employees appointed before 01 July 2012) is sufficient to fund the benefits accruing from the fund in the future.

13. Inventories

Consumable stores	16 755	18 097	16 755	18 097
Water	574	752	574	752
Unsold Properties Held for Resale	28 360	28 360	28 360	28 360
	45 689	47 209	45 689	47 209

Consumables stores consists of maintenance materials and spare parts.

Electrical equipment at stores is of long term nature and has been transferred to PPE. Refer to note 4

14. Receivables from exchange transactions

Prepaid expenses	22 428	21 973	21 841	21 841
Consumer debtors - Electricity	111 023	55 481	111 023	55 481
Consumer debtors - Water	50 177	31 898	29 380	13 525
Consumer debtors - Sewerage	10 846	7 116	10 846	7 116
Consumer debtors - Refuse	9 716	6 053	9 716	6 053
Consumer debtors - Other	79 654	34 590	79 654	34 590
	283 844	157 111	262 460	138 606

Fair value of trade and other receivables

Trade and other receivables	283 844	157 111	262 460	138 606
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Receivables from exchange transactions past due but not impaired

At 30 June 2024, R13 941 (2023: R11 380) were past due but not impaired.

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

2 months past due	13 941	11 380	13 941	11 380
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Trade and other receivables impaired

As of 30/06/2024, Receivables from exchange transactions of R6 848 807 (2023: R5 663 667) were impaired and provided for.

15. Receivables from non-exchange transactions

Fines	10 488	8 589	10 488	8 589
Consumer debtors - Rates	35 079	20 457	35 079	20 457
	45 567	29 046	45 567	29 046

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

15. Receivables from non-exchange transactions (continued)

The average credit period for Receivables is 30 days. Interest is charged once a capital balance is outstanding for more than 30 days (1 month) at the time of the billing run. Interest is charged at prime +1% for property rates interest and prime + 2% for services interest rate of the capital balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values. Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The municipality has two classes of receivables that meet the criteria of statutory receivables, being property rates which are levied in terms of the Municipal Property Rates Act and traffic fines imposed in terms of the Criminal Procedure Act. Receivables from traffic fines and property rates are part of this note but are disclosed separately in line with GRAP 108: Statutory receivables.

Gross Balance - Fines	52 783	41 609	52 783	41 609
Allowance for Impairment - Fines	(42 295)	(33 020)	(42 295)	(33 020)
Net Balance - Fines	10 488	8 589	10 488	8 589

Gross Balance - Property Rates	651 016	567 316	651 016	567 316
Allowance for Impairment - Property Rates	(615 937)	(546 859)	(615 937)	(546 859)
Net Balance - Property Rates	35 079	20 457	35 079	20 457

Receivables from non-exchange transactions past due but not impaired

At 30/06/2024, R2 534 (2023: R2 153) were past due but not impaired.

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

2 months past due	2 534	2 153	2 534	2 153
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Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

15. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates debtors and Traffic Fines debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.

16. Consumer debtors disclosure

Gross balances

Consumer debtors - Rates	651 016	567 316	651 016	567 316
Consumer debtors - Electricity	671 857	539 015	671 857	539 015
Consumer debtors - Water	1 742 344	1 520 841	1 721 547	1 502 468
Consumer debtors - Sewerage	495 916	399 379	495 916	399 379
Consumer debtors - Refuse	566 934	477 774	566 934	477 774
Consumer debtors - Other	3 633 172	2 861 796	3 633 172	2 861 796
	7 761 239	6 366 121	7 740 442	6 347 748

Less: Allowance for impairment

Consumer debtors - Rates	(615 937)	(546 859)	(615 937)	(546 859)
Consumer debtors - Electricity	(560 834)	(483 534)	(560 834)	(483 534)
Consumer debtors - Water	(1 692 167)	(1 488 943)	(1 692 167)	(1 488 943)
Consumer debtors - Sewerage	(485 070)	(392 263)	(485 070)	(392 263)
Consumer debtors - Refuse	(557 218)	(471 721)	(557 218)	(471 721)
Consumer debtors - Other	(3 553 518)	(2 827 206)	(3 553 518)	(2 827 206)
	(7 464 744)	(6 210 526)	(7 464 744)	(6 210 526)

Net balance

Consumer debtors - Rates	35 079	20 457	35 079	20 457
Consumer debtors - Electricity	111 023	55 481	111 023	55 481
Consumer debtors - Water	50 177	31 898	29 380	13 525
Consumer debtors - Sewerage	10 846	7 116	10 846	7 116
Consumer debtors - Refuse	9 716	6 053	9 716	6 053
Consumer debtors - Other	79 654	34 590	79 654	34 590
	296 495	155 595	275 698	137 222

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
16. Consumer debtors disclosure (continued)				
Rates				
Current (0 -30 days)	25 831	12 682	25 831	12 682
31 - 60 days	6 714	5 622	6 714	5 622
61 - 90 days	2 534	2 153	2 534	2 153
	35 079	20 457	35 079	20 457
Electricity				
Current (0 -30 days)	92 357	39 209	92 357	39 209
31 - 60 days	12 028	11 102	12 028	11 102
61 - 90 days	6 638	5 170	6 638	5 170
	111 023	55 481	111 023	55 481
Water				
Current (0 -30 days)	40 434	23 015	19 637	4 642
31 - 60 days	7 035	6 402	7 035	6 402
61 - 90 days	2 708	2 481	2 708	2 481
	50 177	31 898	29 380	13 525
Sewerage				
Current (0 -30 days)	7 281	4 018	7 281	4 018
31 - 60 days	2 540	2 180	2 540	2 180
61 - 90 days	1 025	918	1 025	918
	10 846	7 116	10 846	7 116
Refuse				
Current (0 -30 days)	6 623	2 937	6 623	2 937
31 - 60 days	2 211	2 168	2 211	2 168
61 - 90 days	882	948	882	948
	9 716	6 053	9 716	6 053
Other				
Current (0 -30 days)	61 212	28 419	61 212	28 419
31 - 60 days	15 818	4 306	15 818	4 306
61 - 90 days	2 624	1 865	2 624	1 865
	79 654	34 590	79 654	34 590

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

16. Consumer debtors disclosure (continued)

Summary of debtors by customer classification

Consumers

Current (0 -30 days)	240 846	144 316	240 846	144 316
31 - 60 days	196 450	144 070	196 450	144 070
61 - 90 days	174 229	124 890	174 229	124 890
> 90 days	6 420 301	5 327 403	6 420 301	5 327 403
	7 031 826	5 740 679	7 031 826	5 740 679
Less: Allowance for impairment	(6 927 063)	(5 712 598)	(6 927 063)	(5 712 598)
	104 763	28 081	104 763	28 081

Industrial/ commercial

Current (0 -30 days)	199 150	186 286	178 353	167 913
31 - 60 days	45 885	27 041	45 885	27 041
61 - 90 days	32 731	15 090	32 731	15 090
> 90 days	347 186	318 611	347 186	318 611
	624 952	547 028	604 155	528 655
Less: Allowance for impairment	(444 874)	(428 592)	(444 874)	(428 592)
	180 078	118 436	159 281	100 063

National and provincial government

Current (0 -30 days)	12 076	9 555	12 076	9 555
31 - 60 days	7 111	6 744	7 111	6 744
61 - 90 days	6 961	2 994	6 961	2 994
> 90 days	78 312	59 121	78 312	59 121
	104 460	78 414	104 460	78 414
Less: Allowance for impairment	(92 806)	(69 336)	(92 806)	(69 336)
	11 654	9 078	11 654	9 078

17. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	13	13	13	13
Bank balances	1 032 745	792 435	515 668	412 160
Short-term deposits	26 491	24 527	26 491	24 527
	1 059 249	816 975	542 172	436 700

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances and Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023

17. Cash and cash equivalents (continued)

The economic entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30/06/2024	30/06/2023	30/06/2022	30/06/2024	30/06/2023	30/06/2022
Primary Bank Account - ABSA - Main Branch Rustenburg - Account Number 1220000458	31 795	21 869	36 500	32 853	23 945	36 500
Landfill Bank Account - ABSA - Account Number 4093972008	-	-	2 437	-	-	2 437
Housing Bank Account - ABSA - Main Branch Rustenburg - 4 054617192	-	-	2 356	-	-	2 356
Reserves Bank Account - ABSA - Main Branch Rustenburg- 9330627743	-	-	40 496	-	-	40 094
Deposits Bank Account - A B SA- Main Branch Rustenburg - 9330627793	-	-	2	-	-	2
Conditional Grants Bank Account - ABSA - Main Branch Rustenburg - 9 3 30627858	-	-	348 987	-	-	347 599
Traffic Fines Bank Account -A B SA - Main Branch Rustenburg - 4050672659	-	-	46 317	-	-	45 998
ABSA - Main Branch Rustenburg - 4071196779	-	-	-	-	-	-
Primary Bank Account -STD B ANK - BarongwaBranch Rustenburg - AccountNumber 33054657	100 740	5 754	-	96 104	(22 452)	-
RRT Bank Account - STD BANK - Barongwa BranchRustenburg - Account Number33054681	15 508	4 166	-	15 508	4 166	-
Landfill Bank Account -STD B ANK - BarongwaBranch Rustenburg - AccountNumber 33054703	5 476	4 315	-	5 476	4 315	-
Traffic Bank Account - STDBANK - Barongwa BranchRustenburg - Account Number33054789	23 813	11 221	-	23 813	10 878	-
Conditional Grants Bank Account - STD BANK - BarongwaBranch Rustenburg - AccountNumber 33054797	80 718	270 671	-	80 718	270 671	-
Services Bank Account -STD B ANK - BarongwaBranch Rustenburg - AccountNumber 33054851	13 634	6 869	-	13 634	6 869	-
Licensing Bank Account -STD B ANK - BarongwaBranch Rustenburg - AccountNumber 33061858	69 101	38 625	-	69 101	38 625	-
Housing Bank Account -STD B ANK - BarongwaBranch Rustenburg - AccountNumber 33061815	2 362	2 362	-	2 362	2 362	-

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

			Economic entity		Controlling entity	
			2024	2023	2024	2023
Figures in Rand thousand						
17. Cash and cash equivalents (continued)						
Call Bank Account - STD BANK - B arongwa BranchRustenburg - A ccountNumber 3 8440318(001)	113 535	72 327	-	113 535	72 327	-
Reserves Bank Account -STD B ANK - B arongwaBranch Rustenburg - A ccountNumber 3 3061823	62 552	1 000	-	62 552	1 000	-
Distribution Reserve Account - A BSA - Account number4 061024001	27 136	26 038	37 366	27 136	26 038	37 366
Distribution Call Account - ABSA - Account number 4 077517288	489 940	354 237	204 485	489 940	354 237	204 485
Total	1 036 310	819 454	718 946	1 032 732	792 981	716 837

Figures in Rand Thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
Absa	6 749	6 207	6 749	6 207
Standard Bank	653	617	653	617
Kagiso Asset Management	7 850	7 284	7 850	7 284
Sanlam	10 649	9 829	10 649	9 829
Absa Guarantee Deposits	590	590	590	590
	-	-	-	-
Total	26 491	24 527	26 491	24 527

Guarantees

Guarantees reflected above in the Gaurantee deposit of ABSA to the value of R590 (2023:R590) are ceded in favour of third parties.

