



Moses Kotane Local Municipality
Annual Financial Statements
for the year ended 30 June 2023

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Nature of business and principal activities

The municipality is, within its financial and administrative capacity to:

- Provide democratic and accountable government for the community;
- To ensure the provision of services to the community in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of the community and community organisations in the matters of the municipality.

Mayoral committee

Executive Mayor

Councillors

Cllr MN Nkotswe

Cllr. Stephina Mashishi (Finance and BTO)

Cllr. Mosweu Manganye (Portfolio Head Community Services & Public Safety)

Cllr. Motsisi Mogape (Portfolio Head Local Economic Development)

Cllr Dithothi Tshetlane (Portfolio Head Corporate Services)

Cllr. Thapelo Thobokwe (Planning and Development)

Cllr. Tshepang Madisa

Cllr. Nthabiseng Mollo

Cllr. Zipporah Motswenyane

Cllr. Hazel Molefe (Portfolio Head Infrastructure and Technical Services)

Accounting Officer

Mr. MV. Letsoalo

Acting Chief Finance Officer (CFO)

Ms B Kutumela

Registered office

Stand No.933
Station Road
Unit 3
Mogwase Shopping Complex Mogwase
0314

Business address

Stand No.933
Station Road
Unit 3
Mogwase Shopping Complex Mogwase
0314

Postal address

Private Bag X1011
Mogwase
0314

Bankers

Standard bank ABSA

Auditors

The Auditor General of South Africa

Moses Kotane Local Municipality

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of Southern Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Moses Kotane Local Municipality

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Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out from page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed by:



Accounting Officer
Mr. MV. Letsoalo

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2023.

Audit committee members and attendance

The audit committee consists of the listed members hereunder and should meet 4 times per annum as per its approved audit committee charter and section 166(4)(b) of the MFMA. During the financial period under review 7 meetings were held and attendance of members was as follows

Name	Number of meetings
Mr B Seabela (Chairperson)	7
Mr T Zororo	4
Mrs L Moyo	6
Mr I Mogotsi	6
Mr Tshimomola	4

Over and above scheduled meetings, some members of the Audit Committee and the Chairperson participated in the following meetings meant for oversight purposes and stakeholder engagements:

Meeting	Number of Meetings
Municipal Council	2
Auditor General South Africa	1
Provincial Treasury	4

Audit committee responsibility

The Audit Committee reports that it has carried out its responsibilities and it has acted in conformance to sections 165 and 166 of the MFMA and MFMA Circular 65. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, which codifies specific responsibilities entrusted and delegated to it by the Municipal Council, and details the manner in which the Audit Committee operates. The unaudited Annual Financial Statements and Annual Performance Report for the 2022/2023 financial year were reviewed Audit Committee..

The Audit Committee expresses its satisfaction that the Internal Audit function is operated independently, efficiently and effectively, and that they were involved in addressing the risks pertinent to the Municipality during the financial period under review. It is confirmed that the Internal Audit activity was also afforded the opportunity to review the unaudited Annual Financial Statements and Annual Performance Report.



Chairperson of the Audit Committee

Date: 30 November 2023

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in local service delivery to the surrounding community of Moses Kotane and operates under the Bojanala Platinum District Municipality.

Net surplus of the municipality is 148 708 476 (2022: surplus 16 057 179).

2. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

3. Subsequent events

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

4. Accounting policies

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

5. Accounting Officer

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

Name	Changes
Mr. B Maseloane	Acting from 01 August 2022- 31 October 2022
Mr V Letsoalo	Appointed 01 November 2022

6. Corporate governance

General

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

The Municipality confirms and acknowledges its responsibility to exercise the Municipality's executive and legislative authority within the constitutional system of cooperative governance envisaged in Section 41 of the Constitution, as stated in the Local Government Municipal Systems Act. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the MSA on a three monthly basis.

Remuneration

The upper limits of the remuneration, allowances and benefits of the Accounting Officer, the Head of Departments and the Councillors of the municipality, as disclosed in note 26 and in note 27 of the financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of the Public Office Bearers Act and the Minister of the Provincial and Local Governments determination in accordance with the Act.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Current Assets			
Inventories	8	15 982 281	13 940 065
Receivables from exchange transactions	9	282 695	178 369
Receivables from non-exchange transactions	10	1 579 026	1 698 376
VAT receivable	11	24 035 455	11 920 909
Consumer debtors	12	250 856 690	125 878 077
Non current assets held for sale	35	559 696	445 196
Cash and cash equivalents	13	38 855 226	36 880 131
		332 151 069	190 941 123
Non-Current Assets			
Investment property	3	150 663 784	150 684 493
Property, plant and equipment	4	2 988 386 190	2 937 071 178
Intangible assets	5	13 393 410	13 175 320
Heritage assets	6	14 000	14 000
Receivables from non-exchange transactions	10	16 634 382	15 416 336
Other receivables	53	2 673 590	-
		3 171 765 356	3 116 361 327
Total Assets		3 503 916 425	3 307 302 450
Liabilities			
Current Liabilities			
Other financial liabilities	15	4 769 628	5 784 650
Accrued interest payable	55	254 073	-
Finance lease obligation	50	12 058 237	-
Payables from exchange transactions	17	253 768 271	233 677 845
Employee benefit obligation	7	3 559 000	2 020 000
Unspent conditional grants and receipts	14	8 099 389	12 900 031
		282 508 598	254 382 526
Non-Current Liabilities			
Other financial liabilities	15	4 070 550	8 844 377
Finance lease obligation	50	22 440 867	-
Employee benefit obligation	7	17 802 000	17 014 000
Provisions	16	21 572 627	20 279 786
Consumer deposits	54	590 793	559 245
		66 476 837	46 697 408
Total Liabilities		348 985 435	301 079 934
Net Assets		3 154 930 990	3 006 222 516
Accumulated surplus		3 154 930 990	3 006 222 516
Total Net Assets		3 154 930 990	3 006 222 516

* See Note 40

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	194 581 545	215 326 836
Other income	22	1 951 061	3 909 995
Interest from exchange transactions	23	77 789 538	60 539 708
Total revenue from exchange transactions		274 322 144	279 776 539
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	124 807 120	125 637 126
Interest from non exchange transactions	21	32 300 403	26 873 644
Transfer revenue			
Government grants & subsidies	25	755 316 780	685 483 247
Public contributions and donations		-	983 124
Fines, Penalties and Forfeits		1 028 400	1 308 200
Interest - Bank	21	3 384 682	3 186 551
Total revenue from non-exchange transactions		916 837 385	843 471 892
Total revenue	18	1 191 159 529	1 123 248 431
Expenditure			
Employee related costs	26	(282 405 159)	(269 152 007)
Remuneration of councillors	27	(29 270 187)	(28 555 113)
Depreciation and amortisation	28	(132 550 069)	(131 240 302)
Finance costs	29	(5 618 973)	(4 035 520)
Lease rentals on operating lease	20	(2 154 791)	(1 826 087)
Debt Impairment	30	(147 426 101)	(316 071 437)
Bulk purchases	31	(131 138 032)	(106 418 850)
Contracted services	32	(80 706 957)	(92 669 695)
General Expenses	33	(213 393 678)	(143 559 147)
Total expenditure		(1 024 663 947)	(1 093 528 158)
Operating surplus		166 495 582	29 720 273
Loss on disposal of assets and liabilities		(17 418 903)	(14 629 809)
Loss on foreign exchange		(44 192)	(391 542)
Fair value adjustments		743 761	1 346 276
Impairment loss	52	(991 937)	-
Inventories losses/write-downs		(75 835)	11 981
		(17 787 106)	(13 663 094)
Surplus for the year		148 708 476	16 057 179

* See Note 40

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Statement of Changes in Net Assets for the period ended 30 June 2023

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	3 005 045 233	3 005 045 233
Adjustments		
Correction of errors	(14 879 896)	(14 879 896)
Balance at 01 July 2021 as restated*	2 990 165 337	2 990 165 337
Changes in net assets		
Surplus for the year	16 057 179	16 057 179
Total changes	16 057 179	16 057 179
Restated* Balance at 01 July 2022	3 006 222 514	3 006 222 514
Changes in net assets		
Surplus for the year	148 708 476	148 708 476
Total changes	148 708 476	148 708 476
Balance at 30 June 2023	3 154 930 990	3 154 930 990

* See Note 40

Moses Kotane Local Municipality

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Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Taxes, rates and fines		87 321 982	64 960 058
Sale of goods and rendering of services		59 074 453	23 935 027
Grants and subsidies		750 516 138	670 651 317
Interest income		20 013 003	11 854 341
		<u>916 925 576</u>	<u>771 400 743</u>
Payments			
Cash payments to and on behalf of employees		(707 275 518)	(606 792 379)
Finance costs		(3 213 519)	(2 095 248)
		<u>(710 489 037)</u>	<u>(608 887 627)</u>
Net cash flows from operating activities	34	<u>206 436 539</u>	<u>162 513 116</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(193 138 294)	(177 527 353)
Proceeds from sale of property, plant and equipment	4	391 860	310 394
Proceeds from sale of Non Current Assets Held for sale	3	550 000	-
Purchase of other intangible assets	5	(2 578 644)	(1 942 891)
Net cash flows from investing activities		<u>(194 775 078)</u>	<u>(179 159 850)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(5 788 849)	(8 069 866)
Finance lease payments		(3 897 517)	-
Net cash flows from financing activities		<u>(9 686 366)</u>	<u>(8 069 866)</u>
Net increase/(decrease) in cash and cash equivalents		1 975 095	(24 716 600)
Cash and cash equivalents at the beginning of the year		36 880 131	61 596 731
Cash and cash equivalents at the end of the year	13	<u>38 855 226</u>	<u>36 880 131</u>

The accounting policies on pages 13 to 35 and the notes on pages 36 to 100 form an integral part of the annual financial statements.

* See Note 40

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	243 218 106	(19 554)	243 198 552	194 581 545	(48 617 007)	49.13
Rental income	126 532	-	126 532	152 216	25 684	49.1
Other income - (rollup)	4 113 228	19 554	4 132 782	1 798 845	(2 333 937)	49.3
Interest received - investment	61 583 333	2 000 000	63 583 333	81 174 220	17 590 887	49.2
Total revenue from exchange transactions	309 041 199	2 000 000	311 041 199	277 706 826	(33 334 373)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	124 143 338	-	124 143 338	124 807 120	663 782	49.1
Interest - Taxation revenue	29 449 174	(2 000 000)	27 449 174	32 300 403	4 851 229	49.4
Transfer revenue						
Government grants & subsidies	769 171 000	(6 614 161)	762 556 839	755 316 779	(7 240 060)	49.5
Fines, Penalties and Forfeits	2 000 000	-	2 000 000	1 028 400	(971 600)	49.1
Total revenue from non-exchange transactions	924 763 512	(8 614 161)	916 149 351	913 452 702	(2 696 649)	
Total revenue	1 233 804 711	(6 614 161)	1 227 190 550	1 191 159 528	(36 031 022)	
Expenditure						
Employee related costs	(275 250 847)	1 192 881	(274 057 966)	(282 405 159)	(8 347 193)	49.6
Remuneration of councillors	(26 922 372)	(3 292 738)	(30 215 110)	(29 270 186)	944 924	49.1
Depreciation and amortisation	(150 878 394)	-	(150 878 394)	(132 550 069)	18 328 325	49.7
Finance costs	(3 687 184)	-	(3 687 184)	(5 618 973)	(1 931 789)	49.14
Lease rentals on operating lease	(25 000 000)	23 000 000	(2 000 000)	(2 154 791)	(154 791)	49.1
Debt Impairment	(276 957 149)	-	(276 957 149)	(147 426 101)	129 531 048	49.8
Bulk purchases	(100 000 000)	-	(100 000 000)	(131 138 032)	(31 138 032)	49.9
Contracted Services	(127 587 252)	47 156 752	(80 430 500)	(80 706 957)	(276 457)	49.1
General Expenses	(99 767 642)	(71 771 894)	(171 539 536)	(213 393 678)	(41 854 142)	49.11
Total expenditure	(1 086 050 840)	(3 714 999)	(1 089 765 839)	(1 024 663 946)	65 101 893	
Operating surplus	147 753 871	(10 329 160)	137 424 711	166 495 582	29 070 871	
Loss on disposal of assets and liabilities	-	-	-	(17 418 903)	(17 418 903)	49.12
Impairment loss	-	-	-	(991 937)	(991 937)	49.1
Fair value adjustments	-	-	-	743 761	743 761	49.1
Loss on foreign exchange	-	-	-	(44 192)	(44 192)	49.1
Inventory losses/ write downs	-	-	-	(75 835)	(75 835)	49.1
	-	-	-	(17 787 106)	(17 787 106)	
Surplus before taxation	147 753 871	(10 329 160)	137 424 711	148 708 476	11 283 765	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	147 753 871	(10 329 160)	137 424 711	148 708 476	11 283 765	

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Final budget council approved policy)	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2023										
Financial Performance										
Property rates	124 143 338	-	124 143 338	-		124 143 338	124 807 120	663 782	101 %	101 %
Service charges	243 218 106	(19 554)	243 198 552	-		243 198 552	194 581 545	(48 617 007)	80 %	80 %
Investment revenue	91 032 507	-	91 032 507	-		91 032 507	113 474 623	22 442 116	125 %	125 %
Transfers recognised - operational	538 131 117	5 267 528	543 398 645	-		543 398 645	537 930 661	(5 467 984)	99 %	100 %
Other own revenue	6 239 760	19 554	6 259 314	-		6 259 314	2 979 461	(3 279 853)	48 %	48 %
Total revenue (excluding capital transfers and contributions)	1 002 764 828	5 267 528	1 008 032 356	-		1 008 032 356	973 773 410	(34 258 946)	97 %	97 %
Employee costs	(275 250 847)	1 192 881	(274 057 966)	-	-	(274 057 966)	(282 405 159)	(8 347 193)	103 %	103 %
Remuneration of councillors	(26 922 372)	(3 292 738)	(30 215 110)	-	-	(30 215 110)	(29 270 186)	944 924	97 %	109 %
Depreciation and asset impairment	(150 878 394)	-	(150 878 394)			(150 878 394)	(132 550 069)	18 328 325	88 %	88 %
Debt Impairment	(276 957 149)	-	(276 957 149)	-	-	(276 957 149)	(147 426 101)	129 531 048	53 %	53 %
Finance charges	(3 687 184)	-	(3 687 184)	-	-	(3 687 184)	(5 618 973)	(1 931 789)	152 %	152 %
Lease on rentals on operating lease	(25 000 000)	23 000 000	(2 000 000)	-	-	(2 000 000)	(2 154 791)	(154 791)	108 %	9 %
Inventory consumed and bulk purchases	(100 000 000)	-	(100 000 000)	-	-	(100 000 000)	(131 138 032)	(31 138 032)	131 %	131 %
Contracted Services	(127 587 252)	47 156 752	(80 430 500)	-	-	(80 430 500)	(80 706 959)	(276 459)	100 %	63 %
Other expenditure	(99 767 642)	(71 771 894)	(171 539 536)	-	-	(171 539 536)	(213 393 678)	(41 854 142)	124 %	214 %

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Total expenditure	(1 086 050 840)	(3 714 999)	(1 089 765 839)	-	-	(1 089 765 839)	(1 024 663 948)	-	65 101 891	94 %	94 %
Surplus/(Deficit)	(83 286 012)	1 552 529	(81 733 483)	-		(81 733 483)	(50 890 538)		30 842 945	62 %	61 %
Gain(loss) on disposal of assets and liabilities	-	-	-	-		-	(18 530 867)		(18 530 867)	DIV/0 %	DIV/0 %
Fair value adjustments	-	-	-	-		-	743 761		743 761	DIV/0 %	DIV/0 %
Surplus (Deficit) before capital transfers and contributions	(83 286 012)	1 552 529	(81 733 483)	-		(81 733 483)	(68 677 644)		13 055 839	84 %	82 %
Transfers recognised-Capital	(231 039 883)	11 881 689	(219 158 194)	-		(219 158 194)	(217 386 118)		1 772 076	99 %	94 %
Surplus/(Deficit) for the year	147 753 871	(10 329 160)	137 424 711	-		137 424 711	148 708 474		11 283 763	108 %	101 %

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Significant accounting policies

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

- Debt impairment
- Useful life Property Plant and Equipment
- Fair Value of Investment Property
- Effective Interest rate for Finance leases
- Provision for slow moving/ obsolete inventory
- Actuarial gains and loss

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

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 16 - Provisions.