Financial Guarantee R2 163

Financial Guarantee - (Local Documented Product - Guarantees) R26 782

Facilities

Leases (Full maintenance lease) R200 000

18. Revaluation reserve

Opening balance	262 194	264 590	-	-
Impairment adjustment for the year	(774)	(770)	-	-
Revaluation Surplus	(4 501)	(1 626)	-	-
	256 919	262 194	-	-

19. Finance lease obligation

Minimum lease payments due

- within one year	-	12 057	-	12 057
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Finance Lease Liabilities relates to IT Equipment with lease terms of 36 months. The effective interest rates on Finance Leases is 8.5%. Capitalised Lease Liabilities are secured over the items of IT equipment leased.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
20. Unspent conditional grants and receipts				
Unspent conditional grants and receipts comprises of:				
Unspent conditional grants and receipts				
National Government Grants - Municipal Infrastructure Grant (MIG)	54 749	-	54 749	-
Provincial Government Grants - Department of Sports, Arts and Culture (DSAC Library)	317	252	317	252
Provincial Government Grants - Extended Public Works Programme (EPWP)	151	-	151	-
Other: EEDG	404	-	404	-
National Government Grants - Municipal Water Infrastructure Grant (MWIG)	-	36 327	-	36 327
National Government Grants - Integrated National Electrification Programme (INEP)	-	13	-	13
National Government Grants - Neighbourhood Development Programme (NDP)	4 176	209	4 176	209
	59 797	36 801	59 797	36 801

See note 31 for reconciliation of grants from National / Provincial Government.

21. Other financial liabilities

At amortised cost

INCA	-	7 576	-	7 576
The loan is repayable in equal installments of R4 002 at the end of February and August every year, with final installment payable 29 February 2024. The loan bears interest at 13.82%				
DBSA Loan 61007193	151 383	173 784	151 383	173 784
The loan is repayable in 6 monthly installments in December and June, with the redemption date of 2 July 2029. The loan bears interest at 9.90%.				
DBSA Loan 61007264	85 514	95 538	85 514	95 538
The loan is repayable in 6 monthly installments in December and June, with the redemption date of 28 June 2030. The loan bears interest at 10.07%				
	236 897	276 898	236 897	276 898

Total other financial liabilities	236 897	276 898	236 897	276 898
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The management of the municipality is of the opinion that the carrying value of Other financial liabilities recorded at amortised cost in the Consolidated Financial Statements approximate their fair value.

Non-current liabilities

At amortised cost	201 201	236 897	201 201	236 897
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Current liabilities

At amortised cost	35 696	40 001	35 696	40 001
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Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

22. Provisions

Reconciliation of provisions - Economic entity - 2024

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	196 151	-	(561)	195 590
Rustenburg Water Service Trust	3 808	1 703	-	5 511
	199 959	1 703	(561)	201 101

Reconciliation of provisions - Economic entity - 2023

	Opening Balance	Additions	Total
Environmental rehabilitation	172 039	24 112	196 151
Rustenburg Water Service Trust	-	3 808	3 808
	172 039	27 920	199 959

Reconciliation of provisions - Controlling entity - 2024

	Opening Balance	Utilised during the year	Total
Environmental rehabilitation	196 151	(561)	195 590

Reconciliation of provisions - Controlling entity - 2023

	Opening Balance	Additions	Total
Environmental rehabilitation	172 039	24 112	196 151
Non-current liabilities	10 774	18 398	18 398
Current liabilities	190 327	181 561	177 753
	201 101	199 959	195 590

Environmental rehabilitation provision

In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R233 139 to restore the site at the end of its useful life, estimated to be 25 years for the Waterval landfill site. An inflation rate of 5.34% was used in determining the future value. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate. A discount rate of 13.09% was used in determining the Net Present Value.

Rustenburg Water Services Trust

From October 2023 the Trust encountered low flow volumes in the Rustenburg WWTW. These volumes were lower than what was tendered for by the operator in 2014 when the current tender was awarded. The exact amount of this provision was not known to the Trust as at 30 June 2024 and the provision is an estimated amount.

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
23. Payables from exchange transactions				
Trade payables	676 960	811 285	747 714	937 244
Payments received in advance	195 112	161 744	195 112	161 744
Accrued leave pay	109 455	100 383	109 455	100 383
Accrued bonus	17 430	16 980	17 430	16 980
Unallocated Deposits	56 095	27 610	56 095	27 610
Retentions	67 429	58 730	67 429	58 730
	1 122 481	1 176 732	1 193 235	1 302 691

Staff leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Payments received in advance are municipal debtors who have credit balances at the reporting date. This is due to various reasons which include clearances paid on properties awaiting transfer at the deeds office.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of payables from exchange transactions approximate their fair values.

24. VAT payable

VAT accrual	419 441	430 397	418 494	429 512
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The VAT accrual does not represent amounts to be paid, but rather amounts that are associated with transactions that are yet to be settled. There is no money to be paid to SARS for these amounts as yet.

VAT is payable on the receipt basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

25. Consumer deposits

Electricity and Water	67 952	64 069	67 952	64 069
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Guarantees

Guarantees held in lieu of electricity and water	27 763	28 588	27 763	28 588
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Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

25. Consumer deposits (continued)

Consumer Deposit Recon	Economic entity		Controlling entity	
Figures in Rand Thousand	2024	2023	2024	2023
Opening Balance Deposits	72 004	68 539	72 004	68 539
Deposits during the year	3 853	3 465	3 853	3 465
Subtotal Deposits	75 857	72 004	75 857	72 004
Sundries and Refunds	(7 905)	(7 935)	(7 905)	(7 935)
Closing Balance	67 952	64 069	67 952	64 069

26. Service charges

Sale of electricity	2 054 300	3 361 358	2 054 300	3 361 358
Sale of water	538 388	652 446	461 146	574 689
Sewerage and sanitation charges	206 869	182 803	206 869	182 803
Refuse removal	176 930	158 289	176 930	158 289
	2 976 487	4 354 896	2 899 245	4 277 139

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

27. Rental of facilities and equipment

Premises

Rental Revenue from Halls	1 226	1 037	1 226	1 037
Rental Revenue from Buildings	10 276	8 293	10 276	8 293
	11 502	9 330	11 502	9 330

Facilities and equipment

Rental Revenue from Amenities	34	18	34	18
Rental Revenue from Other Facilities	184	248	184	248
	218	266	218	266
	11 720	9 596	11 720	9 596

28. Other income

Building Plan Fees	1 359	1 270	1 359	1 270
Application for clearance certificate	3	2	3	2
Reconnection fees	1 847	2 329	1 847	2 329
Cemetery Fees	1 091	991	1 091	991
Advertising Signs	721	1 596	721	1 596
Photocopies	24	48	24	48
Surplus cash	355	459	355	459
Sundry Income	15 895	14 142	15 895	14 142
Swimming pool fees	5	1	5	1
	21 300	20 838	21 300	20 838

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

29. Interest received - investment

Interest revenue

Investments	89 472	55 368	53 560	35 754
Finance leases	-	-	91	132
Early loan settlement	287	-	287	-
	89 759	55 368	53 938	35 886

30. Property rates

Rates received

Residential	222 904	191 880	222 904	191 880
Commercial	275 057	276 054	275 057	276 054
State	5 474	8 380	5 474	8 380
Agriculture	18 167	16 536	18 167	16 536
	521 602	492 850	521 602	492 850

Valuations

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2021. Supplementary valuations are processed on a monthly basis to take into account changes to individual property values due to alterations and subdivisions.

Interim valuations are processed on an continuous basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

31. Grants and subsidies paid

Other subsidies

Community Projects	737	708	737	708
Rustenburg Transit - Bus Operating Company	159 396	146 619	159 396	146 619
	160 133	147 327	160 133	147 327

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
32. Government grants and subsidies				
Operating grants				
Equitable share	1 072 059	941 352	1 072 059	941 352
National: Financial Management Grant	1 700	1 700	1 700	1 700
Provincial: EPWP training	2 045	2 853	2 045	2 853
	1 075 804	945 905	1 075 804	945 905
Capital grants				
National: Municipal Infrastructure Grant (MIG)	216 982	231 189	216 982	231 189
National: Neighbourhood Development Programme (NDP)	824	791	824	791
Grants from private Org - EEDG	4 596	-	4 596	-
National Public Transport Network Grant (PTNG)	568 603	378 509	568 603	378 509
Provincial: Department of Sports, Arts and Culture (DSAC Library)	1 719	1 496	1 719	1 496
National Municipal Water Infrastructure Grant (MWIG)	65 000	12 673	65 000	12 673
National: Integrated National Electrification Program (INEP)	31 000	26 009	31 000	26 009
	888 724	650 667	888 724	650 667
	1 964 528	1 596 572	1 964 528	1 596 572

Equitable Share

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

In terms of the Constitution, this grant is used to subsidise the provision of basic services to community members. In terms of the allocation made by DPLG the funds are also utilised to enable the municipality to execute its functions as the local authority.

National: Financial Management Grant (FMG Grant)

Current-year receipts	1 700	1 700	1 700	1 700
Conditions met - transferred to revenue	(1 700)	(1 700)	(1 700)	(1 700)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 20).

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003.

National: Municipal Infrastructure Grant (MIG Funds)

Balance unspent at beginning of year	-	94 824	-	94 824
Current-year receipts	271 731	231 189	271 731	231 189
Conditions met - transferred to revenue	(216 982)	(231 189)	(216 982)	(231 189)
Roll over not allowed	-	(94 824)	-	(94 824)
	54 749	-	54 749	-

Conditions still to be met - remain liabilities (see note 20).

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

32. Government grants and subsidies (continued)

Provincial: Department of Sports, Arts and Culture Grant (DSAC Library)

Balance unspent at beginning of year	252	39	252	39
Current-year receipts	1 784	1 709	1 784	1 709
Conditions met - transferred to revenue	(1 719)	(1 496)	(1 719)	(1 496)
	317	252	317	252

Conditions still to be met - remain liabilities (see note 20).

The grant was received to transform rural and urban community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

Provincial: Expanded Public Works Programme Integrated Grant (EPWP)

Current-year receipts	2 196	2 853	2 196	2 853
Conditions met - transferred to revenue	(2 045)	(2 853)	(2 045)	(2 853)
	151	-	151	-

Conditions still to be met - remain liabilities (see note 20).

The grant was used to incentivise provincial departments to increase job creation efforts in infrastructure, environment and culture programmes through the use of labour-intensive methods and the expansion of job creation in line with EPWP guidelines.

Other: Energy Efficiency and Demand-Side Management Grant

Balance unspent at beginning of year	-	207	-	207
Current-year receipts	5 000	-	5 000	-
Conditions met - transferred to revenue	(4 596)	-	(4 596)	-
Roll over not allowed	-	(207)	-	(207)
	404	-	404	-

Conditions still to be met - remain liabilities (see note 20).

The grant funds selected municipalities to implement energy-efficiency projects, with a focus on public lighting and energy efficient municipal infrastructure.

National: Public Transport Network Grant (PTNG)

Balance unspent at beginning of year	-	39 788	-	39 788
Current-year receipts	568 603	338 721	568 603	338 721
Conditions met - transferred to revenue	(568 603)	(378 509)	(568 603)	(378 509)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 20).

National: MWIG

Balance unspent at beginning of year	36 327	29 242	36 327	29 242
Current-year receipts	65 000	49 000	65 000	49 000
Conditions met - transferred to revenue	(65 000)	(12 673)	(65 000)	(12 673)
Roll over not allowed	(36 327)	(29 242)	(36 327)	(29 242)
	-	36 327	-	36 327

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

32. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 20).

National: Integrated National Electrification Programme (INEP)

Balance unspent at beginning of year	13	22	13	22
Current-year receipts	31 000	26 000	31 000	26 000
Conditions met - transferred to revenue	(31 000)	(26 009)	(31 000)	(26 009)
Roll over not allowed	(13)	-	(13)	-
	-	13	-	13

Conditions still to be met - remain liabilities (see note 20).

National: Neighbourhood Development Programme (NDP)

Balance unspent at beginning of year	209	1 277	209	1 277
Current-year receipts	5 000	1 000	5 000	1 000
Conditions met - transferred to revenue	(824)	(791)	(824)	(791)
Roll over not allowed	(209)	(1 277)	(209)	(1 277)
	4 176	209	4 176	209

Conditions still to be met - remain liabilities (see note 20).

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
33. Employee related costs				
Basic	523 659	521 126	519 338	516 319
Bonus	39 884	37 341	39 884	37 341
Medical aid - company contributions	51 815	47 671	51 815	47 671
UIF	3 827	3 857	3 827	3 857
WCA	4 668	12 951	4 668	12 951
SDL	7 570	7 285	7 570	7 285
Pension	95 053	91 486	95 053	91 486
Industrial Council Levy	277	328	277	328
Travel, Motor Car, Accomodation, Subsistence and Other Allowances	57 507	47 110	57 507	47 110
Housing benefits and allowances	2 615	2 488	2 615	2 488
Overtime payment	14 802	10 111	14 802	10 111
Other Employee Cost	51 373	53 003	51 373	53 003
Defined Benefit Plan Expense	2 686	2 074	2 686	2 074
	855 736	836 831	851 415	832 024

Remuneration of Municipal Manager

Annual Remuneration	1 253	1 364	1 253	1 364
Acting Allowance	63	214	63	214
Contributions to UIF, Medical and Pension Funds	14	55	14	55
	1 330	1 633	1 330	1 633

Remuneration of Chief Financial Officer

Annual Remuneration	-	642	-	642
Acting Allowance	236	63	236	63
Contributions to UIF, Medical and Pension Funds	-	21	-	21
	236	726	236	726

Remuneration of Director: Community Development

Annual Remuneration	-	1 029	-	1 029
Car Allowance	-	48	-	48
Acting Allowance	121	49	121	49
Contributions to UIF, Medical and Pension Funds	-	12	-	12
	121	1 138	121	1 138

Remuneration of Director: Corporate Services

Acting Allowance	132	14	132	14
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Remuneration of Director: Local Economic Development

Annual Remuneration	-	607	-	607
Acting Allowance	126	112	126	112
Contributions to UIF, Medical and Pension Funds	-	7	-	7
	126	726	126	726

Remuneration of Director: Planning and Human Settlements

Annual Remuneration	-	420	-	420
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Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
33. Employee related costs (continued)				
Car Allowance	-	30	-	30
Acting Allowance	82	10	82	10
Contributions to UIF, Medical and Pension Funds	-	5	-	5
	82	465	82	465

Remuneration of Director: Technical and Infrastructure Services

Acting Allowance	156	71	156	71
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Remuneration of Director: Public Safety

Annual Remuneration	1 201	1 399	1 201	1 399
Car Allowance	247	329	247	329
Acting Allowance	59	-	59	-
Contributions to UIF, Medical and Pension Funds	74	97	74	97
	1 581	1 825	1 581	1 825

Remuneration of Director: Rust Rapid Transport

Acting Allowance	130	190	130	190
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Total employee related cost	-	859 630	843 619	855 310	838 812
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34. Remuneration of councillors

Executive Major	1 610	1 523	1 610	1 523
Speaker	1 098	1 177	1 098	1 177
Mayoral Committee Members	13 819	12 757	13 819	12 757
Chief Whip	1 262	1 159	1 262	1 159
Councillors	39 780	39 415	39 780	39 415
Company Contributions to UIF, Medical and Pension Funds	7 714	6 012	7 714	6 012
	65 283	62 043	65 283	62 043

In-kind benefits

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

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor, Speaker and Chief Whip has use of a Council owned vehicle for official duties and full-time bodyguards.

The salaries, allowances and benefits of Councillors as disclosed in this note are within the upper limits of the framework envisaged in Section 219 of the Constitution and read with the Remuneration of Public Officer Bearers Act.

35. Depreciation and amortisation

Property, plant and equipment	360 986	422 707	332 437	389 975
Investment property	7 231	7 291	7 231	7 291
Intangible assets	23	67	23	67
	368 240	430 065	339 691	397 333

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

36. Impairment of assets

Impairments

Property, plant and equipment With the assessment of the useful life and inspection of the asset conditions impairments were recognised.	17 955	12 726	17 161	10 914
Inventories During the inventory count obsolete stock were identified and provided for.	225	4 358	225	4 358
Consumer Debtors Recoverability of receivables from exchange and non-exchange transactions were assessed and provision for impairment were identified.	1 099 634	945 633	1 099 634	945 633
Receivables from non-exchange revenue Recoverability of IGRAP receivables were assessed and provision for impairment were identified.	9 275	11 292	9 275	11 292
	1 127 089	974 009	1 126 295	972 197

37. Finance costs

Employee benefits	26 715	26 276	26 715	26 276
Finance leases	562	1 541	562	1 541
Loans and Payables at amortised cost	26 522	30 200	26 522	30 200
Late payment of tax	89	1	89	1
RRT Operators	25 142	39 366	25 142	39 366
Eskom	17	-	17	-
	79 047	97 384	79 047	97 384

38. Bulk purchases

Electricity	1 844 264	3 141 314	1 844 264	3 141 314
Water	481 461	476 495	628 023	640 750
	2 325 725	3 617 809	2 472 287	3 782 064

39. Contracted services

Security services	41 492	32 877	41 492	32 877
Valuation services	4 050	5 772	4 050	5 772
Waste Removal	76 129	66 727	76 129	66 727

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
39. Contracted services (continued)				
RRT Operator Compensation	96 866	196 136	96 866	196 136
Accounting and Auditing	422	495	422	495
Agriculture	1 367	92	1 367	92
Air Pollution	549	143	549	143
Audit Committee	686	54	686	54
Bus Rapid Transport	3 837	5 810	3 837	5 810
Business and Financial Management	36 343	26 837	36 343	26 837
Disaster Management	223	897	223	897
Enterprise Development	-	783	-	783
Forensic Investigators	234	422	234	422
Land and Quantity Surveyor	1 899	6	1 899	6
Legal Fees	48 516	36 210	48 516	36 210
Medical Examinations	47	22	47	22
Project Management	6 925	7 406	6 925	7 406
Revenue Enhancement	-	339	-	339
Meter Management	20 086	12 844	20 086	12 844
Water Quality	2 587	6 381	2 587	6 381
Board Member	76	-	76	-
Human Resource Management	1 112	-	1 112	-
Catering	59	-	59	-
Electricity Consumption	6 501	10 423	6 501	10 423
Greening and Grass Cutting	6 755	-	6 755	-
Insects and Weed	188	-	188	-
Occupational Health and Safety	174	-	174	-
	357 123	410 676	357 123	410 676

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
40. General expenses				
Advertising	1 775	3 777	1 775	3 777
Auditors remuneration	16 300	15 198	15 092	14 043
Bank charges	1 408	2 067	1 400	2 060
Commission paid	34 426	24 892	34 426	24 892
Consumables	33 612	20 004	33 612	20 004
Corporate Communication	508	-	508	-
Information Technology	459	-	459	-
Entertainment	76	299	76	299
Legal Costs	221	989	-	-
Hire	16 045	7 947	16 045	7 947
Insurance	18 904	15 726	17 575	14 844
Municipal Services	1 161	-	1 161	-
Marketing	777	612	777	612
Contribution for landfill sites	-	24 112	-	24 112
Printing and stationery	4 450	4 111	4 450	4 111
Protective clothing	1 726	-	1 726	-
Repairs and maintenance	188 565	151 871	166 404	137 372
Subscriptions and membership fees and levies	9 982	10 612	9 982	10 612
Telephone and fax	5 930	6 381	5 930	6 381
Transport and freight	52 855	25 706	52 855	25 706
Training	33	1 284	33	1 284
Travelling Subsistence	1 660	1 483	1 660	1 483
Assets written off	575 641	11 961	575 641	11 961
Water	129 671	129 096	-	-
Consumption expenditure	2 138	102	2 138	102
Strategic Planning	2 215	1 452	-	-
License fees	10 112	7 081	9 655	6 868
Ward committee	7 167	7 367	7 165	7 367
Recruitment Fees	123	-	-	-
Other expenses	17 357	24 763	17 357	24 763
	1 135 297	498 893	977 902	350 600

The amounts disclosed above for Other Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

41. Auditors' remuneration

Fees	16 300	15 198	15 092	14 043
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Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
42. Cash generated from operations				
(Deficit) surplus	(134 331)	168 745	(202 920)	94 891
Adjustments for:				
Depreciation and amortisation	368 240	430 065	339 691	397 333
Gain on disposal of assets	(23)	(4)	-	-
Finance costs	27 084	28 063	27 084	28 063
Impairment loss	1 127 089	974 009	1 126 295	972 197
Movements in operating lease assets	9	22	9	22
Movements in employee benefit obligations	23 638	64 443	23 638	64 443
Movements in provisions	1 142	(44 130)	(561)	(47 938)
Public contributions and donations	(19 270)	(154 247)	(19 270)	(154 247)
Asset Disposals	575 641	-	575 641	-
Changes in working capital:				
Inventory	1 520	6 904	1 520	6 904
Receivables from exchange and non-exchange transactions	(1 258 240)	(988 340)	(1 254 934)	(992 294)
Payables from Exchange transactions and other payables	(85 600)	(26 203)	(140 890)	(58 066)
	626 899	459 327	475 303	311 308

43. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2024

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	283 844	283 844
Receivables from non-exchange transactions	-	45 567	45 567
Cash and cash equivalents	1 059 249	-	1 059 249
Investments	1 074	-	1 074
Guarantees	27 763	-	27 763
VAT Receivable	-	159 166	159 166
	1 088 086	488 577	1 576 663

Financial liabilities

	At amortised cost	Total
Other financial liabilities	236 897	236 897
Payables from exchange transactions	995 596	995 596
Consumer Deposits	67 952	67 952
VAT Payable	419 441	419 441
	1 719 886	1 719 886

Economic entity - 2023

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	157 111	157 111
Receivables from non-exchange transactions	-	29 046	29 046

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
43. Financial instruments disclosure (continued)				
Cash and cash equivalents		816 975	-	816 975
Investments		774	-	774
Guarantees		28 588	-	28 588
VAT Receivable		-	153 314	153 314
		846 337	339 471	1 185 808

Financial liabilities

	At fair value	At amortised cost	Total
Other financial liabilities	-	276 898	276 898
Payables from exchange transactions	-	1 059 369	1 059 369
Consumer Deposits	-	64 069	64 069
VAT Payable	-	430 397	430 397
Finance Lease Obligation	12 057	-	12 057
	12 057	1 830 733	1 842 790

Controlling Entity - 2024

Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	262 460	-	262 460
Receivables from non-exchange transactions	-	45 567	-	45 567
Cash and cash equivalents	542 172	-	-	542 172
Investments	1 074	-	1	1 075
Finance lease receivables	-	502	-	502
Guarantees	27 763	-	-	27 763
VAT Receivable	-	159 166	-	159 166
	571 009	467 695	1	1 038 705

Financial liabilities

	At amortised cost	Total
Other financial liabilities	236 897	236 897
Payables from exchange transactions	1 066 351	1 066 351
Consumer Deposits	67 952	67 952
VAT Payable	418 494	418 494
	1 789 694	1 789 694

Controlling Entity - 2023

Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	138 606	-	138 606
Receivables from non-exchange transactions	-	29 046	-	29 046
Cash and cash equivalents	436 700	-	-	436 700
Investments	774	-	1	775
Finance lease receivables	-	929	-	929
Guarantees	28 588	-	-	28 588
VAT Receivable	-	153 314	-	153 314

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
43. Financial instruments disclosure (continued)	466 062	321 895	1	787 958

Financial liabilities

	At fair value	At amortised cost	Total
Other financial liabilities	-	276 898	276 898
Payables from exchange transactions	-	1 185 328	1 185 328
Consumer Deposits	-	64 069	64 069
VAT Payable	-	429 512	429 512
Finance Lease Obligation	12 057	-	12 057
	12 057	1 955 807	1 967 864