Employee Benefit Obligation

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the long service award obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for employee benefit obligations are based on current market conditions. Additional information is disclosed in Note 7.

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

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

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

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

1.4 Investment property

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

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

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

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

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

Derecognition

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

Fair value

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

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

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

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

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

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.

Moses Kotane Local Municipality

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Accounting Policies

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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

Item	Depreciation method	Average useful life
Land		Infinite
Buildings	Straight-line	5 - 100 years
Infrastructure - Electricity	Straight-line	10 - 100 years
Infrastructure - Roads	Straight-line	5 - 100 years
Infrastructure - Water	Straight-line	5 - 100 years
Infrastructure - Stormwater	Straight-line	5 - 50 years
Infrastructure - Sewerage	Straight-line	15 - 100 years
Infrastructure - ICT	Straight-line	10 - 50 years
Infrastructure - Airports	Straight-line	20 years
Access control security measures	Straight-line	3 - 5 years
Recreation facilities	Straight-line	10 - 100 years

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Accounting Policies

1.5 Property, plant and equipment (continued)

Furniture and Fittings	Straight-line	7 years
Motor Vehicles	Straight-line	5 - 15 years
Office equipment	Straight-line	5 - 7 years
Plant and Equipment	Straight-line	4 - 15 years

For the detailed useful lives of assets, refer to the municipality's asset management policy.

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

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

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

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

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.

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

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

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

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

Moses Kotane Local Municipality

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Accounting Policies

1.6 Intangible assets (continued)

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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	Average useful life
Computer software	Straight-line	1 - 15 years

Intangible assets are derecognised:

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

1.7 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.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Moses Kotane Local Municipality

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Accounting Policies

1.7 Heritage assets (continued)

Subsequent measurement

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

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

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

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

1.8 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.

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.

Moses Kotane Local Municipality

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Accounting Policies

1.8 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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.

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.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.8 Financial instruments (continued)

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

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

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

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Accounting Policies

1.8 Financial instruments (continued)

Classification

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

Class

Receivables from exchange transactions
Receivables from non exchange transactions
Consumer debtors
Cash and cash equivalents

Category

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

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

Class

Other financial liabilities
Trade payables
Finance lease liabilities
Other payables
Consumer deposits

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 amortised cost

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Accounting Policies

1.8 Financial instruments (continued)

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.

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.

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

The amount of the loss is recognised in surplus or deficit.

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The Municipality derecognises financial assets using trade date accounting.

The Municipality 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 Municipality, 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.

Moses Kotane Local Municipality

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Accounting Policies

1.8 Financial instruments (continued)

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

Financial liabilities

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

The obligation for retentions is considered to have expired when the retention is unclaimed for more than 3 years from the date the defect liability period expired.

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).

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.

1.9 Statutory receivables

Identification

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

Moses Kotane Local Municipality

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Accounting Policies

1.9 Statutory receivables (continued)

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

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

Accrued interest

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

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

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

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

Derecognition

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

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

Moses Kotane Local Municipality

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Accounting Policies

1.9 Statutory receivables (continued)

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.10 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessee

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

1.11 Inventories

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

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

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

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

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

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

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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Accounting Policies

1.11 Inventories (continued)

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

1.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.13 Employee benefits

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

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

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.

Moses Kotane Local Municipality

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Accounting Policies

1.13 Employee benefits (continued)

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 recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

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

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

Employee benefit Obligation

The municipality's obligation for Long Service Awards is a defined benefit plan. This plan is wholly unfunded as no contributions are made by the municipality into funds that are legally separate from the municipality and from which the employee benefits are paid (each subsequent financial year's expected payments of long service bonuses are budgeted for). The municipality, in substance, underwrites the actuarial and investment risks associated with the plan.

Consequently, the expense recognised for the defined benefit plan is the full additional liability accrued due to additional benefit entitlement. The municipality's net obligation in respect of the defined benefit long service awards is the present value of the defined benefit obligation less the fair value of any plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows of the benefits that will be paid to employees and using suitable interest rates

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Moses Kotane Local Municipality

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Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.14 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy and .

If the related asset is measured using the revaluation model:

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

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

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

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Capital commitments are disclosed in the financial statements and they represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost ; and
- Contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 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.

Moses Kotane Local Municipality

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Accounting Policies

1.16 Revenue from exchange transactions (continued)

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

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

Measurement

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

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

Sale of goods

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

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

Rendering of services

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

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

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

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

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

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

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

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.

1.17 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

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.

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

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

Taxes

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

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

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

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

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

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

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

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

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

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

Moses Kotane Local Municipality

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Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Fines

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

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

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

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.

1.18 Investment income

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

1.19 Borrowing costs

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

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

1.20 Comparative figures

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

1.21 Unauthorised expenditure

Unauthorised expenditure", in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with this Act;

1.22 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.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.23 Irregular expenditure

irregular expenditure”, in relation to a municipality or municipal entity, means—

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
 - (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
 - (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
 - (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law,
- but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure”;

1.24 Segment information

A segment is an activity of an entity:

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

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

1.25 Budget information

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

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

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

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

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

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

1.26 Related parties

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

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

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

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

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

Moses Kotane Local Municipality

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Accounting Policies

1.26 Related parties (continued)

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

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

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

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

1.27 Events after reporting date

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

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

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

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

Moses Kotane Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	150 663 784	-	150 663 784	150 684 493	-	150 684 493

Reconciliation of investment property - 2023 - Opening Balance

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	150 684 493	(764 470)	743 761	150 663 784

Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	149 338 217	1 346 276	150 684 493

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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3. Investment property (continued)

Pledged as security

Investment property was not pledged as security for financial liabilities.

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.

Details of valuation

The value indicated is established by comparing the subject property with similar properties, called comparable sales.

Comparable sales are recent property transactions of property that were sold in accordance with the definition of market value.

These comparable sales are judged as being the most comparable to the subject property to indicate a range of value in which the subject property's value could be determined. The subject property is then measured against the comparable sales, in various elements of comparison that might influence and ultimately determine the value of the subject property.

Moses Kotane Local Municipality

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Figures in Rand

4. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	17 290 211	-	17 290 211	17 290 211	-	17 290 211
Buildings	215 740 127	(115 115 240)	100 624 887	215 740 127	(108 601 316)	107 138 811
Plant and machinery	4 550 151	(3 851 915)	698 236	4 756 829	(3 791 933)	964 896
Furniture and Fixtures	50 443 507	(43 555 049)	6 888 458	50 947 590	(42 161 140)	8 786 450
Motor vehicles	67 312 290	(30 741 948)	36 570 342	36 439 468	(26 464 358)	9 975 110
Infrastructure	4 893 323 330	(2 571 038 184)	2 322 285 146	4 805 463 231	(2 486 725 979)	2 318 737 252
Community Building WIP	543 622 233	(291 348 196)	252 274 037	533 056 106	(280 908 871)	252 147 235
Infrastructure WIP	753 272	-	753 272	753 272	-	753 272
Community assets WIP	236 861 587	-	236 861 587	207 338 334	-	207 338 334
	14 140 014	-	14 140 014	13 939 607	-	13 939 607
Total	6 044 036 722	(3 055 650 532)	2 988 386 190	5 885 724 775	(2 948 653 597)	2 937 071 178

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Change in provision for landfill site	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	17 290 211	-	-	-	-	-	-	17 290 211
Buildings	107 138 811	-	-	-	-	(6 513 924)	-	100 624 887
Plant and machinery	964 896	28 755	-	(26 138)	-	(269 277)	-	698 236
Furniture and fixtures	8 786 450	1 729 375	-	(216 013)	-	(3 411 354)	-	6 888 458
Motor vehicles	9 975 110	30 872 822	-	-	-	(4 277 590)	-	36 570 342
Infrastructure	2 318 737 252	122 050 663	(858 540)	(15 120 340)	-	(101 531 952)	(991 937)	2 322 285 146
Community	252 147 235	16 755 162	-	(2 442 941)	-	(14 185 419)	-	252 274 037
Building WIP	753 272	-	-	-	-	-	-	753 272
Infrastructure WIP	207 338 334	172 214 517	-	(30 090 888)	(112 600 376)	-	-	236 861 587
Community WIP	13 939 607	16 955 569	-	-	(16 755 162)	-	-	14 140 014
	2 937 071 178	360 606 863	(858 540)	(47 896 320)	(129 355 538)	(130 189 516)	(991 937)	2 988 386 190

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Changes in provision for landfill site	Disposals	Transfers	Depreciation	Total
Land	17 291 253	-	-	(1 042)	-	-	17 290 211
Buildings	113 329 019	-	-	(154 323)	-	(6 035 885)	107 138 811
Plant and machinery	1 325 204	-	-	(30 545)	-	(329 763)	964 896
Furniture and fixtures	10 565 720	2 783 266	-	(470 536)	-	(4 092 000)	8 786 450
Motor vehicles	11 213 880	983 124	-	(139 434)	266 215	(2 348 675)	9 975 110
Infrastructure	2 337 306 579	102 246 140	(3 650 307)	(14 947 162)	-	(102 217 998)	2 318 737 252
Community	250 238 549	16 366 787	-	(472 965)	-	(13 985 136)	252 147 235
Building WIP	753 272	-	-	-	-	-	753 272
Infrastructure WIP	170 578 753	154 301 778	-	(15 260 469)	(102 281 728)	-	207 338 334
Community WIP	8 573 011	21 697 743	-	-	(16 331 147)	-	13 939 607
	2 921 175 240	298 378 838	(3 650 307)	(31 476 476)	(118 346 660)	(129 009 457)	2 937 071 178

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4. Property, plant and equipment (continued)

Pledged as security

Motor Vehicles	28 842 756	-
The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets		

The mayoral house is pledged as security for the mortgage bond for R 1 520 000 with ABSA bank.

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

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

Koffiekraal Highmast Lights	1 273 213	1 273 213
Manamela Highmast Lights	1 369 365	1 369 365
Ratau Highmast Lights	476 245	476 245
Legkraal Highmast Lights	1 126 266	1 126 266
Koffiekraal Highmast Lights Phase 2	1 001 507	1 001 507
Mononono Highmast Lights Phase 2	583 084	583 084
Mononono Highmast Lights Phase 2	320 915	320 915
Weldverdien Highmast Lights	1 247 575	1 247 575
Nkogolwe Highmast Lights Phase 2	735 640	735 640
Moruleng Renovate Testing Station	753 272	-
	8 887 082	8 133 810

Included in property, plant and equipment are high mast lights that have been identified as taking significantly longer period of time to complete than expected, due to the delay in connection of the high mast lights to the eskom power grid.

Reconciliation of Work-in-Progress 2023 - Opening Balance

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	207 338 341	13 939 607	753 272	222 031 220
Additions/capital expenditure	172 214 603	16 955 569	-	189 170 172
Disposals	(30 090 888)	-	-	(30 090 888)
Transferred to completed items	(112 600 376)	(16 755 162)	-	(129 355 538)
	236 861 680	14 140 014	753 272	251 754 966

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	170 578 753	8 573 011	753 272	179 905 036
Additions/capital expenditure	154 301 779	21 697 743	-	175 999 522
Disposals	(15 260 463)	-	-	(15 260 463)
Transferred to completed items	(102 281 728)	(16 331 147)	-	(118 612 875)
	207 338 341	13 939 607	753 272	222 031 220

Expenditure incurred to repair and maintain property, plant and equipment

The municipality spent an amount of R35 974 013 ((2021-22) R39 952 271) on repairs and maintenance for the financial year. In determining the repairs and maintenance amount the municipality has exclusively disclosed amounts charged by service providers.

Moses Kotane Local Municipality

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5. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	31 919 418	(18 526 008)	13 393 410	31 283 664	(18 108 344)	13 175 320

Reconciliation of intangible assets - 2023 - Opening Balance

	Opening balance	Additions	Amortisation	Total
Computer software, other	13 175 320	2 578 644	(2 360 554)	13 393 410

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	13 463 274	1 942 890	(2 230 844)	13 175 320

Pledged as security

Intangible assets were not pledged as security for financial liabilities

Moses Kotane Local Municipality

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6. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	14 000	-	14 000	14 000	-	14 000

Reconciliation of heritage assets 2023 - Opening Balance

	Opening balance	Total
Historical monuments	14 000	14 000

Reconciliation of heritage assets 2022

	Opening balance	Total
Historical monuments	14 000	14 000

Pledged as security

Heritage assets was not pledged as a security for financial liabilities

Expenditure incurred to repair and maintain heritage assets

There were no expenditure incurred to repair and mantain heritage assets during the year under review

Moses Kotane Local Municipality

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7. Employee benefit obligations

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(21 361 000)	(19 034 000)
Non-current liabilities	(17 802 000)	(17 014 000)
Current liabilities	(3 559 000)	(2 020 000)
	(21 361 000)	(19 034 000)

The municipality's obligation for Long Service Awards is a defined benefit plan. This plan is wholly unfunded as no contributions are made by the municipality into funds that are legally separate from the municipality and from which the employee benefits are paid (each subsequent financial year's expected payments of long service bonuses are budgeted for). The municipality, in substance, underwrites the actuarial and investment risks associated with the plan.