Derivative financial instruments and hedging information

Cash and cash equivalents and investments are measured at quoted prices (unadjusted) in active markets for identical assets or liabilities. (level 1) Guarantees are measured at inputs other than quoted market prices. (level 2)

Financial Liabilities Maturity Analysis

30 June 2024 - Economic entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	35 696	39 385	124 294	37 522	236 897
Payables from exchange transactions	995 596	-	-	-	995 596
Consumer deposits	67 952	-	-	-	67 952
VAT Payable	419 441	-	-	-	419 441
	1 518 685	39 385	124 294	37 522	1 719 886

30 June 2023 - Economic entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	40 001	35 696	130 568	70 634	276 898
Payables from exchange transactions	1 059 369	-	-	-	1 059 369
Consumer deposits	64 069	-	-	-	64 069
Finance lease obligation	12 057	-	-	-	12 057
VAT Payable	430 397	-	-	-	430 397
	1 605 893	35 696	130 568	70 634	1 842 790

30 June 2024 - Controlling entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	35 696	39 385	124 294	37 522	236 897
Payables from exchange transactions	1 066 351	-	-	-	1 066 351
Consumer deposits	67 952	-	-	-	67 952
VAT Payable	418 494	-	-	-	418 494
	1 588 493	39 385	124 294	37 522	1 789 694

30 June 2023 - Controlling entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	40 001	35 696	130 568	70 634	276 898
Payables from exchange transactions	1 185 328	-	-	-	1 185 328
Consumer deposits	64 069	-	-	-	64 069
VAT Payable	429 512	-	-	-	429 512
Finance lease obligation	12 057	-	-	-	12 057
	1 730 967	35 696	130 568	70 634	1 967 864

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

44. Commitments

Commitments in respect of Capital Expenditure

Already contracted for but not provided for

• Approved and contracted for	326 520	215 395	325 409	214 284
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Total capital commitments

Already contracted for but not provided for	326 520	215 395	325 409	214 284
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Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

45. Contingencies

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
Bonakude Consulting (Pty) Ltd. // RLM Case No. 1053/19. Claim for payment for consulting services which were rendered to RLM per the SLA that was concluded.	11 451	11 651	11 451	11 651
Reonet (Pty) Ltd. T/a Reonet Utility // RLM. Non-payment of services rendered –Automated meter reading water demand management programme	416	416	416	416
Bigen Africa Services (Pty) Ltd // RLM. Claim for non-payment of rendered professional roads and stormwater services rendered.	8 928	8 928	8 928	8 928
Eritha Door and Windows // RLM. Claim against RLM for outstanding amount for Cession agreement concluded with RLM (as subcontractor) of Makgothamishe. The Municipality cancelled the agreement with the main contractor because of poor performance	6 586	6 586	6 586	6 586
Mmela Investment Holdings (Pty) Ltd // RLM. Issued summons for claiming damages based on the grounds of cancellation of their appointment as per the Bid document.	651 958	651 958	651 958	651 958
Ian Phillip Muller / RLM. Claim for personal injuries suffered as a result of motor vehicle accident in which the Applicant alleges failure of legal duty by the municipality to keep proper maintenance of the road at or near Watsonia Avenue, Geelhout Park, Rustenburg.	1 124	1 124	1 124	1 124
Vesta//RLM. Court Application by RLM to review the contract as invalid, unlawful and unconstitutional. Various urgent interlocutory applications brought to restore and keep access to Phoenix accounting system.	24 962	24 962	24 962	24 962
RLM/ Makgotamishe. RLM has been issued with summons for payment.	-	71 763	-	71 763
Frans Lourens Rootman and Another // RLM and Executive Mayor. Claim in respect of the alleged Defamation of Character.	1 307	1 307	1 307	1 307
RLM / Novel Enterprises. Application for payment of the outstanding amounts for the supply of water tankers in various areas in Rustenburg.	1 892	2 515	1 892	2 515
Boffin & Fundi (PTY) LTD / RLM. Claim in respect of services rendered to conduct audit on all properties within the area of jurisdiction of RLM to reconcile with the billing system of RLM.	2 641	2 641	2 641	2 641
Aecom SA (Pty) Ltd / RLM. Claim for payment of professional service rendered –Waste disposal transfer station – R6 818	6 818	8 618	6 818	8 618
Gabtu Project Management and Construction CC / RLM. Review and setting aside of the tender and claim for damages.	1 288	4 815	1 288	4 815
Lesley Molema /RLM. Review Application against the Arbitrator	-	701	-	701

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Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
45. Contingencies (continued)				
Bogadi Gloria Thekwe and others / Ernst Dinale, RLM and Others. Application for claim of damages in respect of the property known as Erf. 2025 Geelhoutpark Ext 6, which is alleged to have extensive domestic refuse and therefore became unsuitable for residential purposes.	825	825	825	825
Waterlink Warehouse (PTY) LTD // RLM – CASE NO: 106/2016. Water link Warehouse (Pty) Ltd had issued Summons against the Defendant (Rustenburg Local Municipality) claiming for outstanding payment for the service rendered. The Plaintiff is therefore now claiming the following from the Defendant:	1 787	1 787	1 787	1 787
Crystal Lagoon Investments 43 CC // RLM. Application for a refund that was paid under protest in order to obtain Clearance Certificate.	384	384	384	384
Geontsi // RLM. A claim in respect of the design, construction and monitoring of low cost housing at Bethanie Phase 2, Mathopetad Phase 2 and Boitekong Ext 8.	20 174	10 767	20 174	10 767
Ms Mbolekwa - Pupuma. Unfair suspension SAMWU obo (Mfolwe, Mongae, Lephogole) / RLM: Unfair Dismissal	-	6 195	-	6 195
Telkom SA SOC Limited // RLM. Claim for damaged underground electronic communications facilities at various areas	12 230	13 271	12 230	13 271
Nkululeko Nkomo // RLM. Claim for matrimonial loss pursuant to refusal by RLM Security Officer to avail the facility booked for music festival event.	281	281	281	281
JL Mokgatle // RLM. The 2nd Defendant – Mr. Diratsagae – had an accident whilst driving a leased Toyota Hilux Double Cab (bearing registration number HRW 067 NW) around Sun City Pretoria Road. The Plaintiff alleges that the 2nd Defendant was negligent in that he failed to exercise proper care and control of the motor vehicle.	1 100	1 100	1 100	1 100
Thabane Motors / RLM. The plaintiff claims interest and costs against the RLM in respect of unpaid invoices for repairs and maintenance of the Municipality fleet	-	50	-	50
RLM / Vega Turkey Projects. Claim for services rendered.	11 900	11 900	11 900	11 900
Legoa Mokotsoa / Minister of Police & Others. Plaintiff claims legal costs for unlawful arrest.	826	1 026	826	1 026
Ntja Paulus Sello / RLM. Member of the public claim for loss of income	580	580	580	580
Johannes Motshwane / RLM & Executive Mayor. Action instituted for alleged defamation against the RLM and the Executive Mayor	86	86	86	86
MMT Projects - Mosia motubatse Rental & Projects CC / RLM. Claim for services rendered.	-	2 600	-	2 600
KSP Group Pty Ltd / RLM. Claim for enforcement of contract and service level agreement.	4 533	4 533	4 533	4 533
RISE NOW TRADING 34 Pty Ltd R 478 / RLM. Claim for enforcement of contract and service level agreement	148 538	328 842	148 538	328 842
UMKHONTO PROFESSIONAL SERVICES PTY LTD R 479 / RLM. Claim for enforcement of contract and service level agreement	59 594	72 250	59 594	72 250
RWA Plant Hire / RLM. Claim against municipality based on alleged payment of truck license.	3 351	64 669	3 351	64 669
	40	40	40	40

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Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
45. Contingencies (continued)				
Lithadika CC t/a LT Services / RLM. Claim in respect of services rendered.	-	196	-	196
Orlando Ignatuis ntsala / RLM. Claim for unpaid invoices.	1 241	1 623	1 241	1 623
Mabaso ZA / RLM & Minister of Police. Action for unlawfull arrest and detention.	400	523	400	523
Sepumo Primary Cooperative / RLM. Plaintiff issued summons against RLM citing nonpayment for services rendered.	545	397	545	397
SMEC South Africa / RLM. Plaintiff issued summons for payment of services rendered.	344	323	344	323
Nthabiseng OBO Minor Child / RLM. Summons issued against RLM for damages suffered by minor child as a result of electric box which was left naked.	2 850	2 850	2 850	2 850
Losaba Services CC / RLM. Claim in respect of services rendered.	1 382	2 373	1 382	2 373
ABINAAR MODIKELE MATHLOKO vs THE RUSTENBURG LOCAL MUNICIPALITY. Legal proceedings launched by Mr Abinaar Modikele Mathloko against the Rustenburg Local Municipality in terms of which Matloko claims that the Rustenburg Local Municipality allegedly published defamatory publications concerning Mr Matloko during or after August 2019.	-	1 205	-	1 205
UMSO CONSTRUCTION PTY LTD VS RUSTENBURG LOCAL MUNICIPALITY. Summons issued in respect of Contract RLM/MM/0063/2015/16 for services for Detail Design and Construction of the RTT Contract A, CBD North Section.	19 244	19 244	19 244	19 244
RLM / MWENZI SERVICE STATION. DAMAGES INTELLIGENCE EVERYWHERE ENTERPRISES PTY LIMITED // RLM Applicant and RLM 1st Respondent MICROSOFT SA PTY LIMITED 2nd Respondent and ELECTRONIC CONNECT PTY LIMITED 3rd Respondent. Application by Intelligence Everywhere to review and set aside the decision of the First Respondent dated October 2020. On review and setting aside of the impugned decision for an order declaring the contractual relationship between the applicant extant and ordering the payment of the sum of R 7 619 253.71 and legal costs other or alternative relief.	14 000	15 500	14 000	15 500
	-	7 619	-	7 619
RUSTENBURG LOCAL MUNICIPALITY // REUBEN RINGETHA KUBAYI. 18 November 2019 & NW/RUS/RC469/2019	440	440	440	440
Bonakude Consulting (Pty) Ltd. // RLM. Bonakude have issued a combined summons for: Payment; Interest thereon; Cost of suit; Other or alternative relief	5 905	5 905	5 905	5 905
Lele William Kgatshe//Mphoentle Halenyane and RLM case no. 247/22. The plaintiff issued a summons for: Payment; Interest in tempore morae; Costs of suits; Further and/or alternative relief	6 025	6 025	6 025	6 025
DIKGELE DISTRIBUTORS CC V RUSTENBURG LOCAL MUNICIPALITY MAT106644. Summons: Dikgele Distributors instituted action for services rendered to the Municipality for delivery of water tanks at its instance.	-	4 317	-	4 317

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Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
45. Contingencies (continued)				
MAMPEPU CONSTRUCTION AND PROJECTS // RUSTENBURG LOCAL MUNICIPALITY. Mampepu issued summons against RLM for services rendered for delivery of water through water tanks.	31 916	31 916	31 916	31 916
SALBC//RLM .The matter is about agency fees where the bargaining council is accused of failing to deduct agency fees from the employees to the bargaining council.	548	548	548	548
PETER PERCY PHETOANE // RUSTENBURG LOCAL MUNICIPALITY. Summons issued against RLM from motor vehicle accident allegedly caused by employee of RLM during the scope of his employment.	-	108	-	108
KHABOKEDI WASTE MANAGEMENT // RLM. Claim against RLM for monies owed emanating from goods and/or services rendered to RLM	7 020	6 520	7 020	6 520
DROP DOT (PTY) LTD // RLM & 3 OTHERS. Application brought against RLM for payment of outstanding invoices	3 302	3 063	3 302	3 063
ABECO TANKS (PTY) LTD // SEFAKO ENGINEERING & RLM. Amounts due for services rendered.	3 588	3 824	3 588	3 824
SMEC South Africa / RLM. Payment of outstanding invoices	1 505	1 419	1 505	1 419
DAWID MARAIS / RLM. The Plaintiff claims damages to his vehicle as occasioned due to a pothole. Alleges that RLM negligently failed to repair and maintain the road.	-	11	-	11
MADHLOPA & THENGA INC. / RLM. The Plaintiff claims from RLM in terms of a collections agreement concluded between the parties. Plaintiff entitled to a % of what was collected by them on instructions of Plaintiff. Capital was R1,417 But RLM paid a portion after institution of proceedings. Outstanding capital is R448	448	478	448	478
There was a legal matter brought to the high court by one trustee (applicant) against the Trust (respondent). The high court application was referred to arbitration in terms of the Trust Deed, this was finalised during 2021. A cost order was granted in the final arbitration order in favour of the applicant against the Trust in respect of part A of the Arbitration. The remaining step in the matter is for the arbitration award to be made an order of court, following which the applicant's bill of costs can be taxed to determine the due and payable amount. Based on the above outcome, the Trust has a possible obligation that arises from the final arbitration order (past event). The court order is the future event that will confirm the existence of the liability.	450	450	-	-
Luzerne New Bone Holdings T/A Rustenburg Local Municipality & Another. CASE NO:303/2023. Summons issued for professional services rendered.	3 643	3 827	3 643	3 827
Ntiyiso Consulting (Pty) Ltd // RLM. Case Nr:97/2023. Summons issued for professional services rendered.	-	12 159	-	12 159
MAT124670 RUSTENBURG PINE INN LODGE. M303/2020. Notice of Motion received regarding Rates & Taxes	-	189	-	189

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Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
45. Contingencies (continued)				
ONEROI (PTY) LTD t/a RUSTENBURG SQUARE SPAR. 2818/22. Defamation claim due to a facebook posting	1 000	1 000	1 000	1 000
Telkom SA Soc Limited / RLM-(RUS-090-18). Case No: 8144/18. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	108	125	108	125
Telkom SA Soc Limited / RLM (RUS-062/17). Case No: 243/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	29	32	29	32
Telkom SA Soc Limited / RLM-RUS-068/17. Case No.: 101/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	22	244	22	244
Telkom SA Soc Limited / RLM (RUS-063/17). Case No: 223/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	55	60	55	60
Telkom SA SOC Limited / RLM (RUS-064/17). Case No: 223/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	60	66	60	66
Telkom SA SOC Limited / RLM (RUS-065/17). Case No: 102/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	24	26	24	26
Telkom SA Soc Limited / RLM (RUS-066/17). Case No: 103/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	33	36	33	36
Telkom SA Soc Limited / RLM (RUS-067/17). Case No: 231/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	19	21	19	21
MAT130492 GERSON RAMPOLOANE EQUALITY COURT. DISCRIMINATION AND VIOLATION OF RIGHTS TO WATER.	150	-	150	-
Kelly-Jean Shepherd // RLM. Pothole claim	66	-	66	-
Combrink Kgatshe Inc. Plaintiff // RLM Defendant. 18 April 2024 Case No: 1490/24. Summons – Action against the RLM Claim for damages and payment of In the High Court of SA North West Division Mahikeng	19 892	-	19 892	-
AM Consulting (Pty) Ltd // RLM. 20/7/2021 CASE NO: 7 38/2021. Claim for payment of Services rendered.	4 500	-	4 500	-
JST CONSTRUCTION CC V RUSTENBURG LOCAL MUNICIPALITY. RLM received summons for a claim in respect of construction: extension of the CCTV monitoring units per BID No: RLM/0043/2013/14	3 167	-	3 167	-
	1 119 521	1 453 833	1 119 071	1 453 383

It is not practicable to estimate the level of uncertainty for each case. To assign probability levels or scales to matters under litigation is highly impractical due to the nature of litigation. Management exercises a high level of prudence in disclosing the maximum possible outcome of the contingent liabilities. In applying GRAP 19, the municipality considers all cases except where the possibility of an outflow in settlement is extremely remote. The amounts have been based on the attorney's best estimates of the possible amount payable.

Contingent assets

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Figures in Rand thousand	2024	2023	2024	2023

45. Contingencies (continued)

	Economic entity		Controlling entity	
Figures in Rand Thousand	2024	2023	2024	2023
RLM/ MAKGOTAMISHE. RLM has instituted summons for payment. Plaintiff hascounterclaim. Summons issued and served upon Makgotamishe, Awaiting notice ofintention to defend and counterclaim. Action to proceed in the ordinary course. Matterwill proceed and will be complex with expert evidence required	15 884	15 884	15 884	15 884
MAT121028 KHABOKEDI WASTE // RLM. Claim against RLM for monies owedemanating from goods and/or services rendered to RLM. Summons received regardingServices Rendered and Counterclaim	37 857	-	37 857	-
MAT124670 RUSTENBURG PINE INN LODGE //RLM. M303/2020. Notice of Motionreceived regarding Rates & Taxes	189	-	189	-
S.O. MATSHIDISO CONSTRUCTION AND PROJECTS C.C. (In L iquidation) //RUSTENBURG LOCAL MUNICIAPLITY. 15 March 2016 Master Reference:M320/2019. Case Number: 9 236/2016. Commercial matter. The dispute arose onthe 4th o f October, 2013 from a service level agreement that was concludedbetween the RLM and S.O. Matshidiso Construction and Projects C.C, for, inter alia,the p rocurement, supply storage and transportation of paraffin s toves to theindigents on behalf of the RLM. In March, 2016 S.O Matshidiso issued summonsagainst the RLM. RLM made a counter claim	37 442	-	37 442	-
WATERLINK WAREHOUSE (PTY) LTD // RUSTENBURG LOCAL MUNICIPALITY.CASE NO: 302/2016 Commercial matter. The matter arose when the P laintiffdelivered material to the Defendant from time to time upon the specific instance andrequest. Waterlink Warehouse (Pty) Ltd is deregistered. This has the consequencethat the costs order in the first matter and the c ontinuation of the second matter iseffectively now at a standstill.	547	-	547	-
RUSTENBURG LOCAL MUNICIPALITY vs ZELPY 211 CC. Instructions from RLM tocollect from Zelpy 211 CC	-	1 636	-	1 636
RUSTENBURG LOCAL MUNICIPALITY VS ODENDAAL WT. The Collectionsdepartment issues summons on behalf the Rustenburg Local Municipality issuedsummons against Odendaal claiming payment of R103 164.72 arising from municipalaccount	112	112	112	112
RLM / KSP Group Pty Ltd. Counter application to review and set aside the tender. RLMpersuing recovery of funds.	87 546	87 546	87 546	87 546
RLM / RISE NOW TRADING 34 Pty Ltd R 478. Counter application to review and setaside the tender. RLM persuing recovery of funds.	52 645	52 645	52 645	52 645
RLM / UMKHONTO PROFESSIONAL SERVICES PTY LTD R 479. Counter applicationto review and set aside the tender. RLM persuing recovery of funds.	52 044	52 044	52 044	52 044

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Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
45. Contingencies (continued)				
Vesta / RLM. Court Application by RLM to review the contract as invalid, unlawful and unconstitutional. Various urgent interlocutory applications brought to the court and access to Phoenix accounting system.	27 053	27 053	27 053	27 053
Sello Moraka / Forum for Service Delivery / RLM. Urgent application to declare and set aside the vacancy of the applicant as a councillor of the municipality	-	20	-	20
CMS WATER ENGINEERING CC, THEUNIS JACOBUS EHLERS N.O.; WILLIAMKGOMOTSO KUMBE N.O. JACEY KRUGER N.O.; VINESH DILSHOOK N.O.; ANDBOTSHELO ISHMAEL MPETE N.O. "RWST 2017/02 Mechanical and Electrical Works for the Upgrade of the Bospoort Water Treatment Works" by the Rustenburg Local Municipality to CMS Water Engineering CC on the grounds that several mandatory procurement processes were not complied with in terms of section 217 of the Constitution, 1996.	22 689	22 689	22 689	22 689
Luzerne New Bone Holdings T/A Rustenburg Local Municipality & Another. CASE NO: 303/2023. Summons issued for professional services rendered.	3 643	3 643	3 643	3 643
Court order collection of arrears Mampepu Building Construction & Projects CC. 1375/2020. Claim for services rendered (delivery of water via tankers)	10 000	10 000	10 000	10 000
Subtotal	347 651	273 272	347 651	273 272
	347 651	273 272	347 651	273 272

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

46. Related parties

Relationships

Controlled entities

Refer to note 7

Members of key management

Refer to note 33&34

Related party balances

Loan accounts - Owing (to) by related parties

Rustenburg Water Services Trust	502	929
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Amounts included in Trade receivable (Trade Payable) regarding related parties

Rustenburg Water Services Trust - Water Sales	(85 566)	(138 991)
Rustenburg Water Services Trust - Grant & subsidy	(7 476)	(7 476)

Related party transactions

Interest paid to (received from) related parties

Rustenburg Water Services Trust	(91)	(132)
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Purchases from (sales to) related parties

Rustenburg Water Services Trust	146 562	164 256
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The transactions between the Rustenburg Local Municipality and the Rustenburg Water Services Trust is classified as related party transactions. The nature of the relationship is that Rustenburg Local Municipality is the sole beneficiary of the trust and has the right to appoint 4 representatives on the board of trustees.

The internal audit function of the RWST is performed by RLM at no cost to the RWST.

Transactions between Trustees, Executive Management and RWST

KG Lebethe - Trustee	274
M Rapoo - Trustee	105
E Scheepers - Trustee	105
P Mayeza - Trustee	105
M Pitsi - CEO	1 166
M Jacobs - CFO	1 050
	2 805

The transactions between the Trustees and The Rustenburg Water Services Trust is classified as related party transactions. The nature of the relationship is that the Trustees are on the board and thereby has an influence on financial and operating policies of the Trust.

Transactions and Balances between ABSA Bank

Limited and RWST

Interest received	35 171	19 111	-	-
Bank charges	(8)	(7)	-	-

The transactions between ABSA Bank limited and The Rustenburg Water Services Trust is classified as related party transactions. The nature of the relationship is that ABSA has the right to appoint one representative to the board of Trustees and thereby has an influence on financial and operating policies of the Trust.

Rustenburg Local Municipality

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

47. Change in estimate

Property, plant and equipment and Investment Property

Remaining Useful Life Adjustment (2024 Change in Estimate)

During the review of the remaining useful lives (RUL) of assets, we identified 14 404 assets deemed for adjustment. These assets were identified at the beginning of the reporting period and are either in use with a zero RUL or are expected to depreciate to zero within the next 24 months.

The assets meeting this criterion were adjusted to reflect their condition rating as of year-end.

Adjusting the RUL of an asset is considered a subsequent measurement (as it constitutes a change in estimate). In accordance with GRAP 3, paragraphs 38–40, a change in an accounting estimate may affect only the current period's surplus or deficit or the surplus or deficit of both the current period and future periods.

The table below illustrates the depreciation effect per asset class resulting from the adjustments conducted for the 2023/24 financial year.

Asset Class	Asset Count	Depreciation 23/24 (Before Adjustment)	Current year Depreciation and future prospected depreciation based on revised remaining useful life
Investment Property	1	87	6
Property, plant and equipment	14 403	103 121	33 371
Infrastructure assets	7 447	50 449	16 396
Land and Buildings	168	38 341	12 454
Movable Assets	6 788	14 331	4 521
Grand Total	14 404	103 208	33 378

Change in accounting estimate - Rustenburg Water Services Trust Bulk Water Assets

During the 2012 revaluation, the remaining useful life of the assets that the trust leases from the municipality was limited to the end of the leasing period. During the 2016/17 financial year, it became evident that the assets will not revert back to the Municipality after the lease expiry date and as a result the trust could no longer limit the remaining useful life to the end of the lease period.