Consequently, the expense recognised for the defined benefit plan is the full additional liability accrued due to additional benefit entitlement. The municipality's net obligation in respect of the defined benefit long service awards is the present value of the defined benefit obligation less the fair value of any plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows of the benefits that will be paid to employees and using suitable interest rates.

The calculation is performed by registered actuaries using the projected unit credit method. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out as at 30 June 2023.

There are 589 employees that are currently entitled to Long Service Awards.]

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

Opening balance	19 034 000	17 814 000
Benefits paid	(1 868 226)	(2 121 275)
Net expense recognised in the statement of financial performance	4 195 226	3 341 275
	21 361 000	19 034 000

Net expense recognised in the statement of financial performance

Current service cost	1 798 000	1 711 000
Interest cost	1 991 000	1 544 000
Actuarial (gains) losses	406 226	86 275
	4 195 226	3 341 275

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7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,26 %	11,03 %
Expected rate of return on assets	6,54 %	7,33 %
Expected rate of return on reimbursement rights	4,43 %	3,45 %

The earnings are inclusive of the corresponding 1 July general increase. The next general earnings increase was assumed to take place on 1 July 2024.

In estimating the unfunded liability for LSA of Moses Kotane Local Municipality a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased (i.e. neither imprudent nor excessively conservative) and mutually compatible (i.e. reflective of the economic relationships between factors such as return on assets and inflation rates).

Discount Rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 11.26% per annum has been used. The corresponding liability-weighted index-linked yield is 4.94%. 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 30 June 2023. These yields were obtained by calculating the duration of the total liability and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process (because the yields depend on the duration, which in turn depends on the liability). The duration of the total liability was estimated to be 8.5 years.

Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely General Earnings Inflation and Promotional Earnings Escalation. The latter is considered under demographic assumptions.

General Earnings Inflation Rate

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The CPI inflation assumption of 5.54% was obtained from the differential between market yields on index-linked bonds (4.94%) consistent with the estimated terms of the liabilities and those of nominal bonds (11.26%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+11.26\% - 0.50\%)/(1+4.94\%)) - 1$.

Thus, a general earnings inflation rate of 6.54% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 4.43%. It was assumed that the next general earnings increase will take place on 1 July 2024.

Demographic Assumptions

Demographic assumptions are required about the future characteristics of current employees who are eligible for LSA.

Promotional Earnings Scale

The annual inflation rates below are in addition to the General Earnings Inflation assumption of 6.54% per annum for all employees.

Promotional earnings scale

Age Band	Additional Promotional Scale
20 – 24	5.0%
25 – 29	4.0%
30 – 34	3.0%
35 – 39	2.0%
40 – 44	1.0%
> 44	0.0%

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7. Employee benefit obligations (continued)

Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

Pre-Retirement Mortality

SA85-90 ultimate table, adjusted for female lives.

Withdrawal from Service

If an employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. The assumed rates are set out below.

Age Band	Withdrawal rate
20 – 24	9.0%
25 – 29	8.0%
30 – 34	6.0%
35 – 39	5.0%
40 – 44	5.0%
45 -- 49	4.0%
50 --54	3.0%
>55	0.0%

Other assumptions

Assumed general earnings rate have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed general earnings rate would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	261 000	(236 000)
Effect on defined benefit obligation	1 160 000	(1 062 000)

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

	2023	2022	2021	2020	2019
Defined benefit obligation	21 361 000	19 034 000	17 814 000	16 651 000	15 390 122

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8. Inventories		
Maintenance materials	15 985 904	13 879 271
Water for distribution	72 522	60 794
	<u>16 058 426</u>	<u>13 940 065</u>
Inventories (write-downs)	(76 145)	-
	<u>15 982 281</u>	<u>13 940 065</u>
As at 30 June 2023 no inventory was pledged as security for financial liabilities.		
Inventories recognised as an expense during the year	6 834 506	4 903 897
9. Receivables from exchange transactions		
Gross Balances	3 185 430	3 149 238
Less: Impairment allowance	(2 902 735)	(2 970 869)
	<u>282 695</u>	<u>178 369</u>
Other non-financial asset receivables included in receivables from exchange transactions above are as follows:		
Gross balances	2 443 422	2 443 422
Less: Allowance for impairment	(2 443 422)	(2 443 422)
	<u>-</u>	<u>-</u>
Financial asset receivables included in receivables from exchange transactions above	<u>282 695</u>	<u>178 369</u>
Total receivables from exchange transactions	<u>282 695</u>	<u>178 369</u>
Trade and other receivables pledged as security		
There are no trade and other receivables pledged as security at the end of the year.		
Fair value of trade and other receivables		
Trade and other receivables	238 599	160 970
Sundry debtors aging		
The ageing of sundry debtors is as follows:		
Between 0-30 days	6 597	8 670
Between 31-60 days	4 599	3 335
Between 61-90 days	3 933	3 613
Above 91 days	677 378	629 426
Other receivables aging		
The ageing of other receivables is as follows:		
91 days and above	2 443 422	2 443 422

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10. Receivables from non-exchange transactions		
Fines	116 176	535 526
Other receivables from non exchange transactions	628 970	328 970
Deposits	16 634 382	15 416 336
Sakkie Smith	833 880	833 880
	18 213 408	17 114 712
Non-current assets	16 634 382	15 416 336
Current assets	1 579 026	1 698 376
	18 213 408	17 114 712
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Fines	116 176	535 526
	116 176	535 526
Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:		
Other receivables	628 970	328 970
	628 970	328 970
Financial asset receivables included in receivables from non-exchange transactions above	17 468 262	16 250 216
Total receivables from non-exchange transactions	18 213 408	17 114 712

Moses Kotane Local Municipality

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10. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Fines are issued in terms of the National Road Traffic Regulations of 2000 and the National Road Traffic Act 93 of 1996.

Determination of transaction amount

All fines are governed by the specific regulation which is applicable to the offence

Interest or other charges levied/charged

Fines - No interest or other charges are charged on outstanding fines.

No discount rate is applied on the above mentioned statutory receivables to estimate future cash flows

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

Fines - Payment percentage of fines is used to assess whether fines are impaired.

There are no trade and other receivables from non exchange pledged as security during the year.

The aging-2023	Fines	Deposits	Other receivables	Total
121 days and above	116 176	16 910 097	1 162 850	18 189 123

The aging-2022	Fines	Eskom	Other receivables	Total
Current (0-30 days)	62 050	-	-	62 050
31-60 days	19 700	-	-	19 700
61-90 days	88 310	-	-	88 310
91-120 days	77 550	-	-	77 550
121 days and above	13 258 525	15 416 336	1 162 850	29 837 711
Less: Allowance for impairment	(12 970 616)	-	-	(12 970 616)
	535 519	15 416 336	1 162 850	17 114 705

There are no receivables from non exchange transactions pledged as security as at 30 June 2023

11. VAT receivable/payable

VAT	24 035 455	11 920 909
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Vat Receivable reconciliation		
VAT Receivable from SARS	20 381 385	8 594 419
VAT input provision	11 945 428	12 635 174
Output Provision	(8 291 358)	(9 308 684)
	24 035 455	11 920 909

The Municipality claims VAT in terms of the VAT Act 89 of 1991

VAT output is charged on taxable services and VAT input is claimed for goods and services received from suppliers who are registered as VAT vendors. The VAT receivable or payable at the end of the financial year is based on the difference between input VAT charged on operational goods and services supplied to the Municipality, input VAT charged on capital goods and services and the output VAT charged for services rendered by the Municipality.

The current VAT rate used, as determined by National Government is, 15% The municipality is registered for VAT on the Payment Basis

Moses Kotane Local Municipality

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12. Consumer debtors		
Gross balances		
Rates	625 244 459	541 664 465
Water	1 286 905 359	1 137 496 914
Sewerage	26 212 364	24 223 473
Refuse	143 683 151	124 906 357
Water consumption from the last readings	4 102 310	1 855 508
	2 086 147 643	1 830 146 717
Less: Allowance for impairment		
Rates	(450 440 431)	(481 571 040)
Water	(1 219 860 989)	(1 076 791 889)
Sewerage	(21 974 950)	(21 127 722)
Refuse	(143 014 583)	(124 777 989)
	(1 835 290 953)	(1 704 268 640)
Net balance		
Rates	174 804 028	60 093 425
Water	67 044 370	60 705 025
Sewerage	4 237 414	3 095 751
Refuse	668 568	128 368
Water consumption from the last readings	4 102 310	1 855 508
	250 856 690	125 878 077
Statutory receivables included in consumer debtors above are as follows:		
Rates	174 804 028	60 093 425
Other non-financial asset receivables included in consumer debtors above are as follows:		
Water consumption from the last readings	4 102 310	1 855 508
Financial asset receivables included in consumer debtors above	71 950 352	63 929 144
Total consumer debtors	250 856 690	125 878 077
Included in above is receivables from exchange transactions		
Water	67 044 370	60 705 025
Sewerage	4 237 414	3 095 751
Refuse	668 568	128 368
Water consumption from the last readings	4 102 310	1 855 508
	76 052 662	65 784 652
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	174 804 028	60 093 425
	174 804 028	60 093 425
Net balance	250 856 690	125 878 077

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12. Consumer debtors (continued)		
Rates		
Current (0 -30 days)	18 537 659	13 944 088
31 - 60 days	12 704 224	11 340 941
61 - 90 days	12 526 837	11 097 658
91 - 120 days	12 359 352	10 657 712
121 - 365 days	569 116 387	494 624 066
Debt impairment	(450 440 431)	(481 571 040)
	174 804 028	60 093 425
Water		
Current (0 -30 days)	24 076 343	21 231 500
31 - 60 days	24 348 097	23 830 877
61 - 90 days	23 919 243	27 419 392
91 - 120 days	24 556 434	23 376 908
121 - 365 days	1 190 005 244	1 041 638 237
Debt impairment	(1 219 860 991)	(1 076 791 889)
	67 044 370	60 705 025
Sewerage		
Current (0 -30 days)	540 907	1 052 445
31 - 60 days	513 547	408 046
61 - 90 days	496 213	403 045
91 - 120 days	460 267	338 073
121 - 365 days	24 201 430	22 021 864
Debt impairment	(21 974 950)	(21 127 722)
	4 237 414	3 095 751
Refuse		
Current (0 -30 days)	1 702 686	1 595 434
31 - 60 days	1 688 621	1 786 094
61 - 90 days	1 681 950	1 522 516
91 - 120 days	1 673 654	1 508 029
121 - 365 days	136 936 240	118 494 284
Debt impairment	(143 014 583)	(124 777 989)
	668 568	128 368
Other (specify)		
Current (0 -30 days)	4 102 310	1 855 508
Reconciliation of allowance for impairment		
Balance at beginning of the year	(1 690 944 511)	(1 372 168 449)
Bad debts written off against allowance	18 917 338	5 723 871
Debt impairment increase during the year	(163 263 780)	(337 824 062)
	(1 835 290 953)	(1 704 268 640)

Moses Kotane Local Municipality

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12. Consumer debtors (continued)

Statutory receivables general information

Transaction(s) arising from statute

Municipal Property Rates Act (MRP Act) section 2 states that a metropolitan or local municipality may levy a rate on property in its area.

Determination of transaction amount

Rates amounts are determined in terms of section 11 of the MRP Act and the approved rates policy of the municipality

Interest or other charges levied/charged

Interest is charged on past due balances

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

Payment history of receivables is used to assess whether the receivable is impaired

Discount rate applied to the estimated future cash flows

No discount rate is applied on above mentioned statutory receivables to estimate future cash flow

Credit quality of consumer debtors

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables

Moses Kotane Local Municipality

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13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	20 000	-
Bank balances	6 002 201	17 734 851
Short-term deposits	32 833 025	19 145 280
	38 855 226	36 880 131

Cash and cash equivalents held by the entity that are not available for use by the economic entity	107 700	107 700
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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Standard Bank- CurrentAccount- 41980182	4 677 337	11 140 035	5 059 333	4 677 537	11 130 390	5 123 737
CAII MIG Standard Bank Acoount Number 228810957004	10 683 660	12 250 721	23 884 598	10 683 660	12 250 721	23 884 598
Call MKLM Standard Bank 228810957002	5 160 909	982 553	8 928 986	5 160 909	982 553	8 928 986
WSIG Account MKLM MUNICINFRA- Account number -228810957003	11 690 577	5 317 732	18 504 336	11 690 577	5 317 732	18 504 336
ABSA Rustenburg Branch - AccountNumber - 4050414471	377 515	1 047 601	104 270	367 426	1 047 609	104 281
ABSA Fixed Deposit- 12 monthsEskom-Account Number -2062250801	425 755	406 398	384 187	455 187	424 010	404 461
Standard BANK Barongwa Traffic Registration Account Number - 41980255	46 681	629 038	641 081	37 980	629 038	641 081
Traffic- Account Number - 41980247	586 380	4 927 813	1 981 689	586 380	4 927 813	1 981 689
Standard Bank - Fleet- AccountNumber- 228810957001	4 842 692	170 265	2 003 562	4 842 692	170 265	2 003 562
Standard Bank Traffic Licensing - Account Type - 33099936	332 887	-	-	332 887	-	-
Total	38 824 393	36 872 156	61 492 042	38 835 235	36 880 131	61 576 731

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	179 418	8 438 909
Library Grant	1 434 206	1 440 274
Water Service Infrastructure Grant	1 834 540	2 403 400
EPWP Grant	327	8 826
Financial Management Grant	898	898
PMU Grant	-	607 724
Energy, Efficiency Demand Side Management (EEDSM)	4 650 000	-
	8 099 389	12 900 031

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14. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	12 900 031	27 731 961
Additions during the year	222 950 883	206 608 318
Income recognition during the year	(226 715 230)	(208 682 415)
Roll over denied	(1 036 295)	(12 757 833)
	8 099 389	12 900 031

15. Other financial liabilities

At amortised cost

INCA annuity loan	4 833 988	5 937 790
ABSA annuity loan	590 110	696 687
DBSA	3 416 080	7 994 550
	8 840 178	14 629 027

Total other financial liabilities

8 840 178	14 629 027
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DBSA Streetlighting and roads and stormwater

Type of loan	Annuity loan
Original amount	R15 767 612
Period of loan	20 years
Date loan received	June 2004
Redemption date	June 2024
Interest rate	Fixed 11.44%
Purpose of loan	Roads and Streetlights
Terms and conditions	Payable half yearly December and June