During the 2017 revaluation, condition assessments were performed, new residual values and estimated useful lives were determined resulting in a lower depreciation charge. The amount of the effect in future periods could not be disclosed, estimating it is impracticable due to the fact that the change in residual values and estimated useful lives were identified as part of the 2017 revaluation and could not be differentiated.

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

48. Prior period errors

Transactions reflected in this note are rounded to thousands.

The following Prior period error corrections were done for the 2022 financial year:

A decrease in Receivables from exchange of R7 940, a decrease in Receivables from non exchange of R7 881, a decrease in Retained Earnings of R14 785 and a decrease in VAT payable of R1 036 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts.

Retained earnings decreased by R7 556 and Receivables from non exchange transactions decreased by R7 556 due to correction of balances that were not supported and showed no movement for at least three years.

A decrease in Retained earnings of R144 028, a decrease in VAT payable of R2 468 and an increase in Payables from exchange of R146 496 occurred due to raising of invoices including RT/BOC obligation that were previously omitted.

Retained earnings increased by R3 479 and Receivables from exchange transactions increased by R3 479 due to correction of billing on municipal accounts in line with prior year findings.

An increase in PPE of R677 278 and an increase in Retained earnings of R677 278 occurred due to recognition and disposal of assets including Housing projects undertaken on municipal jurisdiction by the North West Department of Human Settlements.

Retained earnings decreased by R14 826 and Cash and cash equivalents decreased by R14 826 due to correction of long outstanding reconciling items in line with prior year findings.

The above prior period errors had an impact on the cash flow statement.

The following Prior period error corrections were done for the 2023 financial year:

A decrease in Receivables from exchange of R12 045 and an increase in Transfers and Subsidies of R12 045 occurred due to reduction of RT/BOC prepayment in line prior year findings.

An increase in Sale of bus tickets and a decrease in unallocated deposits occurred due to recording of bus ticket revenue, which was previously omitted.

A decrease in Receivables from exchange of R46 592, a decrease in Receivables from non exchange of R685, a decrease in Service Charges of R40 515, a decrease in Property Rates of R685 and a decrease in VAT payable of R6 077 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts.

Fruitless and wasteful expenditure increased by R1 due interest and penalties levied for late payments.

Other Income decreased by R237 and Cash and cash equivalents decreased by R237 due to revenue which was previously incorrectly recorded and subsequently corrected.

Public Contributions and donations increased by R2 886 and PPE increased by R2 886 due to donation of weighbridge to the municipality.

An increase in Contracted services of R37 622, an increase in Finance costs of R39 366, an increase in General expenses of R5 525, a decrease in VAT payable of R2 486 and an increase in Payables from exchange of R84 999 occurred due to raising of invoices including RT/BOC obligation that were previously omitted.

An increase in Depreciation of R363, an increase in Public contributions and donations of R151 361, an increase in General expenses of R134 and an increase in PPE of R150 865 occurred due to recognition and disposal of assets including Housing projects undertaken on municipal jurisdiction by the North West Department of Human Settlements.

Commitments decreased by R3 412 due to removal of completed contracts in line with prior year findings.

Irregular expenditure increased by R150 143 due to findings raised in prior years that were investigated and corrected.

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

48. Prior period errors (continued)

An increase in Employee Benefit Obligation (current) of R5 769, an increase in Employee Benefit Obligation (non-current) of R67 263, a decrease in Provisions (current) of R5 769 and a decrease in Provisions (non-current) of R67 263 occurred due to reclassification of long service benefits in line with GRAP 25.

An increase in Provisions (current) of R3 808 and a decrease in Payables from exchange of R3 808 occurred due to reclassification of RWST provision in line with GRAP 19.

VAT receivable increased by R153 314 and VAT payable increased by R153 314 due to reclassification of Input VAT accrual.

The above prior period errors had an impact on the cash flow statement.

The combined effects of the prior period errors are as follows in the AFS - Rounded to R'000:

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Figures in Rand thousand	2024	2023	2024	2023

48. Prior period errors (continued)

	Previously reported	Prior period error	Restated amount
Statement of financial position - extract			
Current assets			
Receivables from exchange transactions	218 937	(61 826)	157 111
Receivables from non-exchange transactions	45 168	(16 122)	29 046
VAT Receivable	-	153 314	153 314
Cash and cash equivalents	832 039	(15 064)	816 975
Non-current assets			
Property, plant and equipment	8 834 512	831 031	9 665 543
Current liabilities			
Payables from exchange transactions	953 216	223 516	1 176 732
VAT Payable	289 150	141 247	430 397
Employee Benefit Obligation	6 153	5 769	11 922
Provisions	183 522	(1 961)	181 561
Non-current liabilities			
Employee benefit obligation	147 106	67 263	214 369
Provisions	85 661	(67 263)	18 398
Statement of changes in net assets - extract			
Accumulated Surplus	7 765 047	522 762	8 287 809
Statement of financial performance - extract			
Revenue			
Sale of Bus Tickets	-	4 166	4 166
Service Charges	4 395 411	(40 515)	4 354 896
Property Rates	493 534	(684)	492 850
Other Income	21 076	(238)	20 838
Public Contributions and Donations	-	154 247	154 247
Expenditure			
Depreciation and Amortization	429 702	363	430 065
Finance cost	58 018	39 366	97 384
Contracted Services	373 054	37 622	410 676
Transfers and subsidies	135 282	12 045	147 327
General expenses	493 235	5 659	498 894
	-	-	-

The following analysis indicates the effect of the prior period errors on the effected line items. The effects are shown in the financial periods ended 30 June 2023 and 30 June 2022 respectively:

Statement of financial position	2023	2022	2023	2022
Decrease in Receivables from Exchange	12 045	-	12 045	-
Decrease in Unallocated Deposits	4 166	-	4 166	-
Decrease in Receivables from Exchange	46 592	7 940	46 592	7 940
Decrease in Receivables from Non Exchange	685	7 881	685	7 881
Decrease in Retained Earnings	-	14 785	-	14 785
Decrease in VAT Payable	6 077	1 036	6 077	1 036
Decrease in Retained Earnings	-	7 556	-	7 556
Decrease in Receivables from Non Exchange	-	7 556	-	7 556
Decrease in Cash and cash equivalents	237	-	237	-
Increase in PPE	2 886	-	2 886	-
Decrease in Retained earnings	-	144 028	-	144 028
Decrease in VAT Payable	2 486	2 468	2 486	2 468
Increase in Payables from Exchange	84 999	146 495	84 999	146 495
Increase in Retained Earnings	-	3 479	-	3 479
Increase in Receivables from Exchange	-	3 479	-	3 479
Increase in PPE	150 865	677 278	150 865	677 278

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Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
48. Prior period errors (continued)				
Increase in Retained earnings	-	677 278	-	677 278
Decrease in Retained Earnings	-	14 826	-	14 826
Decrease in Cash and cash equivalents	-	14 826	-	14 826
Increase in Employee Benefit Obligation (current)	5 769	-	5 769	-
Increase in Employee Benefit Obligation (non-current)	67 263	-	67 263	-
Decrease in Provisions (current)	5 769	-	5 769	-
Decrease in Provisions (non-current)	67 263	-	67 263	-
Increase in Provisions (current)	3 808	-	-	-
Decrease in Payables from exchange	3 808	-	-	-
Increase in VAT Receivable	153 314	-	153 314	-
Increase in VAT Payable	153 314	-	153 314	-
Statement of financial performance	2023	2022	2023	2022
Increase in Transfers and Subsidies	12 045	-	12 045	-
Increase in Sale of bus tickets	4 166	-	4 166	-
Decrease in Service Charges	40 515	-	40 515	-
Decrease in Property Rates	685	-	685	-
Decrease in Other Income	237	-	237	-
Increase in Public Contributions and Donations	2 886	-	2 886	-
Increase in Contracted Services	37 622	-	37 622	-
Increase in Finance Costs	39 366	-	39 366	-
Increase in General Expenses	5 525	-	5 525	-
Increase in Depreciation	363	-	363	-
Increase in Public Contributions and Donations	151 361	-	151 361	-
Increase in General Expenses	134	-	134	-
Notes to the financial statements	2 023	2 022	2 023	2 022
Increase in Fruitless and wasteful expenditure	1	-	1	-
Decrease in Commitments	3 412	-	3 412	-
Decrease in Irregular Expenditure	-	-	1 095	-
Increase in Irregular Expenditure	150 143	-	-	-

49. Comparative figures

Certain comparative figures have been restated due to prior year errors. Refer to note above.

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

50. Risk management

Financial risk management

Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2011.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 21, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 17 and the Statement of Changes in Net Assets.

Gearing Ratio's

The gearing ratio at the year-end was as follows:

Gearing Ratio's

Debt	(236 897)	(288 955)	(236 897)	(288 955)
Cash and Cash Equivalents	1 059 249	816 975	542 172	436 700
Total	822 352	528 020	305 275	147 745

Debt is defined as Long and Short-term Loans and Finance Lease Obligations.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The municipality's Finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

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Figures in Rand thousand	2024	2023	2024	2023

50. Risk management (continued)

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department of Finance monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

50. Risk management (continued)

Credit risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of fixed deposit investments, long-term receivables, other debtors, bank and cash balances.

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

Investments/Bank, Cash and Cash Equivalents

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

50. Risk management (continued)

Refer to <http://www.fidfund.co.za/banking-options/bank-credit-ratings/> for the most updated ratings.

The municipality limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions short term credit rating of BBB and long-term credit rating of AA- and higher at an International accredited credit rating agency. The municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy. Consequently, the municipality is not exposure to any significant credit risk.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an on-going basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. On-going credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

50. Risk management (continued)

and other receivables.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Financial instrument	Economic entity - 2024	Economic entity - 2023	Controlling Entity - 2024	Controlling Entity - 2023
Finance Lease Receivables	-	-	502	929
Receivables from exchange transactions	283 844	157 111	262 460	138 606
Receivables from non-exchange transactions	45 567	29 046	45 567	29 046
Cash and cash equivalents	1 059 249	816 975	542 172	436 700
Investments	1 074	774	1 075	775
Guarantees	27 763	28 588	27 763	28 588
VAT Receivable	159 166	153 314	159 166	153 314

Market risk

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

50. Risk management (continued)

Detail

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

- interest rate swaps to mitigate the risk of rising interest rates.

Market risk exposures are measured using value-at-risk (VaR) and are supplemented by sensitivity analysis.

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

Note that no interest paid are linked to prime and therefore no impact on the sensitive analysis for interest paid.

Sensitivity analysis for financial instruments 2024 - Economic entity 2024

Interest received for the year: -2%	627 421	(135 659)	Decrease in net surplus
Interest received for the year	763 080		
-			
Interest received for the year: +2%	898 739	135 659	Increase in net surplus

Note that no interest paid are linked to prime and therefore no impact on the sensitive analysis for interest paid.

Sensitivity analysis for financial instruments 2023 - Economic entity 2023

Interest received for the year: -2%	441 801	(95 524)	Decrease in net surplus
Interest received for the year	537 325		
-			
Interest received for the year: +2%	632 849	95 524	Increase in net surplus

Sensitivity analysis for financial instruments 2024 - Controlling entity 2024

Interest received for the year: -2%	597 969	(129 290)	Decrease in net surplus
Interest received for the year	727 259		
-			
Interest received for the year: +2%	856 549	129 290	Increase in net surplus

Note that no interest paid are linked to prime and therefore no impact on the sensitive analysis for interest paid.