DBSA Water

Type of loan	Annuity loan
Original amount	R27 123 463
Period of loan	15 years
Date loan received	December 2008
Redemption date	December 2023
Interest rate	Fixed 8.80%
Purpose of loan	Water Projects
Terms and conditions	Payable half yearly December and June

INCA Civic Ext 2

Type of loan	Annuity loan
Original amount	R10 000 000
Period of loan	20 years
Loan raised	January 2008
Redemption date	December 2027
Interest rate	9.48%
Purpose of loan	Extension Civic Centre
Terms and conditions	Payable half yearly December and June

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand	2023	2022
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15. Other financial liabilities (continued)

INCA Paypoint

Type of loan	Annuity loan
Original amount	R3 000 000
Period of loan	15 years
Loan raised	March 2009
Redemption date	March 2024
Interest rate	8.36%
Purpose of loan	Community Halls
Terms and conditions	Payable half yearly March and September

Mayoral House bond

Type of loan	Mortgage Bond
Original amount	R1 520 000
Period of loan	20 years
Date loan received	June 2007
Redemption date	June 2027
Interest rate	variable
Purpose of loan	Mayoral house
Terms and conditions	Debit order monthly

Non-current liabilities

At amortised cost	4 070 550	8 844 377
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Current liabilities

At amortised cost	4 769 628	5 784 650
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Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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16. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Adjustments during the year	Reversed during the year	Payment during the year	Total
Environmental rehabilitation	20 279 786	1 292 841	-	-	-	21 572 627
Workmen's compensation	-	2 231 986	2 142 707	(1 706 637)	(2 668 056)	-
	20 279 786	3 524 827	2 142 707	(1 706 637)	(2 668 056)	21 572 627

Reconciliation of provisions - 2022

	Opening Balance	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	21 989 821	-	1 940 272	(3 650 307)	20 279 786
Workmen's compensation Provision	1 840 995	(1 840 995)	-	-	-
	23 830 816	(1 840 995)	1 940 272	(3 650 307)	20 279 786

Non-current liabilities	21 572 627	20 279 786
	21 572 627	20 279 786

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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16. Provisions (continued)

Environmental rehabilitation provision

Unit Costs

Unit costs for each of the cost elements are obtained annually by means of a commercial quotation. Details of this are provided separately.

CPI

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last quarter amounted to 6.1716%

Discount Rate

GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans, government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation linked rates are used.

The rate most consistent with the remaining life of the landfills published at the end of the quarter that includes the financial year-end date was used.

- For landfills with an expected remaining life of three years or less, the rate associated with a maximum period of 3 years is used.
- For landfills with an expected remaining life of four of five years, the rate associated with a maximum period of 5 years is used.
- For landfills with an expected remaining life of more than five years, the rate associated with a maximum period of 10 years is used.

Assumption

CPI	6.1716%
Discount rate	11.4216%
Net effectivediscount rate	5.2500%

Moses Kotane Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
17. Payables from exchange transactions		
Trade payables	75 133 448	70 745 800
Payments received in advance	87 393 272	71 305 572
Other payables	1 323 152	2 330 183
Accrued leave pay	42 221 971	42 166 361
Retentions	32 700 203	31 895 527
Unallocated receipts	8 132 111	8 046 160
Accrued Bonus	6 864 114	7 188 242
	253 768 271	233 677 845
18. Revenue		
Service charges	194 581 545	215 326 836
Other income	1 951 061	3 909 995
Interest charged on receivables	77 789 538	60 539 708
Property rates	124 807 120	125 637 126
Interest on non exchange receivables	32 300 403	26 873 644
Government grants & subsidies	755 316 780	685 483 247
Interest on Bank	3 384 682	3 186 551
Public contributions and donations	-	983 124
Fines, Penalties and Forfeits	1 028 400	1 308 200
	1 191 159 529	1 123 248 431
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	194 581 545	215 326 836
Other income	1 951 061	3 909 995
Interest received - investment	77 789 538	60 539 708
	274 322 144	279 776 539
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	124 807 120	125 637 126
Interest on receivables from non exchange transactions	32 300 403	26 873 644
Transfer revenue		
Government grants & subsidies	755 316 780	685 483 247
Interest - non exchange transactions	3 384 682	3 186 551
Public contributions and donations	-	983 124
Fines, Penalties and Forfeits	1 028 400	1 308 200
	916 837 385	843 471 892
19. Service charges		
Sale of water	178 958 527	198 691 897
Sewerage and sanitation charges	3 863 936	5 259 293
Refuse removal	11 759 082	11 375 646
	194 581 545	215 326 836
20. Lease rentals on operating lease		
Equipment		
Contractual amounts	2 154 791	1 826 087

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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21. Interest from non-exchange receivables

Outstanding debtors	32 300 403	26 873 644
Interest - Bank	3 384 682	3 186 551
	35 685 085	30 060 195

22. Other income

Clearance certificates	147 793	57 907
Drainage fees	252	366
Sale of tender documents	424 152	622 938
Valuation services	3 589	3 058
Cemetery	17 934	19 909
Town planning	135 564	71 912
Recoveries	203 886	4 185
Photocopies and faxes	20 104	28 808
Water connections	22 160	10 231
Skills Development Fund	429 052	427 100
Licence fees	336 120	2 429 535
Skip Bin - Waste removal	58 239	-
Rental income	152 216	234 046
	1 951 061	3 909 995

The amounts disclosed above for other income are in respect of services rendered which are billed to or paid for by the users of the services as required according to approved tariffs.

23. Interest Income - Exchange items

Interest revenue

Bank	6 360 321	2 478 898
Interest charged on receivables	71 429 217	58 060 810
	77 789 538	60 539 708

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
24. Property rates		
Rates received		
Commercial	44 156 674	44 158 481
State	70 300 217	70 809 566
Residential: Developed	1 400 154	1 448 847
Agricultural properties	244 187	288 611
Vacant Land	1 837 671	1 991 824
Mining	6 048 408	6 255 459
Industrial	953 558	753 686
Less: Income forgone	(133 749)	(69 348)
	124 807 120	125 637 126

Assessment rates are levied on the total value of property of which the valuation must be performed every four years in terms of the Municipal Property Rates Act. Interim valuations are processed on a monthly basis to take into account changes in individual property value due to alterations, completions, consolidations and subdivisions.

Rates are levied monthly on property owners and are payable at the end of each month. Owners are allowed to pay the 12 monthly instalments annually by 30 September each year. Interest is levied on outstanding rates amounts.

The new general valuation was implemented on 01 July 2021.

Valuations

Residential	2 124 068 400	1 670 405 073
Commercial	513 797 002	1 381 454 407
Industrial	132 761 000	146 984 720
State	2 046 753 600	1 708 904 034
Church and parks	2 600 000	17 490 000
Mining	71 280 000	72 885 000
Public Benefit Organizations	419 800	419 800
Agriculture	1 568 358 600	1 456 812 162
Municipal (non taxable valuations)	76 265 100	125 285 700
Public Service infrastructure	30 184 100	17 540 000
Vacant Land	31 671 000	66 856 000
	6 598 158 602	6 665 036 896

Moses Kotane Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
25. Government grants & subsidies		
Operating grants		
Equitable share	528 601 550	476 800 833
Expanded Public Works Grant	1 651 673	1 699 174
Project Management Unit Grant	4 642 116	4 504 202
Financial Management Grant	1 950 000	1 849 102
Library Grant	735 322	440 051
Energy, Efficiency Demand Side Management	350 000	-
	537 930 661	485 293 362
Capital grants		
Municipal Infrastructure Grant	157 450 376	146 774 213
Water Service Infrastructure Grant	59 693 860	43 802 353
Provincial Infrastructure Grant	241 883	9 613 319
	217 386 119	200 189 885
	755 316 780	685 483 247
Municipal Infrastructure Grant		
Balance unspent at beginning of year	8 438 909	25 369 253
Current-year receipts	149 190 884	142 543 870
Conditions met - transferred to revenue	(157 450 375)	(146 774 214)
Roll over denied	-	(12 700 000)
	179 418	8 438 909
The grant was utilised to construct roads, streetlighting, water and sewerage infrastructure. Conditions still to be met - remain liabilities (see note 14).		
Library Grant		
Balance unspent at beginning of year	1 440 274	1 014 325
Current-year receipts	1 149 000	866 000
Conditions met - transferred to revenue	(735 323)	(440 051)
Roll over denied	(419 745)	-
	1 434 206	1 440 274
Conditions still to be met - remain liabilities (see note 14).		
Water Services Infrastructure Grant		
Balance unspent at beginning of year	2 403 400	1 205 753
Current-year receipts	59 125 000	45 000 000
Conditions met - transferred to revenue	(59 693 860)	(43 802 353)
	1 834 540	2 403 400
Conditions still to be met - remain liabilities (see note 14).		
Expanded Public Works Grant		
Balance unspent at beginning of year	8 826	57 833
Current-year receipts	1 652 000	1 708 000
Conditions met - transferred to revenue	(1 651 673)	(1 699 174)
Repayment of unspent	(8 826)	(57 833)
	327	8 826

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
25. Government grants & subsidies (continued)		
Conditions still to be met - remain liabilities (see note 14).		
Financial Management Grant		
Balance unspent at beginning of year	898	-
Current-year receipts	1 950 000	1 850 000
Conditions met - transferred to revenue	(1 950 000)	(1 849 102)
	898	898
Conditions still to be met - remain liabilities (see note 14).		
Provincial Infrastructure Grant (PIG)		
Current-year receipts	241 883	9 613 319
Conditions met - transferred to revenue	(241 883)	(9 613 319)
	-	-
Conditions still to be met - remain liabilities (see note 14).		
MIG (PMU) Grant		
Balance unspent at beginning of year	607 724	84 797
Current-year receipts	4 642 116	5 027 130
Conditions met - transferred to revenue	(4 642 116)	(4 504 203)
Roll Over denied	(607 724)	-
	-	607 724
Conditions still to be met - remain liabilities (see note 14).		
Energy, Efficiency Demand Side Management Grant		
Current-year receipts	5 000 000	-
Conditions met - transferred to revenue	(350 000)	-
	4 650 000	-
Conditions still to be met - remain liabilities (see note 14).		

Moses Kotane Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
26. Employee related costs		
Basic	185 537 150	180 784 148
Bonus	12 607 404	14 569 935
Medical aid - company contributions	15 061 193	13 948 078
UIF	1 230 238	1 214 680
SDL	2 386 555	2 188 670
Leave pay provision charge	719 327	2 471 472
Bargaining council	77 371	73 015
Travel, motor car, accommodation, subsistence and other allowances	1 633 548	1 398 593
Overtime payments	19 926 808	13 467 630
Long-service awards	4 195 226	3 341 276
Acting allowances	1 263 980	801 955
Housing benefits and allowances	631 284	552 820
Standby allowances	2 798 773	2 832 513
Pension fund company contributions	34 053 480	31 210 028
Shift allowance	282 822	297 194
	282 405 159	269 152 007
Remuneration of Municipal Manager		
Annual Remuneration	977 149	1 248 674
Car Allowance	173 133	222 593
Bonus	-	104 056
Contributions to UIF, Medical and Pension Funds	182 582	282 180
	1 332 864	1 857 503
Remuneration for the Acting Municipal Manager		
Annual Remuneration	83 115	54 000
Remuneration of the Chief Finance Officer		
Annual Remuneration	1 181 673	1 121 450
Car Allowance	216 000	216 000
Bonus	98 473	93 156
Contributions to UIF, Medical and Pension Funds	269 035	253 226
	1 765 181	1 683 832
Remuneration of Acting CFO		
Acting Allowance	9 749	-
Remuneration of HOD Community Services		
Annual Remuneration	1 248 880	1 189 734
Car Allowance	240 000	240 000
Bonus	60 000	60 000
Contributions to UIF, Medical and Pension Funds	2 255	2 249
	1 551 135	1 491 983
Remuneration of HOD Technical Services		
Annual Remuneration	1 574 172	1 430 544
Car Allowance	60 000	60 000
Contributions to UIF, Medical and Pension Funds	2 255	2 249

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
26. Employee related costs (continued)	<u>1 636 427</u>	<u>1 492 793</u>

Moses Kotane Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
26. Employee related costs (continued)		
Remuneration of Acting HOD: Technical Services		
Annual Remuneration	121 410	158 639
Remuneration of HOD Planning and Development		
Annual Remuneration	515 790	353 261
Car Allowance	228 366	60 000
Bonus	52 927	60 000
Contributions to UIF, Medical and Pension Funds	94 158	62 425
	891 241	535 686
Remuneration for Acting HOD: Planning and Development		
Annual Remuneration	55 854	189 438
Remuneration of HOD: Economic development		
Annual Remuneration	323 421	1 227 149
Car Allowance	60 000	240 000
Bonus	30 000	30 000
Contributions to UIF, Medical and Pension Funds	563	2 249
	413 984	1 499 398
Remuneration of Acting HOD: Local economic Development		
Annual Remuneration	308 820	-
Remuneration of HOD: Corporate Services		
Annual Remuneration	821 437	-
Contributions to UIF, Medical and Pension Funds	1 503	-
Acting Allowance	178 113	-
	1 001 053	-
27. Remuneration of councillors		
Mayor	781 659	785 604
Single WHIP	583 944	484 921
Executive Committee	5 457 397	5 013 584
Speaker	677 051	565 072
Councillors	14 187 027	12 952 088
Councillors pension and medical aid contributions	3 396 492	3 211 585
Traveling allowance	1 169 544	2 513 661
Cell phone allowance	3 017 073	3 028 598
	29 270 187	28 555 113

Moses Kotane Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
27. Remuneration of councillors (continued)		
In-kind benefits		
The Mayor, Speaker, Single Whip and Mayoral Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor is entitled to stay at the mayoral residence owned by the Municipality. The Executive Mayor has use of a Council owned vehicle for official duties.		
The Council has complied with the provision of Section 7(3) of the Remuneration of Public Office Bearers Act, and in line with the government gazette number 45420, dated 2 November 2021. It should be noted that there was no increase of councillor allowances therefore gazette no 43246 dated 24 April 2020 is still applicable while still awaiting concurrence.		
28. Depreciation and amortisation		
Property, plant and equipment	130 189 515	129 009 457
Intangible assets	2 360 554	2 230 845
	132 550 069	131 240 302
29. Finance costs		
Non Current Borrowings	3 467 592	2 095 248
Finance cost from landfill site provision	2 151 381	1 940 272
	5 618 973	4 035 520
30. Debt impairment		
Consumer Debtors	146 086 131	314 478 513
Traffic Fines	1 330 629	1 746 240
Sundry Debtors	9 341	(153 316)
	147 426 101	316 071 437
31. Bulk purchases		
Water	131 138 032	106 418 850
Water losses		
Units purchased	15 230 215	15 483 347
Units sold	(13 185 643)	(14 543 701)
Total loss	2 044 572	939 646
Value of loss	17 869 356	7 178 895
Percentage Loss	13 %	6 %

Moses Kotane Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
32. Contracted services		
Outsourced Services		
Accounting fees	16 148 376	9 956 502
Vat consultants fees	4 924 365	7 369 811
Debt collection fees	2 465 329	8 557 808
Call Centre	-	4 911 652
Refuse Removal	23 200 991	23 814 045
Contractors		
Electrical	572 870	-
Maintenance of Buildings and Facilities	955 412	624 686
Maintenance of motor vehicles	5 305 937	7 593 769
Maintenance of infrastructure	27 133 678	29 841 422
	80 706 958	92 669 695

Contracted services are expenditure relating to mandated services in terms of the Structures Act, a municipal by-law or the IDP where the municipality is expected to have the capacity and expertise to carry out these services, but is outsourcing these services.

33. General expenses

Accounting fees	4 476 626	3 204 596
Cleaning	2 234 717	1 538 826
Consulting and professional fees	2 079 997	1 590 503
Consumables	5 319 480	15 750
Entertainment	76 615	-
Fines and penalties	947 941	629 050
Insurance	4 713 274	3 562 667
IT expenses	7 453 366	7 573 871
Horticulture	37 223	52 456
Promotions and sponsorships	8 419 749	-
Valuation Fees	-	131 550
Fuel and oil	21 431 731	11 790 522
Local economic development	761 616	128 339
Repairs and maintenance	14 489 367	3 922 682
Security (Guarding of municipal property)	25 954 516	23 037 586
Workmen's compensation fund	2 668 056	1 659 235
Subscriptions and membership fees	2 993 050	3 054 075
Telephone and fax	7 028 925	10 083 228
Training	405 922	107 391
Travel - local	2 192 767	1 024 816
Water Tankering	14 270 516	13 181 002
Rural Sanitation	22 846 458	15 260 469
Electricity	33 007 250	19 981 853
Uniforms	1 589 175	1 363 180
Maintenance plan - write down	530 224	-
Ward committee fees	14 264 363	9 151 985
Water quality and chemicals	4 401 191	2 077 520
Other expenses	8 799 563	9 435 995
	213 393 678	143 559 147

Moses Kotane Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
34. Cash generated from operations		
Surplus	148 708 476	16 057 179
Adjustments for:		
Depreciation and amortisation	132 550 069	131 240 302
Gain on sale of assets and liabilities	17 418 903	14 629 809
Public donations	-	(983 124)
Inventory write off	75 835	(11 981)
Maintenance plan- Write down	530 224	-
Fair value adjustments	(743 761)	(1 346 276)
Finance costs	2 151 381	1 940 272
Impairment loss	991 937	-
Debt impairment	147 426 101	316 071 437
Movements in employee benefits	4 195 226	3 341 276
Movements in provisions	-	(722 012)
Movements in provisions for water in pipes	(2 246 802)	-
Movement in accrued leave	719 327	2 471 472
Movement in accrued bonus	(324 128)	2 115 471
VIP toilets	22 846 458	15 260 469
Changes in working capital:		
Inventories	(2 118 051)	(2 423 082)
Receivables from exchange transactions	(113 918)	(16 182)
Consumer debtors	(282 366 512)	(337 205 983)
Other receivables from non-exchange transactions	(2 429 325)	(12 091 354)
Payables from exchange transactions	19 821 110	(5 836 610)
VAT	5 727 236	38 753 229
Accrued Interest payable	254 073	-
Unspent conditional grants and receipts	(4 800 642)	(14 831 930)
Consumer deposits	31 548	63 015
Provisions	-	(1 841 006)
Employee benefits obligation	(1 868 226)	(2 121 275)
	206 436 539	162 513 116

35. Non Current Assets Held for sale

Management took a decision to dispose vacant land and a fleet of transport assets.

Management took a decision to dispose the transport assets as these assets had become expensive to maintain, the mileage of the assets was very high and the physical condition of the assets had deteriorated.

Reconciliation - 2023	Opening Balance	Additions	Transfers	Total
Unsold Properties held for sale	320 300	764 470	(649 970)	434 800
Vehicles held for sale	124 896	-	-	124 896
	445 196	764 470	(649 970)	559 696
Reconciliation - 2022	Opening Balance	Additions	Transfers	Total
Unsold Properties held for sale	320 300	-	-	320 300
Vehicles held for sale	370 740	20 371	(266 215)	124 896
	691 040	20 371	(266 215)	445 196

36. Financial instruments disclosure

Categories of financial instruments

2023

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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36. Financial instruments disclosure (continued)

Financial assets

	At cost	Total
Receivables from exchange transactions	282 695	282 695
Receivables from non exchange transactions	17 468 262	17 468 262
Consumer debtors	71 950 352	71 950 352
Cash and cash equivalents	38 855 226	38 855 226
	128 556 535	128 556 535

Financial liabilities

	At cost	Total
Other financial liabilities	(8 840 178)	(8 840 178)
Trade and other payables from exchange transactions	(116 020 918)	(116 020 918)
Finance lease obligations	(34 499 104)	(34 499 104)
Accrued interest payable	(254 073)	(254 073)
	(159 614 273)	(159 614 273)

2022

Financial assets

	At cost	Total
Trade and other receivables from exchange transactions	178 369	178 369
Other receivables from non-exchange transactions	16 250 216	16 250 216
Consumer debtors	63 929 144	63 929 144
Cash and cash equivalents	36 880 131	36 880 131
	117 237 860	117 237 860

Moses Kotane Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
36. Financial instruments disclosure (continued)		
Financial liabilities		
	At cost	Total
Other financial liabilities	(14 629 027)	(14 629 027)
Trade and other payables from exchange transactions	(112 159 752)	(112 159 752)
	<u>(126 788 779)</u>	<u>(126 788 779)</u>
37. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	<u>202 243 409</u>	<u>155 058 958</u>
Total capital commitments		
Already contracted for but not provided for	<u>202 243 409</u>	<u>155 058 958</u>
Total commitments		
Total commitments		
Authorised capital expenditure	<u>202 243 409</u>	<u>155 058 958</u>
This committed expenditure relates to infrastructure projects and will be financed by grants from National and Provincial Treasury.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	1 555 758	2 100 000
- in second to fifth year inclusive	-	1 225 000
	<u>1 555 758</u>	<u>3 325 000</u>
Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.		
Rental expenses relating to operating leases		
Minimum lease payments	<u>2 154 791</u>	<u>1 826 087</u>

Operating leases relate to property, plant and equipment with lease terms not longer than 5 years with an option to extend for a further period. The operating lease contract contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the leased period.

Moses Kotane Local Municipality

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38. Contingencies		
Claims against the municipality		
Van Heerden Construction	1 078 782	1 078 782
Enigma Chartered Accountants	5 211 874	5 211 874
Mr. P.N Makganya	34 764	-
Norman Montshiwa & 33 others V MKLM	12 000 000	12 000 000
Sandra Mafisa V MKLM	2 400 000	2 400 000
SAMWU obo TKL V MKLM	300 000	300 000
Tsholo Moloi V MKLM	754 481	754 481
R.I Mogotsi	8 000 000	-
	29 779 901	21 745 137

Norman Montshiwa & 33 others V MKLM

Claim for payment in respect of leave encashment, the matter is pending before Labour Court. The claim against the municipality is estimated to be above R12 million however, there are no prospects of success.

Sandra Mafisa V MKLM

Claim of unfair dismissal, the employee seek reinstatement. The matter is pending before the Labour Court. There is no prospects of success. The employee concerned has reached retirement age. The financial exposure is estimated at R2,4 million

SAMWU obo TKL Matlapeng V MKLM

Claim for unfair Labour Practice. The matter is pending before the Labour Court. Employee does not have prospects of success, however the municipality is exposed to a financial claim in excess of R300 000.

Tsholo Moloi V MKLM

Claim for unfair dismissal. The matter is before the Labour Appeal Court. The claim could be estimated as per her salary from the period of dismissal. However there are no prospects of success

Van Heerden Construction

Van Heerden Construction is a sub-contractor of Lefika La Thaba, a contractor that was appointed by the Municipality. Van Heerden is claiming R 1 078 782. Van Heerden obtained a Court order and Writ of execution against Lefika La Thaba, Dr. Mokgothu, the owner of Lefika La Thaba as well as the Municipality. It was established that the Municipality has an amount of R 833 000 left on the project. The amount was paid over to the trust account of Sakkie Smith Attorneys for safekeeping pending finalisation of the matter. The case is handled by Sakkie Smith Attorneys in Mogwase and is still in progress.

Mr. P.N. Makganya

Claim by Mr. Makganya for damages sustained due to alleged accident with municipal employee, Mr. Z. Mooketsi, to the amount of R 34 763.73. Sheriff with execution order at Moses Kotane municipal offices – attached assets but not removed. Case defended on basis that last correspondence was received in 2016 and no notices were since delivered to the execution debtors, MKLM and Mooketsi. The case is handled by Sakkie Smith Attorneys in Rustenburg. In the current year the possibility of outflow of resources has been considered to be remote because there was no movement on the case for the last 3 years.

Enigma Chartered Accountants

Claim by Enigma for R 5 211 872.84. The Municipality appointed Enigma to investigate and claim back VAT paid. Enigma would then be entitled to 20% commission on recovered amount. Notice of Motion received in October 2019. Proposal for settlement is under review. Case has some probability of succeeding. The case is being handled by Setshedi, Makgale and Matlapeng Attorneys in Rustenburg.

R.I Mogotsi

Mr Mogotsi claims to have bought stands from the Municipality which are burdened by servitudes. He claims compensation and loss of rental income.

Moses Kotane Local Municipality

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39. Related parties

Relationships

The services rendered to related parties are charged at approved tariffs that were advertised to the public. The amounts outstanding are unsecured and will be settled in cash .

Remuneration of management

Moses Kotane Local Municipality

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39. Related parties (continued)

Remuneration of Head of Departments

2023

	Basic salary	Acting Allowance	Travel Allowance	UIF	Medical Aid	Pension	Bargaining Council	Bonus	Total
Name									
Acting Corporate Services (Mr F Radiokana)	-	178 113	-	-	-	-	-	-	178 113
Corporate Services (Mr F Radiokana)	821 437	-	-	1 417	-	-	86	-	822 940
Acting Municipal Manager(Mr B Maseloane)	-	83 115	-	-	-	-	-	-	83 115
Municipal Manager(Mr. MV Letsoalo)	977 149	-	173 133	1 594	5 004	175 887	97	-	1 332 864
CFO (MR Mkhize)	1 181 673	-	216 000	2 125	54 079	212 701	130	98 473	1 765 181
Acting CFO (Ms B Kutumela)	-	9 749	-	-	-	-	-	-	9 749
Technical Services Director (Mr BS Maseloane)	1 574 172	-	60 000	2 125	-	-	130	-	1 636 427
Acting Technical Services Director(Mr J Sifunda)	-	121 410	-	-	-	-	-	-	121 410
Community Services Director (Mr SS Kotsedi)	1 248 880	-	240 000	2 125	-	-	130	60 000	1 551 135
Acting Planning and Development Director(Mr. V Mmope)	-	55 854	-	-	-	-	-	-	55 854
Planning and Development Director(Mr M Tshitereke)	515 790	-	228 366	1 240	-	92 842	76	52 926	891 240
Acting Local Economic Development(Mr. A Mogashoa	-	308 820	-	-	-	-	-	-	308 820
Local Economic Development(Ms R Madikela)	323 421	-	60 000	531	-	-	32	30 000	413 984
	6 642 522	757 061	977 499	11 157	59 083	481 430	681	241 399	9 170 832

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39. Related parties (continued)

2022

Name	Basic salary	Acting Allowance	Travel Allowance	UIF	Medical Aid	Pension	Bargaining Council	Bonus	Total
Municipal Manager(Mr. MV Letsoalo)	1 248 674	-	222 593	2 125	57 277	222 654	124	104 056	1 857 503
Acting Municipal Manager (Mr SS Kotsedi)	-	23 077	-	-	-	-	-	-	23 077
Acting Municipal Manager (Mr M Mkhize)	-	7 846	-	-	-	-	-	-	7 846
Acting Municipal Manager (Mr MS Makgoba)	-	23 077	-	-	-	-	-	-	23 077
CFO (MR Mkhize)	1 121 450	-	216 000	2 125	51 696	199 281	124	93 156	1 683 832
Community Services Director (Mr SS Kotsedi)	1 189 734	-	240 000	2 125	-	-	124	-	1 431 983
Technical Service Director(Mr. BS Maseloane)	1 430 544	-	60 000	2 125	-	-	124	-	1 492 793
Planning and Development (Mr MS Makgoba)	353 261	-	60 000	708	-	61 675	41	60 000	535 685
Acting Planning and Development (Mr AT Mogashoa)	-	108 300	-	-	-	-	-	-	108 300
Acting Planning and Development (Mr BS Masekoane)	-	28 381	-	-	-	-	-	-	28 381
Acting Planning and Development (Mr MV Mmope)	-	52 757	-	-	-	-	-	-	52 757
Economic Development (Ms GR Madikela)	1 227 149	-	240 000	2 125	-	-	124	30 000	1 499 398
Acting Corporate Services (Ms G MadikelaR)	-	28 381	-	-	-	-	-	-	28 381
Acting Corporate Services (Mr FD Radiokana))	-	100 278	-	-	-	-	-	-	100 278
Acting Corporate Services (Ms B Moselane)	-	34 980	-	-	-	-	-	-	34 980
	6 570 812	407 077	1 038 593	11 333	108 973	483 610	661	287 212	8 908 271

Moses Kotane Local Municipality

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39. Related parties (continued)

Management class: Councillors

2023

	Basic salary	Pension	Medical Aid	Travel Allowance	Phone Allowance	Total
Name						
Mayor	781 659	117 249	17 280	-	3 600	919 788
Speaker	677 051	38 623	17 280	-	44 400	777 354
Whip	583 944	67 230	17 280	-	42 900	711 355
Executive Committee	5 457 397	765 763	103 680	619 811	441 682	7 388 333
Councillors	14 187 027	2 011 626	240 480	549 733	2 484 491	19 473 357
	21 687 078	3 000 491	396 000	1 169 544	3 017 073	29 270 187

Moses Kotane Local Municipality

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39. Related parties (continued)

2022

	Basic salary	Pension	Medical Aid	Travel Allowance	Phone Allowance	Other benefits received	Total
Name							
Mayor	785 604	114 007	1 081	-	3 682	287 212	913 374
Speaker	565 072	84 761	7 200	63 689	42 009	-	762 731
Whip	484 921	66 065	18 592	55 173	39 609	287 212	664 359
Executive Committee	5 013 584	745 364	89 280	899 488	443 782	-	7 191 499
Councillors	12 952 088	1 770 063	306 174	1 495 313	2 499 512	287 212	19 023 150
	19 801 269	2 780 260	422 327	2 513 663	3 028 594	861 636	28 555 113

Moses Kotane Local Municipality

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40. Prior period errors and reclassifications

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

Payables from exchange transactions

In the current year it came to management attention that insurance claimed received in 2019 was incorrectly recorded as other payables resulting in overstatement of payables from exchange transactions by R333 320,50 and understatement of accumulated surplus by R333 320,50

In the prior year, it was noted that a trade payable was erroneously classified as a contingent liability which resulted in overstatement of accumulated surplus of R 470 426.30 and an understatement of trade payables of R 470 426.30

In the current year it was noted that trade payables relating to 2021 financial year was not accrued for in the correct period which resulted in payment being made in an incorrect period in the 2022 financial year. The error had understated trade payables by R 438 286,60 and accumulated surplus overstated by R 438 286.60.