Sensitivity analysis for financial instruments 2023 - Controlling entity 2023

Interest received for the year: -2%	425 782	(92 061)	Decrease in net surplus
Interest received for the year	517 843		
-			
Interest received for the year: +2%	609 904	92 061	Increase in net surplus

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Figures in Rand thousand	2024	2023	2024	2023

50. Risk management (continued)

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial Assets and Liabilities that are sensitive to interest rate risk are cash and cash equivalents, investments, and loan payables. The municipality is not exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rates.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, other debtors, bank and cash balances.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Foreign exchange risk

The municipality undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market. No foreign investments are done by the municipality.

Price risk

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

51. Going concern

Rustenburg Local Municipality

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

51. Going concern (continued)

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

We draw attention to the fact that at 30 June 2024, the following conditions existed:

- Current Liabilities exceed current assets
- Recoverability of outstanding debtors are low and more than ninety percent of gross debtors have been impaired.
- On average the municipality takes longer than the prescribed thirty day period to pay creditors
- The municipality is involved in various matters involving litigation of which the outcome is unknown

These matters cast doubt on the ability of the economic entity to operate as a going concern. Management will continue to monitor and assess these matters on a regular basis

52. Events after the reporting date

No material events occurred with respect to the 2023/24 financial year end after the date of the statement of financial position in respect of loans, investments and any other aspects.

53. Unauthorised expenditure

Opening balance as previously reported	221 664	723 506	221 664	723 506
Opening balance as restated	221 664	723 506	221 664	723 506
Unauthorised expenditure current year	10 424	48 039	10 424	48 039
Authorised during the financial year	(215 626)	(549 881)	(215 626)	(549 881)
Closing balance	16 462	221 664	16 462	221 664

Analysed as follows: cash

Vote 10 - Roads and Transport : Origin 2022/23	-	48 039	-	48 039
Vote 2 - Municipal Manager : Origin 2023/24	10 424	-	10 424	-
	10 424	48 039	10 424	48 039

Unauthorised expenditure incurred during the year resulted from legal fees incurred.

54. Fruitless and wasteful expenditure

Opening balance as previously reported	38 136	35 587	38 136	35 587
Correction of prior period error	1	-	1	-
Opening balance as restated	38 137	35 587	38 137	35 587
Expenditure incurred during the year	117	2 549	117	2 549
Closing balance	38 254	38 136	38 254	38 136

Fruitless expenditure incurred during the year resulted from interest and penalties levied.

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023
55. Irregular expenditure				
Opening balance as previously reported	6 279 632	5 900 377	6 279 632	5 900 377
Correction of prior period error	150 143	58 795	(1 095)	58 795
Opening balance as restated	6 429 775	5 959 172	6 278 537	5 959 172
Irregular expenditure incurred during the year	335 242	320 460	318 251	320 460
Closing balance	6 765 017	6 279 632	6 596 788	6 279 632

Analysis of irregular expenditure incurred current year - by nature

Procurement process not followed for legacy contracts	-	1 451	-	1 451
Proper procurement process not followed	318 251	319 009	318 251	319 009
	318 251	320 460	318 251	320 460

Analysis of irregular expenditure incurred - by timing

Origin of irregular expenditure - Pre and 2022/23	-	320 460	-	320 460
Origin of irregular expenditure - Pre and 2023/24	318 251	-	318 251	-
	318 251	320 460	318 251	320 460

Irregular expenditure identified during the current year is undergoing the process of being subjected to investigation. Full details are available in the irregular expenditure register.

Irregular expenditure is always calculated inclusive of VAT while the figures disclosed above have been presented in this set of financial statements exclusive of VAT.

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	9 853	10 453	9 853	10 453
Amount paid - current year	(9 853)	(10 453)	(9 853)	(10 453)
	-	-	-	-

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

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

Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water losses were as follows and are not recoverable:

Electricity	Units (kWh)	Units (kWh)	Units (kWh)	Units (kWh)
Purchased during the year	978 498	2 292 322	978 498	2 292 322
Sold during the year	(720 831)	(2 078 109)	(720 831)	(2 078 109)
Unaccounted - Normal distribution losses - % of electricity (2023 - 9,34%); (2024 - 26,33%)	257 667	214 213	257 667	214 213
Loss (R): At Cost	481 122	298 448	481 122	298 448

Electricity losses occur due to inter alia, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections. The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters are replaced or repaired as soon as they are reported.

The increase in losses from the previous year are due to low electricity consumption as mine furnaces have not been operational at Glencore, which is the municipality's biggest customer.

Water	Units (kl)	Units (kl)	Units (kl)	Units (kl)
Purchased during the year	43 800	46 521	43 800	46 521
Sold during the year	(20 497)	(22 529)	(20 497)	(22 529)
Unaccounted - Normal distribution losses - % of water (2023 - 51,57%); (2024 - 53,20%)	23 303	23 992	23 303	23 992
Loss (R): At Cost	287 323	268 835	287 323	268 835

Water losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters and leakages are replaced / repaired as soon as they are reported.

Audit fees

Opening balance	-	84	-	84
Current year subscription / fee	16 300	15 198	15 092	14 043
Amount paid - current year	(16 300)	(15 282)	(15 092)	(14 127)
	-	-	-	-

PAYE and UIF

Current year subscription / fee	132 607	127 657	132 607	127 657
Amount paid - current year	(132 607)	(127 657)	(132 607)	(127 657)
	-	-	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	148 358	140 647	148 358	140 647
Amount paid - current year	(148 358)	(140 647)	(148 358)	(140 647)
	-	-	-	-

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30/06/2024:

30/06/2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr MALINGA F	10	64	74
Cllr PB MOATSHE	8	96	104
Cllr SNYDERS B C O EN M	14	123	137
Cllr G&MC RAMPOU	8	157	165
Cllr NE MOKHABA	3	76	79
Cllr RJ KOTU	4	63	67
Cllr EM MOREI	3	55	58
Cllr MFALADI L	6	112	118
Cllr WL MAJOLO	6	92	98
Cllr SERONGOANE J	19	297	316
Cllr BB MAREKOA	6	85	91
Cllr SM MOTSHEGWE	3	-	3
Cllr RALOKWAKWENG J O	11	133	144
Cllr VELA VKE	11	149	160
Cllr JB MPELE	12	240	252
Cllr AS&DM SETHONGA	2	22	24
Cllr GN NKGWENG	9	139	148
Cllr GS&GK MOTLHAMME	6	31	37
Cllr KOMBE OFENTSE JERREMIA	6	28	34
Cllr NAGENG MOLEFE PIET	3	30	33
	150	1 992	2 142

30/06/2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr LL MABE	1	1	2
Cllr SP&IN PETLELE	3	89	92
Cllr MALINGA F	1	38	39
Cllr PB MOATSHE	6	71	77
Cllr SNYDERS B C O EN M	6	81	87
Cllr MN KUMBE	7	134	141
Cllr G&MC RAMPOU	6	132	138
Cllr NE MOKHABA	2	68	70
Cllr RJ KOTU	2	53	55
Cllr EM MOREI	2	46	48
Cllr MFALADI L	4	94	98
Cllr WL MAJOLO	4	75	79
Cllr SERONGOANE J	14	241	255
Cllr BB MAREKOA	4	65	69
Cllr AS NHACUANGUE	3	38	41
Cllr AM&GM PHALOLE	3	32	35
Cllr MA&NL MODUKE	2	17	19
Cllr SM MOTSHEGWE	2	6	8
Cllr RALOKWAKWENG J O	7	102	109
Cllr SL SENTSHO	-	5	5
Cllr VELA VKE	9	115	124
Cllr JB MPELE	10	203	213
Cllr AS&DM SETHONGA	2	39	41

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Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
56. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Clr GN NKGWENG	7		110	117
Clr HMT NKE	1		1	2
Clr GS&GK MOTLHAMME	1		17	18
Clr PULE LG	1		4	5
Clr KOMBE OFENTSE JERREMIA	2		40	42
Clr NHACUANGUE NELIO	2		11	13
Clr NAGENG MOLEFE PIET	2		19	21
	116		1 947	2 063

Not all councillors are owning properties and some councillors inherited arrear accounts from the properties where they were staying prior to being elected as councillors.

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

57. Deviation from supply chain management regulations

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

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

The following services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations:

Grass Cutting and Raking
Hiring of Jet Cleaners and TLBs
Servicing and repair of heavy duty trucks and yellow truck
Property Valuers
Supply and delivery of Fuses and Circuit Breakers
Water material
Vetting and assessment services
Repair of damaged sewer pipe
MSCOA Support
Server and Software Licence Fees
MSCOA ERP System
Accommodation
Construction of Roads and Stormwater
Refurbishment of Reservoirs
Credit control, meter reading and indigent management
Rehabilitation of Roads
Supply and Delivery of MV and LV cables

DEVIATION

CCG Systems

Tema Travel and Tours (Pty) Ltd

Masaka A Mantle Trading (PTY) LTD

Thaw Construction (PTY) LTD

1. Mjapane trading

2. Jodenco trading

3. Super Group trading (PTY) LTD t/a UD Trucks NWT Rustenburg

4. Grunwald car & truck services (PTY) LTD

Truvelo Africa Electronics Division

1. Denzesconstruction and Projects,

2. Purpletech civil solutions

3. Basha ba africa projects

1. SM Mosito Trading & projects

2. Gilema Construction & Trading

3. Storky Consulting & Projects

4. Sethanye Trading & Projects

KD Civils

Managed Integrity Evaluation

REASONS

Exceptional case where it was impractical to follow the SCM policy. ERP System tender was non-responsive and required re-advertisements.

Exceptional case for employees requiring accommodation to attend revenue master classes where it was impracticable to follow the Supply Chain Management Policy

Emergency. Supply and Delivery of Water materials

Emergency. Construction of Roads and Stormwater

Exceptional case where it was impractical to follow the SCM policy. Servicing and repair of light commercial vehicles, heavy duty trucks and yellow fleet

Exceptional case for Back Office System - implementation of server process and annual license fee

Exceptional case where it was impractical to follow the SCM policy. Grass cutting, raking and collection

Emergency. Hiring of Jet Cleaners and TLB's

Emergency. Refurbishment of lethabong reservoir

Exceptional case where it was impractical to follow the SCM policy. Vetting & screening services

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Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2024	2023	2024	2023
57. Deviation from supply chain management regulations (continued)				
1. Khuwait Group Pty Ltd	Exceptional case where it was impractical to follow the SCM policy. Supply and Delivery of Fuses and Circuit breakers			
2. Mophiring Engineering				
3. Young and Bold				
4. Luckeys Business Enterprise				
Montani property valuers	Exceptional case where it was impractical to follow the SCM policy. Bid for valuation roll was non responsive and required re-advertisement.			
Ntiyiso consulting pty ltd	Exceptional case where it was impractical to follow the SCM policy. Credit control, meter reading and indigent management Emergency. Rehabilitation of Bovan Crescent Street			
M Civils PTY LTD	Exceptional case where it was impractical to follow the SCM policy. Supply and delivery of MV and LV Cables			
1. Dirabottle Projects (Pty) Ltd				
2. Global Cables				
3. Khuwait Holdings (Pty) Ltd				
4. Ntshidise Trading Projects				
5. Praesidio Cable and Wire (Pty) Ltd				
ADAPT IT (Pty) Ltd	Produced or available from a sole provider only. Licence fees required for caseware software that is utilised to prepare the Annual Financial Statements. All backup files for more than five years are only accessible through caseware.			
M CIVILS PTY LTD	Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Replacement of sewer pipes at Sondela			
M Marara Associates	Exceptional case where it was impracticable to follow the Supply Chain Management Policy. MSCOA Support has been reduced with the current system vendor pending the outcome of the tender process for the new ERP system. ERP System tender was non-responsive and required re-advertisements. Services of an MSCOA expert was required to assist with implementation of MSCOA regulations			
Gijima Holdings (Pty) Ltd	Exceptional case where it was impracticable to follow the Supply Management Policy. Assessment for shortlisted candidates for director's positions			
Len Dekker Attorneys	Sec 12.22 of the RWST SCMP was used for exceptional cases where it was deemed impractical or impossible to follow official procurement processes. The CMS court was heading for the high court Case No M530/2020 and it did not make sense to procure new attorneys when the case was midway. Len Dekker Attorneys was appointed on a quotation basis in Dec'20 and in June'21 was extended to ensure the factual preparation of the Court case involving CMS is completed.			
Len Dekker Attorneys	Sec 12.22 of the RWST SCMP was used for exceptional cases where it was deemed impractical or impossible to follow official procurement processes. The RWST and its Trustees was challenged in The high court on an urgent basis and it did not make sense to procure new attorneys in this urgent matter.			