In the current year it was noted that accruals on Eskom were incorrectly quantified and incorrectly accounted for, this resulted in overstatement of payables from exchange transactions R2 743 944,48 accumulated surplus R2 587 598,67 and understatement of general expenses R2 587 598,67 and understatement of VAT receivable of R156 345,81

During the year under review it was noted that foreign exchange losses were incorrectly accounted for, this resulted in overstatement of payables received in advance by R 280 041,33 and overstatement of Forex losses by R280 041,33 as well as understatement of Accumulated surplus by the same amount

During the year under review it was noted that the invoice for purchase of computer software was incorrectly expensed after the same invoice had been capitalised to intangible assets. This resulted in overstatement of payables from exchange and overstatement of general expenses by R2 234 324,03

Expenditure

In the current year it was noted that trade payables of R 3 868.51 was not accrued for in the prior year which resulted in understatement trade payables by R3 868,51, general expenses by R600, Contracted services by R3 268,51 and overstatement of Accumulated surplus by R3 868,51

Contingent Liabilities

In the prior year, it was noted that a trade payable was erroneously classified as a contingent liability which resulted in overstatement of contingent liabilities of R 470 426.30 and an understatement of trade payables of R 470 426.30

Irregular Expenditure

It was noted in the prior year AGSA identified through CAATS that some of the suppliers did not declare their conflict of interest status resulting in understatement of irregular expenditure by R 126 237.

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40. Prior period errors and reclassifications (continued)

Property Plant and Equipment and Retentions

It was noted that there was an overstatement on the Property, Plant and Equipment by R498 562,47, the Retentions by R573 346,84, VAT Receivable by R74 784,37 and, general expenses by R 127 550,62 and Accumulated surplus by R127 550.62

Rental income reclassification

During the financial year under review, it was noted that rental income is not a significant revenue category and was therefore reclassified to other income. The effect of reclassification is the decrease of rental income by R234 046 and an increase of other income by the same amount

Insurance Claim received

In the current year it was noted that insurance claim received was accounted for as other income instead of treated as proceeds from disposal of assets. This resulted in overstatement of revenue from exchange transactions by R310 394,42 as well as the overstatement of loss on disposal of assets and liabilities by the same amount.

Property rates and consumer debtors

During the year under review it was noted that supplementary valuation rolls were implemented retrospectively instead of prospectively resulting in overstatement of Property rates income by R4 963 077,60, overstatement of debt impairment by R4 963 077,60.

Water and consumer debtors

During the period under review it was noted there was an incorrect billing for water in the 2021/22 financial year. The error resulted in overstatement service charges, accumulated surplus by R666 643.30 and understatement of VAT receivable by R99 999,5 overstatement of Consumer debtors by R 766 641

Consumer deposits

During the audit for 2021/22 financial statements, it was noted that deposits received from consumers were accounted for as water connections fees instead of deposits payables, this resulted in overstatement of Accumulated Surplus by R489 286.89, VAT input by R69 957.71, other income R54 795.73 and understatement of Consumer deposits by R559 244.60

Contingent liabilities

During the period under review it was noted that contingent liabilities was overstated by R15 000 000, this was due to the fact that Employees affected by the structure as well as Wageng Mokgosi and 17 others' forms were not fully completed and authorised by signatories

Bulk Purchases - Deposits

During the year under review it was noted that deposits paid to Magalies were incorrectly accounted for as bulk purchases instead of deposits paid. This resulted in Overstatement of bulk purchases by R7 007 532.94, Accumulated Surplus by R9 245 368.61 and understatement of Receivables from non exchange transactions by R9 245 368.61

Employee related costs

During the period under review it was noted that leave and accrued to a deceased employee before his/ her death was not accounted for in the financial books of the Municipality. This resulted in understatement of leave expense by R86 333.41 and bonus expense by R22 623.59, understatement of other payables by R108 957 and overstatement of accumulated surplus by R108 957

VAT Receivables

During the year under review it was noted that VAT input was claimed on non claimable expenses resulting in overstatement of VAT Receivable by R 32 998,98 and overstatement of general expenses by the same amount as well as overstatement of accumulated surplus by the same amount

Commitments

In prior year Lerome water supply (Thabeng Section) projects service level agreement was based on total budget of R47 227 527.10 instead of R2 798 879.66 which was for the Consultation thus resulted in commitments being overstated by R44 428 647.44

Non Current Assets Held for Sale

During the year it was noted that some vehicles included as Non current assets held for sale were no longer available for sale as the municipality was using them for administrative purposes. This resulted in overstatement Non current assets held for sale and understatement of Property, Plant and Equipment Cost by R3 191 462, 90 and accumulated depreciation by R2 925 247,90. and

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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40. Prior period errors and reclassifications (continued)

understatement of depreciation by R418 175,62 and understatement of accumulated surplus by R 418 175,62

During the year under review it was noted that some vehicles transferred to Non current assets held for sale were not accounted for. The error resulted in overstatement of Property, Plant and Equipment cost by R203 500 and Accumulated depreciation by R183 128,66. understatement of Non Current assets held for sale by R20 371,34. Depreciation was overstated by R247 617,20

Intangible Assets

During the period under review it was noted that the VAT amount was included in the cost of the intangible assets, this resulted in overstatement of Intangible asset cost by 291 433,63 and accumulated amortisation, amortisation of R 72 662,20 and understatement of accumulated surplus by R72 662,20 and understatement of VAT Receivable by R291 433,63

Property, Plant and Equipment

During 2021/22 audit, some asset components could not be found and therefore needed to be derecognised, the correction was done by removing an asset component that did not exist, this caused a decrease in community assets cost of R713 074.06 a decrease in accumulated depreciation of R356 471 and a decrease of the depreciation expense of R23 769,14 and an increased accumulated surplus of R 356 603,05.

During 2021/22 audit, it was noted that some asset components were omitted from the Fixed Asset Register, their inclusion resulted in increase in Property Plant and Equipment Cost by R880 657, accumulated depreciation by R542 316,61 and depreciation expense by R43 561,09 and an increase in Accumulated surplus by R338 340,38

During the year under review it was noted that some assets components were incorrectly included in the fixed asset register of Moses Kotane Local Municipality, that should form part of Human Settlements. These asset components were derecognised, this caused a decrease of Property, Plant and Equipment cost by R29 080 683,14 and a decrease of Property, Plant and Equipment accumulated depreciation by R15 400 095,48 and a decrease in depreciation expense by R497 002,21 and a decrease in accumulated surplus by R13 680 587.66

During the year under review it was noted that some asset components were previously incorrectly included in the Fixed Asset Register and were therefore subsequently removed, this caused a decrease in Property, Plant and Equipment Cost by R3 975 047,40 Property, Plant and Equipment accumulated depreciation by R2 189 138,70 and the depreciation expense by R145 879,22 and an increase in Accumulated surplus by R1 785 908,70

During the year under review it was noted that a vehicle was no longer in good condition and therefore needed to be scrapped or disposed. Further investigation revealed that the vehicle was supposed to be scrapped in the prior period. The cost of Property, Plant and Equipment was overstated by R219 939,49 and accumulated depreciation was overstated by R195 939,99. Losses on disposal was understated by R23 999,50 resulting accumulated surplus being overstated by R23 999,50.

During the year under review it was noted that some vehicles transferred to Non current assets held for sale were not accounted for. The error resulted in overstatement of Property, Plant and Equipment cost by R203 500 and Accumulated depreciation by R183 128,66. understatement of Non Current assets held for sale by R20 371,34. This error and the above error resulted in overstatement of depreciation by R247 617,20

Eskom deposits

During the year under review it was noted that it was noted that Eskom Consumer deposits were not accounted for. This resulted in understatement of Receivables from non exchange transactions and overstatement of General expenses by R3 495 910,10 and understatement of accumulated surplus by the same amount

Segment Reporting

The above stated prior period errors had the following effect on the following segments:

Revenue decreased for Finance and Administration by R5 298 454 and Water Management by R666 665

Expenditure decreased for Finance and Administration by 9688053, Water Management by R7 896 735, Waste Water Management by R127 549, waste Management by R9 775 and an increase for Community and Public Safety by R2 443 746

Statement of financial position

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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40. Prior period errors and reclassifications (continued)				
2022 - Opening balance				
	Note	As previously reported	Correction of error	Restated
Payables from exchange transactions		(234 325 099)	(575 393)	(234 900 492)
Receivables from non exchange transactions		4 531 762	2 237 836	6 769 598
VAT Receivable		23 543 191	61 739	23 604 930
Accumulated Surplus		(3 005 045 233)	14 879 897	(2 990 165 336)
Consumer deposits		-	(496 230)	(496 230)
Property, Plant and Equipment		2 937 283 131	(16 107 849)	2 921 175 282
		(274 012 248)	-	(274 012 248)
2023 - Opening Balance				
	Note	As previously reported	Correction of error	Restated
Payables from exchange transactions		(233 333 387)	(317 437)	(233 650 824)
Receivables from non exchange transactions		4 373 433	12 741 279	17 114 712
Property Plant and Equipment		2 952 875 661	(15 804 485)	2 937 071 176
Intangibles		13 463 274	(218 772)	13 244 502
Non Current assets held for sale		691 040	(245 844)	445 196
Consumer debtors		126 644 718	(766 641)	125 878 077
Consumer deposits		-	(559 245)	(559 245)
VAT Reacievable		11 753 460	89 358	11 842 818
Accumulated Surplus		(3 011 253 230)	5 081 787	(3 006 171 443)
		(134 785 031)	-	(134 785 031)

Moses Kotane Local Municipality

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Figures in Rand		2023	2022		
40. Prior period errors and reclassifications (continued)					
Statement of financial performance					
2022					
	Note	As previously reported	Correction of error	Re-classification	Restated
Other income		4 041 439	(54 796)	(76 348)	3 910 295
Service charges		215 993 501	(666 665)	-	215 326 036
Property rates		130 570 391	(4 933 265)	-	125 637 126
Depreciation and Armortisation		(131 765 495)	525 193	-	(131 240 302)
Employee related costs		(269 043 049)	(108 957)	-	(269 152 006)
Debt impairment		(321 004 723)	4 933 286	-	(316 071 437)
Bulk purchases		(113 426 383)	7 007 533	-	(106 418 850)
Contracted services		(92 666 427)	(3 268)	-	(92 669 695)
Gains and losses on disposal		(14 916 203)	(24 000)	310 394	(14 629 809)
Forex gains and losses		(280 041)	(111 500)	-	(391 541)
Rental Income		234 046	-	(234 046)	-
General expenditure		(146 844 770)	3 234 554	-	(143 610 216)
Surplus for the year		(739 107 714)	9 798 115	-	(729 310 399)

Cash flow statement

2022

	Note	As previously reported	Re-classification	Restated
Cash flow from operating activities				
Cash receipts from taxes, levies and fines		-	64 960 058	64 960 058
Cash receipts from charges for goods and services		93 183 309	(69 248 282)	23 935 027
Interest received		5 935 449	5 918 892	11 854 341
Other income		4 275 185	(4 275 185)	-
Cash paid to suppliers and employees		(607 081 072)	580 124	-
		(503 687 129)	(2 064 393)	100 749 426

Prior Period Error from disclosure notes

Fruitless and wasteful expenditure

Opening balance	131 116 581	114 765 868
Adjustment made	365 136	14 826 205
Restated opening balance	131 481 717	129 592 073

During the year under review it was noted that there was an omission of R365 135,91 for remuneration paid to director of Local Economic Development in the prior year whilst employed by another institution, a case was reported to SAPS and the Municipality has initiated a disciplinary process against the director.

Irregular expenditure

Opening Balance	1 473 035 971	1 360 046 938
Adjustment made	126 237	30 321 273
Restated opening balance	1 473 162 208	1 390 368 211

During the year under review it was noted that there were some conflicts of interest from suppliers for R126 236,68 that were not declared. The error was identified by Auditor General South Africa (AGSA) through the Computer Assisted Audit Techniques (CAATs) procedures.

Moses Kotane Local Municipality

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41. Risk management

Financial risk management

Liquidity risk

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2023	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Trade and other payables from exchange transactions	116 020 918	-	-	116 020 918
Other financial liabilities	4 769 628	4 070 550	-	8 840 178
Consumer deposits	-	-	590 793	590 793
Finance lease obligations	12 058 237	22 440 867	-	34 499 104
	132 848 783	26 511 417	590 793	159 950 993
At 30 June 2022	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Trade and other payables from exchange transactions	112 159 752	-	-	112 159 752
Other financial liabilities	5 784 650	8 844 377	-	14 629 027
Consumer deposits	-	-	559 245	559 245
	117 944 402	8 844 377	559 245	127 348 024

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	2023	2022
Receivables from non exchange	1 768 262	16 250 216
Cash and Cash equivalents	38 833 025	36 880 131
Consumer Debtors	71 950 352	63 929 144
Receivables from exchange	282 695	178 369

Market risk

Interest rate risk

Interest rate risk is defined as that fair value of future cashflows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

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41. Risk management (continued)

Foreign exchange risk

The municipality does not hedge foreign exchange fluctuations.

Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality's business that changes in market prices will have a material impact on the trading results of the municipality. There has been no change, since the previous financial year, to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

42. Going concern

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

The municipality is experiencing cashflow challenges as a result of low debtors collection rate which has an impact on the municipality's ability to pay creditors timeously. This will not result in any material uncertainty for the municipality to continue as going concern since it also relies on grants from national government in order to fund its operations. The municipality is a service delivery vehicle of government and there has not been any indication from National Government to discontinue the operation of the municipality and the medium term revenue and expenditure framework has made allocations to the municipality. The most significant of these is that the accounting officer will continue to procure funding for the ongoing operations of the municipality.

43. Unauthorised expenditure

Opening balance as previously reported	432 098 829	232 530 644
Add: Unauthorised expenditure - current	9 119 548	197 642 625
Add: Unauthorised expenditure - prior period	-	1 925 560
Less: Amount written off - current	(232 287 148)	-
Closing balance	208 931 229	432 098 829

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	-	117 179 550
Cash	9 119 548	80 463 075
	9 119 548	197 642 625

The write off refers to Non Cash items which were condoned by council per Item 96/01/2023 (R117 179 550) and Item 97/01/2023 (R71 803 283). Item 97/01/2023 also refers to Cash Items regarding Sanitation (VIP Toilets) R43 304 315 which is funded by MIG and provided under the capital budget

Analysed as follows: non-cash

Depreciation and amortisation	-	1 419 097
Long term leave provision	-	3 341 276
Loss on disposal of property, plant and equipment	-	10 252 979
Provision of impairment	-	101 670 182
Interest Provision	-	496 016
	-	117 179 550

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43. Unauthorised expenditure (continued)

Analysed as follows: cash

Bulk purchases	-	43 298 984
Sanitation VIP Toilets	-	15 383 019
Provision for medical	-	33 931
Audit fees	976 626	203 996
Refuse removal contract	-	3 814 045
Transport	-	205 940
Business Management Fees	5 291 240	5 799 064
Insurance	-	2 062 667
IDP Process	-	1 465 849
Fuel and Oil	-	5 790 522
Security services	999 422	1 633 003
Lease of Office Equipment	-	426 087
Advertising	345 517	-
Fresh Produce Market	334 460	-
Salaries	1 172 283	-
Legal Fees	-	345 969
	9 119 548	80 463 076

Unauthorised expenditure: Budget overspending – per municipal department:

Municipal Council	-	3 040 663
Municipal Manager	2 494 426	5 045 052
Budget and Treasury	5 291 240	29 393 107
Corporate Services	-	496 016
Community Services	999 422	16 317 810
Technical and Infrastructure	-	143 349 977
Local Economic Development	334 460	-
	9 119 548	197 642 625

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44. Fruitless and wasteful expenditure		
Opening balance as previously reported	131 116 581	114 765 868
Add: Fruitless and wasteful expenditure identified - current	2 794 144	1 524 508
Add: Fruitless and wasteful expenditure identified - prior period	365 136	14 826 205
Closing balance	134 275 861	131 116 581

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44. Fruitless and wasteful expenditure (continued)		
Details of fruitless and wasteful expenditure		
Expenditure identified include those listed below		
ICT Expenditure	114 938 123	114 938 123
Interest on Overdue accounts	11 737 272	11 476 500
Reversal of recoverable amount (not yet recovered)	1 218 685	1 218 685
Hall construction expenditure	385 825	385 825
Fines	20 000	20 000
Unearned remuneration	778 557	-
Penalties	3 344 052	3 077 448
Fuel Transactions	1 853 348	-
	134 275 862	131 116 581

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45. Irregular expenditure		
Opening balance as previously reported	1 473 035 971	1 360 046 937
Add: Irregular expenditure - current	89 569 166	82 667 761
Add: Irregular expenditure - prior period	126 237	30 321 273
Closing balance	1 562 731 374	1 473 035 971

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

Competitive bidding not invited	43 031 680	45 563 724
Three written quotations not invited	-	23 300
SCM processes not followed	5 825 821	8 290 996
Deviations	18 619 403	19 948 933
Non-disclosure of interest	22 092 262	8 840 808
	89 569 166	82 667 761

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46. Deviation from supply chain management regulations

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

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

Description

Deviation as per section 36(1)(i) of the SCM regulations (Emergencies in urgent procurements)	22 445 257	1 477 200
Deviation as per section 36(1)(ii) of the SCM regulations (Sole supplier)	2 938 887	5 548 278
Deviation as per section 36(1)(v) of the SCM regulations (Exceptional case where it is impractical to follow the official procurement process)	11 841 826	15 835 384
	37 225 970	22 860 862

Supplier	Reason	Amount
Exila Travel Center (Pty) Ltd	Emergencies and urgent procurements	536 570
Boffin and Fundi	Any exceptional case where it is impractical or impossible to follow the official procurement process	559 543
Booda Consulting (Pty) Ltd	Any exceptional case where it is impractical or impossible to follow the official procurement process	931 664
Ifunda Online Publications	Any exceptional case where it is impractical or impossible to follow the official procurement process	48 450
Government Printing Works	Sole supplier	6 053
Lapos Construction and Projects	Any exceptional case where it is impractical or impossible to follow the official procurement process	210 000
Magome Incorporated	Any exceptional case where it is impractical or impossible to follow the official procurement process	391 100
Mokoka and Partners Attorneys	Any exceptional case where it is impractical or impossible to follow the official procurement process	334 068
Early Worx T/A FPSA	Sole supplier	5 585
MWB Consulting Engineers	Any exceptional case where it is impractical or impossible to follow the official procurement process	2 005 046
Ndulamiso Aqua Solutions	Any exceptional case where it is impractical or impossible to follow the official procurement process	381 324
Setshedi Makgale & Matlapeng Incorporated	Any exceptional case where it is impractical or impossible to follow the official procurement process	235 120
Southern Sun Bloemfontein	Emergencies and urgent procurements	19 269
The Assessment Toolbox	Any exceptional case where it is impractical or impossible to follow the official procurement process	36 457
Tlou Intergrated Tech	Any exceptional case where it is impractical or impossible to follow the official procurement process	490 406
Total Computer Services	Any exceptional case where it is impractical or impossible to follow the official procurement process	113 850
Vick Pule Construction	Emergencies and urgent procurements	1 237 320
OTM Industrial Solutions	Emergencies and urgent procurements	1 845 261
Katlego Baphiring Trading JV Lethabo Projects	Emergencies and urgent procurements	11 512 780
Ingwe Waste Management	Emergencies and urgent procurements	4 640 681
South African Post Office	Sole supplier	2 670
Zozimus 501 Trading CC	Emergencies and urgent procurements	986 547
Blink Africa Group of Companies	Emergencies and urgent procurements	1 666 829
Synergy Business Events	Sole supplier	57 854
Kgatlang FM Community Radio	Sole supplier	30 210
Motswako Media group	Any exceptional case where it is impractical or impossible to follow the official procurement process	137 080
Math Engineering	Any exceptional case where it is impractical or impossible to follow the official procurement process	3 258 350

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46. Deviation from supply chain management regulations (continued)		
Village FM Community Radio	Any exceptional case where it is impractical or impossible to follow the official procurement process	27 220
Adapt IT (Pty) Ltd	Any exceptional case where it is impractical or impossible to follow the official procurement process	95 541
Africa Competency Development (Pty) Ltd	Any exceptional case where it is impractical or impossible to follow the official procurement process	6 900
Bophirima Print & Marketing (Pty) Ltd	Any exceptional case where it is impractical or impossible to follow the official procurement process	79 166
Rushreeds Holdings	Any exceptional case where it is impractical or impossible to follow the official procurement process	2 427 942
Microsoft Ireland Operations Limited	Sole supplier	2 836 515
Shuping Artorneys	Any exceptional case where it is impractical or impossible to follow the official procurement process	65 350
Panel Beating Unlimited	Any exceptional case where it is impractical or impossible to follow the official procurement process	7 249
	-	37 225 970
47. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government-SALGA		
Current year fee	2 991 950	3 054 075
Amount paid - current year	(2 991 950)	(3 054 075)
	-	-
Audit fees		
Opening balance	-	1 175 130
Current year subscription / fee	5 148 810	3 203 995
Amount paid - current year	(5 148 810)	(4 379 125)
	-	-
PAYE and UIF		
Current year subscription / fee	49 287 334	47 726 696
Amount paid - current year	(49 287 334)	(47 726 696)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	49 114 673	45 158 106
Amount paid - current year	(49 114 673)	(45 158 106)
	-	-

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

Councillors' arrear consumer accounts

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

30 June 2023	Outstanding more than 90 days	Total
Councillor MS Motsoalsele	10 145	10 145
Councillor S S Mosako	42 803	42 803
Councillor M Motsoenyane	29 931	29 931
Councillor ET Modisakeng	122 249	122 249
Councillor C Motshabi	24 565	24 565
Councillor GD Minte	73 762	73 762
Councillor D Radiokana	20 480	20 480
Councillor A Letsoalo	150 390	150 390
Councillor S Sekobane	7 087	7 087
Councillor E Aphiri	12 697	12 697
Councillor EN Mataboge	49 306	49 306
Councillor RJ Manganye	32 218	32 218
Councillor P Thoboke	53 225	53 225
Councillor N Nkotswe	22 886	22 886
Councillor BJ Semakane	32 294	32 294
Councillor E Lentswe	153 601	153 601
Councillor M Magoleng	33 108	33 108
Councillor LM Pitso	39 207	39 207
Councillor JN Maretele	3 293	3 293
Councillor AM Mathe	7 087	7 087
	920 334	920 334

30 June 2022	Outstanding more than 90 days	Total
Councillor Radiokana DH	18 265	18 265
Councillor Aphiri E	10 994	10 994
Councillor Manganye RJ	28 778	28 778
Councillor Motsoenyane Mz	12 207	12 207
Councillor Semakane BJ	27 562	27 562
Councillor Motshabi CN	20 693	20 693
Councillor Lentswe E	9 021	9 021
Councillor Sekobane S	6 376	6 376
Councillor Mataboge EN	43 593	43 593
Councillor Modisakeng ET	110 849	110 849
Councillor Magoleng MH	27 527	27 527
Councillor Minte GD	69 574	69 574
Councillor Mosako TG	38 396	38 396
Councillor Letsoalo A	6 376	6 376
Councillor Nkotswe M	20 836	20 836
Councillor Motsoasele M	42 350	42 350
Councillor Thoboke P	107 205	107 205
	600 602	600 602

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

Purchase from relatives of persons in service of the state

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

Supplier name	Related person	Organ of state	Capacity at Municipality	Relationship	2023	2022
Mo Kasi Creations and Media Pty Ltd	Mr MS Magoro	Moses Kotane Local Municipality	Supplier	State Employee & Partner	997 939	2 864 550
Salani Group	Ms SD Rasepae		Supplier	State Employee & Associate	-	576 258
Kamogelo Investments	Mr M Ramagaga	Moses Kotane Local Municipality	Supplier	State Employee & Brother	1 170 516	1 386 417
Mmolawa Investments	Mr D Mmolawa	Moses Kotane Local Municipality	Supplier	Municipal Councillor & Brother	3 125 097	9 775 688
Oarabile Projects Pty Limited	MI Ramasodi	Moses Kotane Local Municipality	Supplier	State Employee & Associate	86 350	-
Bothlale Consulting	Ms B Molefe	Moses Kotane Local Municipality	Supplier	State Employee & Spouse	383 516	-
Fetso Wa Gaoratwe (Pty) Ltd	Mr JF Koloane	Moses Kotane Local Municipality	Supplier	State Employee & Associate	30 000	-
Dilo Difa Entertainment	Mr PC Thakadu	Moses Kotane Local Municipality	Supplier	State Employee & Partner	68 205	-
Mo Kasi Corporate (Pty) Ltd	Mr MS Magoro	Moses Kotane Local Municipality	Supplier	State Employee & Partner	2 600	-
Tsele Services (Pty) Ltd	Mr P Dantye	Moses Local Municipality	Supplier	State Employee & Partner	13 000	-
Lerako Resources (Pty) Ltd	Mr D Lekalakala	Moses Kotane Local Municipality	Supplier	State Employee & Partner	6 700	-
Kgosana Motlokwa Projects	Mr HK Tau	Moses Kotane Local Municipality	Supplier	State Employee & Partner	343 622	-
Frigate bird Holdings (Pty) Ltd	Mr EL Kgoroba	Moses Kotane Local Municipality	Supplier	State Employee & Partner	151 920	-
Kgame Mogokare Enterprise (Pty) Ltd	Mr TJ Mmope	Moses Kotane Local Municipality	Supplier	State Employee & Partner	8 800	-
					6 388 265	14 602 913

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47. Additional disclosure in terms of Municipal Finance Management Act (continued)						
Purchases from persons in service of state						
Supplier name	Person in service of state	Organ of state	Capacity at municipality	Relationship	2023	2022
Segoje 48 Trading and Projects	VT Modimokwane	NW: Education & Training	Supplier	State Employee	13 900	29 500
Re a Lema Enterprise (Pty) Ltd	MK Moyawa	NW: Education & Training	Supplier	State Employee	26 222	25 000
TK Elroy (Pty) Ltd	KJ Monnakgotla	NW: Econ Dev, Conserv, Env & Tourism	Supplier	State Employee	8 600	11 000
Akim Holdings (Pty) Ltd	OS Marobe	NAT: Basic Education	Supplier	State Employee	-	14 005
RTK Boerdery (Pty) Ltd	KT Ramoitheki	South African Broadcasting Corporation	Supplier	State Employee	204 700	25 500
Tshimola Trading and Projects (Pty) Ltd	ML Molathlegi	NW: Education & Training	Supplier	State Employee	8 800	26 730
JTZ Family Trading Enterprise	PF Zwane	IDC of SA (Seta SC)	Supplier	State Employee	18 918 220	-
Nteka Platinum Group (Pty) Ltd	M Nokwane	Golden Leopard Resourts	Supplier	State Employee	58 020	-
					19 238 462	131 735

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48. Segment information

General information

Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. 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.

Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment are not required to be disclosed.

Types of goods and/or services by segment

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as set out below:

Reportable segment

Unallocated

Finance & Administration

Economic & Environmental Services

Community &
Public Safety

Water management
Waste water Management
Waste Management

Goods and/or services

Relates all amounts which do not meet the definition of a segment

Provision of financial and administrative services to other segments of the municipality.

Provision of economic development activities in the municipality.

Construction and maintenance of community facilities owned and ensuring safety and security to the communities by the municipality.