58. SCM regulation 45 disclosure

In terms of regulation 45 of the Municipal SCM regulations, the notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months including:

- the name of that person;
- the capacity in which that person is in the service of the state; and
- the amount of the award

No awards were made for the year under review.

NATURE	NAME OF OFFICIAL	CAPACITY OF OFFICIAL	AMOUNT OF AWARD
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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

58. SCM regulation 45 disclosure (continued)

None	None	None	None
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59. Segment information

General information

Identification of segments

The segments were organised around the type of service delivered. Management uses these segments for determining strategic objectives.

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

Geographical considerations are not relevant for the purposes of determining reportable segments.

Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Electricity	Trading services - electricity
Water	Trading services - water
Refuse	Trading services - refuse
Sewerage and sanitation	Trading services - sewerage and sanitation
Property rates	Levying of property rates

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand Thousand

59. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Property Rates	Electricity	Water	Sewerage and Sanitation	Refuse	Total
Revenue						
Revenue from non-exchange transactions	749 514	70 724	614 775	108 064	151 179	1 694 256
Revenue from exchange transactions	-	2 052 009	538 388	206 869	176 930	2 974 196
Other Revenue	6 272	10	38 441	24	1 697	46 444
Total segment revenue	755 786	2 122 743	1 191 604	314 957	329 806	4 714 896
Entity's revenue						4 714 896
Expenditure						
Employee Costs	38 479	56 271	89 100	10 506	50 796	245 152
Bulk Purchases	-	1 844 264	481 461	-	-	2 325 725
Other Expenses	137 222	204 750	1 074 401	145 840	190 267	1 752 480
Total segment expenditure	175 701	2 105 285	1 644 962	156 346	241 063	4 323 357
Total segmental surplus/(deficit)						391 539
Assets						
Infrastructure Assets	-	595 912	1 057 424	403 190	-	2 056 526
Assets Included in WIP	-	185 526	66 102	235 957	-	487 585
Receivables - Gross	651 016	671 857	1 742 344	495 916	566 934	4 128 067
Receivables - Accumulated Impairment	(615 937)	(560 834)	(1 692 167)	(485 070)	(557 218)	(3 911 226)
Total segment assets	35 079	892 461	1 173 703	649 993	9 716	2 760 952
Total assets as per Statement of financial Position						2 760 952
Liabilities						
Loans	-	(111 775)	(88 459)	(17 850)	-	(218 084)

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Notes to the Consolidated Annual Financial Statements

Figures in Rand Thousand

	Property Rates	Electricity	Water	Sewerage and Sanitation	Refuse	Total
59. Segment information (continued)						
Total liabilities as per Statement of financial Position						(218 084)

The measurement basis and accounting policies of the reportable segments are consistent with that of the economic entity.

2023

	Property Rates	Electricity	Water	Sewerage and Sanitation	Refuse	Total
Revenue						
Revenue from non-exchange transactions	492 851	57 502	502 618	96 330	133 982	1 283 283
Revenue from exchange transactions	-	3 358 936	652 446	182 802	158 289	4 352 473
Other Revenue	1 180	8	22 370	15	782	24 355
Total segment revenue	494 031	3 416 446	1 177 434	279 147	293 053	5 660 111
Entity's revenue						5 660 111
Expenditure						
Employee costs	33 908	53 244	81 455	10 130	52 965	231 702
Bulk Purchases	-	3 141 314	357 265	119 230	-	3 617 809
Other Expenses	35 541	1 118 949	282 062	21 107	242 092	1 699 751
Total segment expenditure	69 449	4 313 507	720 782	150 467	295 057	5 549 262
Total segmental surplus/(deficit)						110 849
Assets						
Infrastructure Assets	-	622 271	1 005 209	394 949	-	2 022 429
Assets Included in WIP	-	150 782	167 134	121 790	-	439 706
Receivables - Gross	567 316	539 015	1 520 841	399 379	477 774	3 504 325
Receivables - Accumulated Impairment	(546 859)	(483 534)	(1 488 943)	(392 263)	(471 721)	(3 383 320)
Total segment assets	20 457	828 534	1 204 241	523 855	6 053	2 583 140
Total assets as per Statement of financial Position						2 583 140

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand Thousand

59. Segment information (continued)

Liabilities

Loans	-	(131 993)	(103 869)	(20 018)	-	(255 880)
Total liabilities as per Statement of financial Position						(255 880)

60. Budget differences

Material differences between budget and actual amounts

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

60. Budget differences (continued)

Controlling entity:

Sale of Bus Tickets - Increase due to recognition of bus ticket revenue, which was previously omitted due to lack of supporting documents.

Service Charges - Decrease due to low electricity consumption as mine furnaces have not been operational at Glencore.

Rental of Facilities and Equipment - Decrease due to lower demand and lower disposable income by consumers as a result of the high interest rate environment.

Interest Received (Trading) - Increase indicates that consumers do not settle their debts on time and are subsequently levied with high interest charges.

Agency Services - Budgeted for collection of license disks which is the full amount collected. Budget was based on the full amount received for Agency fees, whereas only 20% belongs to the Municipality, 80% of the funds received belongs to the North West Department of Transport and should not have been included.

Licences and Permits - Fewer renewal occurred in previous years due to waiving of penalties during the covid period, which resulted in an influx of renewals in the current year.

Interest Received (investment) - Increase due to actively investing any surplus funds at competitive rates. Performance was also positively affected by the high interest rate environment.

Public Contributions and Donations - Increase due to Housing Projects undertaken on municipal jurisdiction by the North West Department of Human Settlements, which were recognised in terms of GRAP.

Fines - We used collection of fines as a base for budgeting instead of fines issued as per iGRAP. Furthermore additional fines were issued for acts of non compliance.

Depreciation and Amortisation - Decrease due to fewer than anticipated completed projects, which resulted in a lower depreciation charge for the year.

Finance Costs - Increase due to accounting for the interest portion of the RRT operator compensation, which was previously omitted.

Impairment Losses - Increase in line with year end assessment and impairment methodology on the collectability of debtors. Budget was based on a projected collection rate.

Repairs and Maintenance - Less repairs and maintenance were done due to cashflow constraints. Focus was on emergency repairs and maintenance.

Bulk Purchases - Decrease due to low electricity consumption as mine furnaces have not been operational at Glencore. The decrease is in line with the decline in sale of electricity.

Transfers and Subsidies - Increase due to payments to the Bus Operating Company which were previously recorded as contracted services but subsequently reclassified as transfer payments.

Contracted Services and General Expenses - Combined expenditure increase due substantial disposal of owner occupied land from the Fixed Asset Register. Various reclassifications between these two items in line with the latest mSCOA chart.

Gain on disposal of assets and liabilities - No gains realised during the financial year as disposal of various developments did not materialise.

Actuarial gains/losses - Not Budgeted for. Gains recognised in line with GRAP 25 as per expert valuation of employee benefits.

Economic entity:

Reasons for variances the same as above

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

60. Budget differences (continued)

Basis of preparation and presentation of budget

The budget is prepared on the accrual basis of accounting and the classification format adopted is consistent with that of the financial statements. The period of the budget is 01 July 2023 to 30 June 2024.

Changes from the approved budget to the final budget

The changes between the original and final budget are a consequence of changes in the overall budget parameters. Further details of the changes are included in the municipality's published adjustments budget for the year ended 30 June 2024.

Financial Performance	Original Budget	Adjustments	Adjusted Budget
Property rates	549 646	-	549 646
Service charges	5 479 767	(219 938)	5 259 829
Rental of facilities and equipment	15 859	(1 838)	14 021
Interest received - investments	27 383	10 000	37 383
Interest received (trading)	477 919	50 000	527 919
Fines, penalties and forfeits	9 587	-	9 587
Licences and Permits	12 130	-	12 130
Agency services	94 282	14 000	108 282
Government Grants and Subsidies Received	1 769 257	244 702	2 013 959
Other income	20 602	(3)	20 599
Gains on disposal of assets	7 088	-	7 088
Total revenue	8 463 520	96 923	8 560 443
Employee related costs	927 082	2 013	929 095
Remuneration of councillors	71 890	-	71 890
Impairment losses	881 129	-	881 129
Depreciation and Amortization	497 859	-	497 859
Finance charges	62 123	-	62 123
Bulk purchases - Electricity	3 116 723	(160 000)	2 956 723
Inventory consumed - Water	589 354	20 514	609 868
Contracted services	883 503	267 708	1 151 211
Transfers and subsidies	21 164	-	21 164
General expenses	299 052	20 012	319 064
Total expenditure	7 349 879	150 247	7 500 126
Surplus / (Deficit) for the year	1 113 641	(53 324)	1 060 317
	-	-	-

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	Economic entity		Controlling entity	
Figures in Rand thousand	2024	2023	2024	2023

61. Accounting by principals and agents

In terms of GRAP 109 A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

The following arrangement meets the criterion for such arrangements where the municipality is the principal:

Rustenburg Transit (RF) Pty Ltd

The municipality appointed Rustenburg Transit (RF) Pty Ltd as the Bus Operating Company (BOC) to facilitate the operations of the Rustenburg Rapid Transport (RRT) project. This includes managing the transition process with the industry and affected operators.

In terms of GRAP 109 paragraph 45 When an entity determines that it is a principal in accordance with this Standard, it accounts for revenue and expenses arising from the transactions with third parties in its statement of financial performance. This is because the transactions with third parties are concluded for the benefit of the principal.

The municipality incurred expenditure of R96 866 and revenue of R11 342 in terms of the principal-agent arrangement.

The RRT project is fully funded by the Public Transport Network Grant (PTNG). Therefore, there are no direct cost implications for the municipality if the arrangement is terminated but it could have an impact of future allocations in terms of the PTNG.

The following arrangement meets the criterion for such arrangements where the municipality is the agent:

North West Department of Human Settlements

The municipality does the beneficiary identification for all housing projects within the Rustenburg jurisdiction on behalf of and for the benefit of the North West Department of Human Settlement as these beneficiaries are identified to occupy the RDP houses as part of fulfilling the mandate of the Provincial Department of Human Settlement to promote and facilitate the provision of adequate housing in its province within the framework of National Housing Policy as prescribed by Paragraph 7 of the Housing Act.

North West Department of Community Safety and Transport Management

The Department of Community Safety and Transport Management is mandated with the responsibility to monitor and control the registration and licencing of all motor vehicles and to render services regarding the administration of applications in terms of the National Road Traffic Act. The municipality provides services of motor vehicle registration and licencing on behalf of the Department. The Department of Community Safety and Transport Management remunerates the municipality by way of a commission rate of 20% all-inclusive from all revenue collected on behalf of the Department.

The municipality collected R138 829 and R121 098 was required to be paid over in terms of the principal-agent arrangement. R17 731 has been recognised as revenue from agency services in the financial statements. The municipality has a payable of R340 to North West Department of Community Safety and Transport Management at the end of the year.