Provision of water basic services

Provision of Sanitation basic services

Provision of refuse removal basic services

Moses Kotane Local Municipality

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48. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Unallocated	Finance & Administrative	Economic & Environmental Services	Community & Public Safety	Water management	Waste water management	Waste management	Total
Revenue								
Service charges	-	-	-	-	178 958 527	3 863 936	11 759 082	194 581 545
Interest earned on outstanding debtors-(trading)	-	81 174 220	-	-	-	-	-	81 174 220
Rental Income	-	152 216	-	-	-	-	-	152 216
Other Income	-	1 208 723	135 564	374 159	22 160	-	58 239	1 798 845
Property Rates	-	124 807 120	-	-	-	-	-	124 807 120
Interest earned on outstanding debtors-(taxation revenue)	-	32 300 403	-	-	-	-	-	32 300 403
Government grants and subsidies	88 906 130	274 482 366	-	3 735 533	263 261 364	43 541 704	81 389 683	755 316 780
Fines	-	-	-	1 028 400	-	-	-	1 028 400
Total segment revenue	88 906 130	514 125 048	135 564	5 138 092	442 242 051	47 405 640	93 207 004	1 191 159 529
Entity's revenue								1 191 159 529

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	Unallocated	Finance & Administration	Economic & Environmental Services	Community & Public Safety	Water management	Waste water management	Waste management	Total
48. Segment information (continued)								
Expenditure								
Employee costs	(48 349 352)	(107 644 951)	(18 787 108)	(37 204 532)	(48 474 939)	(17 583 062)	(4 361 215)	(282 405 159)
Remuneration of councillors	(29 270 186)	-	-	-	-	-	-	(29 270 186)
Depreciation and amortisation	(40 405 969)	(6 638 144)	-	(26 696 388)	(55 241 293)	(2 733 743)	(834 532)	(132 550 069)
Finance costs	(358 927)	(2 043 449)	-	(2 884 714)	(331 883)	-	-	(5 618 973)
Lease rentals	(2 154 791)	-	-	-	-	-	-	(2 154 791)
Debt impairment	-	(27 980 449)	-	(1 873 867)	(111 286 906)	(992 244)	(5 292 635)	(147 426 101)
Bulk purchases	-	-	-	-	(131 138 032)	-	-	(131 138 032)
Fair Value adjustment	-	-	-	743 761	-	-	-	743 761
Contracted services	(572 870)	(28 844 007)	-	(955 413)	(15 972 459)	(324 298)	(34 037 912)	(80 706 959)
General expenses	(38 266 743)	(33 171 094)	(1 938 036)	(48 291 681)	(68 010 093)	(23 682 040)	(33 991)	(213 393 678)
Loss on disposal of assets	(580 164)	1 030 200	-	(2 442 941)	(5 122 620)	(10 303 378)	-	(17 418 903)
Loss foreign exchange	-	(44 192)	-	-	-	-	-	(44 192)
Impairment loss	-	(75 835)	-	-	-	-	-	(75 835)
Impairment of assets	-	-	-	-	(991 937)	-	-	(991 937)
Total segment expenditure	(159 959 002)	(205 411 921)	(20 725 144)	(119 605 775)	(436 570 162)	(55 618 765)	(44 560 285)	(1 042 451 054)
Total segmental surplus/(deficit)	(71 052 872)	308 713 127	(20 589 580)	(114 467 68)	5 671 889	(8 213 125)	48 646 71	148 708 475

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48. Segment information (continued)

2022

	Unallocated	Finance and adminstration	Community and Public safety	Economic and Envoronment al services	Water Management	Waste Water Management	Waste Management	Total
Revenue								
Service charges	-	-	-	-	198 691 896	5 259 293	11 375 646	215 326 835
Interest received on outstanding debtors	-	60 539 708	-	-	-	-	-	60 539 708
Rental income	-	234 046	-	-	-	-	-	234 046
Other income	-	1 100 323	2 478 251	71 912	25 463	-	-	3 675 949
Property rates	-	125 637 125	-	-	-	-	-	125 637 125
Interest earned on outstanding debtors-(taxation revenue)	-	30 060 195	-	-	-	-	-	30 060 195
Government grants and subsidies	81 016 841	257 968 086	16 494 544	4 504 202	223 628 441	29 432 143	73 422 116	686 466 373
Fines, Penalties and Forfeits	-	-	1 308 200	-	-	-	-	1 308 200
Total segment revenue	81 016 841	475 539 483	20 280 995	4 576 114	422 345 800	34 691 436	84 797 762	1 123 248 431
Entity's revenue								1 123 248 431
Expenditure								
Employee related cost	(48 840 552)	(93 692 111)	(35 395 918)	(22 747 411)	(49 647 829)	(15 787 817)	(3 040 370)	(269 152 008)
Remuneration of councillors	(28 555 113)	-	-	-	-	-	-	(28 555 113)
Depreciation and amortisation	(41 783 691)	(4 579 520)	(26 681 140)	-	(54 304 571)	(2 750 114)	(1 141 266)	(131 240 302)
Finance cost	(533 608)	-	(2 930 880)	-	(571 032)	-	-	(4 035 520)
Lease rentals on operating lease	(1 826 087)	-	-	-	-	-	-	(1 826 087)
Debt Impairment	-	(100 301 496)	(1 746 240)	-	(194 275 600)	(3 417 867)	(16 330 234)	(316 071 437)
Bulk purchases	-	-	-	-	(106 418 850)	-	-	(106 418 850)
Contracted services	(1 268)	(38 388 274)	(624 686)	-	(20 009 464)	-	(33 646 003)	(92 669 695)
General Expenses	(22 849 401)	(26 711 551)	(36 136 352)	(163 919)	(41 645 372)	(15 961 422)	(91 130)	(143 559 147)
Loss/Gains on disposal of assets and liabilities	(5 448 232)	1 071 402	(483 782)	-	(9 155 648)	(613 549)	-	(14 629 809)
Fair value adjustment	-	1 346 276	-	-	-	-	-	1 346 276
Inventory losses	-	11 981	-	-	-	-	-	11 981
Loss on foreign exchange	-	(391 542)	-	-	-	-	-	(391 542)
Total segment expenditure	(149 837 952)	(261 634 835)	(103 998 998)	(22 911 330)	(476 028 366)	(38 530 769)	(54 249 003)	(1 107 191 253)

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	Unallocated	Finance and adminstration	Community and Public safety	Economic and Envoronment al services	Water Management	Waste Water Management	Waste Management	Total
48. Segment information (continued)								
Total segmental surplus/(deficit)	(68 821 111)	213 904 648	(83 718 003)	(18 335 216)	(53 682 566)	(3 839 333)	30 548 759	16 057 178

Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment are not required to be disclosed.

Information about geographical areas

The Municipality covers an area of approximately 5220km² and is mostly rural in nature, comprising of 107 villages and 2 formal towns of Mogwase and Madikwe. The necessary information per geographical area is not available and the cost to develop it will be to excessive. All geographical information are indicated under Mogwase.

2023

	External revenues from exchange transactions	External revenues from non exchange transactions	Total expenditure	Non-current assets*
Mogwase	274 322 144	916 837 385	(1 042 451 052)	3 171 765 356

2022

	External revenues from exchange transactions	External revenues from non exchange transactions	Total expenditure	Non-current assets*
Mogwase	279 776 539	843 471 892	(1 107 191 252)	3 116 361 327

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49. Budget differences

Material differences between budget and actual amounts

49.1 Differences below R 1 000 000 have been considered to be immaterial

49.2 More interest received on investments than budgeted for and interest charged on water accounts due to non payment of service rendered to consumers

49.3 The variance is mainly due to network problems when issuing vehicle licenses as the budget was estimated at R2 million and only R333 120 was received.

49.4 The variance is due to the non payment of property rates which resulted in increase in outstanding debtors and the charge of interest on these accounts

49.5 The difference is due to the underspending on projects and the non appointment of service providers for certain projects.

49.6 The variance is due to the filling of vacancies earlier than what was budgeted for and the provision for long service awards

49.7 The variance is due to less projects being completed than budgeted for

49.8 The variance is due to the payment of outstanding accounts by government as well the impairment of debtors in the prior year

49.9 The variance in bulk purchase for water is due to the insufficient provision on the budget as well as the increase in the water tariff,

49.11 The reason for the variance is due to the transfer of the construction of VIP toilets from capital to general expenses R22 846 458, the increase in fuel consumption R10.87m. This overspending is also due to the unbudgeted fuel consumption to cater for the transformer that was not working for more than 3 months and consumption of electricity on boreholes and municipal buildings that amount to 12.3 million.

49.13 The variance is mainly due to the over provision for free basic services on the budget resulted in the reducing of the sale of water. Only registered indigents qualifies for the 6 kilolitres of water.

49.14 The variance is due to the provision for the landfill site

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50. Finance lease obligation		
Minimum lease payments due		
- within one year	15 349 180	-
- in second to fifth year inclusive	24 718 811	-
	40 067 991	-
less: future finance charges	(5 568 887)	-
Present value of minimum lease payments	34 499 104	-
Present value of minimum lease payments due		
- within one year	12 058 237	-
- in second to fifth year inclusive	22 440 867	-
	34 499 104	-
Non-current liabilities	22 440 867	-
Current liabilities	12 058 237	-
	34 499 104	-

The average lease term is 3 years and the average effective borrowing rate was 12% (2022: -%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 4.

51. Events after the reporting date

The council approved the write off of 50% of the qualifying outstanding debtors as at 31 May 2023 on the 7th of July 2023. Management is of the view that since this was approved after year end, no adjustment should be done in the current year financial statements. The effect of the resolution is the decrease of Gross consumer debtors by about R700 000 000 and a decrease in accumulated allowance for impairment by the respective amount.

52. Impairment of assets

Impairments

Property, plant and equipment	991 937	-
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The main classes of assets affected by impairment losses are:

Transport assets held for sale

Value in use

The value in use for the high mast lights impaired is Nil as these assets are not in use..

Fair value less cost to sell

The fair value less cost to sell for the high mast lights is nil because there is no active market to sell the assets.

Value in use

The value in use for the high mast lights impaired is Nil as these assets are not in use.

Fair value less cost to sell

The fair value less cost to sell for the high mast lights is nil because there is no active market to sell the assets.

53. Other receivables

Other receivables relates to the maintenance plan of leased vehicles from Standard Bank.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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53. Other receivables (continued)

	Original cost	Accumulated Amortisation	Total
Maintenance plan	3 203 814	(530 224)	2 673 590

Reconciliation 2023

	Opening balance	Additions	Amortisation	Total
Maintenance plan	-	3 203 814	(530 224)	2 673 590

54. Consumer deposits

Consumer water deposit received	590 793	559 245
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Consumer deposits relates the security amounts charged and held by the Municipality for water connections

55. Accrued interest payable

The Municipality acquired Motor vehicles on financial leases. Instalments (Capital and interest) is paid on the 1st day of the month in arrears. As 30 June 2023 the an interest amount of R254 073 had been incurred but not yet paid

Accrued interest payable	254 073	-
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56. Change in accounting estimates

The remaining useful life (RUL) is an estimation of the amount of years that the asset will be able to safely perform its intended function. During the 2022/2023 financial year, physical verification of assets occurred and part of the procedures regarding physical verification is the condition assessment of assets. The condition of an asset has a direct impact on the remaining useful life of an asset. The impact of the condition assessment performed resulted in a decrease in depreciation by R2 772 742

Moses Kotane Local Municipality

Appendix A

June 2023

Schedule of external loans as at 30 June 2023

Loan Number	Redeemable	Balance at Thursday, 30 June 2022	Accrued Interest	Redeemed written off during the period	Balance at Friday, 30 June 2023	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
Loans							
Civic centre extention 3	10202511024	10,97%	1 891 833	-	1 891 833	-	-
	01						
			1 891 833	-	1 891 833	-	-
Development bank of South Africa							
Roads & Stormwater	100840/1	11,44%	1 960 723	-	916 946	1 043 777	-
Street lighting - Sun City	100840/1	11,44%	1 569 823	-	750 229	819 594	-
Water	10248/1	8,80%	4 464 004	-	2 911 295	1 552 709	-
			7 994 550	-	4 578 470	3 416 080	-
INCA							
Civic Centre Extention 1	6457	11,4%	-	-	-	-	-
Civic Centre Extention 2	9078	11,48%	5 092 784	-	709 674	4 383 110	-
INCA Paypoints (Community Halls)	18721	13,85%	845 007	15 050	409 179	450 878	-
			5 937 791	15 050	1 118 853	4 833 988	-
Bonds							
Mayoral house	8065717250	7%	696 687	-	106 577	590 110	-
			696 687	-	106 577	590 110	-
Total external loans			16 520 861	15 050	7 695 733	8 840 178	-

Moses Kotane Local Municipality
Moses Kotane Local Municipality
Appendix B

June 2023

Analysis of property, plant and equipment as at 30 June 2023
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Prior Year Error Rand	Transfers Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Prior Year Error Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Disposal Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Vacant land and Seritudes	17 290 211	-	-	-	-	17 290 211	-	-	-	-	-	-	-	17 290 211
Assets under construction	753 272	-	-	-	-	753 272	-	-	-	-	-	-	-	753 272
Operational Facilities	205 179 076	316 572	-	-	-	205 495 648	102 135 248	(35 200)	610 523	(6 862 246)	-	-	95 848 325	301 343 973
Housing	10 877 623	-	-	-	-	10 877 623	(6 430 868)	-	-	(262 201)	-	-	(6 693 069)	4 184 554
	234 100 182	316 572	-	-	-	234 416 754	95 704 380	(35 200)	610 523	(7 124 447)	-	-	89 155 256	323 572 010
Infrastructure														
Assets under construction	207 709 353	(371 012)	(112 600 376)	172 214 603	(30 090 888)	236 861 680	-	-	-	-	-	-	-	236 861 680
Electricity Network -LV networks	157 417 792	-	271 571	-	-	157 689 363	(69 282 531)	-	-	(3 449 424)	-	-	(72 731 955)	84 957 408
Electricity - MV substations	538 234	-	915 636	-	-	1 453 870	(130 249)	-	-	(16 476)	-	-	(146 725)	1 307 145
Electricity Network -MV Network	543 766	56 864	-	-	-	600 630	(8 550)	(35 413)	-	(13 347)	-	-	(57 310)	543 320
ICT	29 396 084	-	-	-	-	29 396 084	(11 952 953)	-	-	(2 568 107)	-	-	(14 521 060)	14 875 024
Road Network	1 239 999 863	(19 702 413)	40 080 616	-	(2 054 799)	1 258 323 267	(585 710 501)	9 408 503	69 128	(31 715 923)	-	1 516 045	(606 432 748)	651 890 519
Sanitation Network	157 511 773	-	3 534 796	-	(25 650 417)	135 396 152	(80 422 026)	-	-	(2 733 743)	-	15 347 039	(67 808 730)	67 587 422
Stormwater Network	109 885 067	(7 151 322)	11 998 984	-	-	114 732 729	(51 769 331)	5 212 732	124 686	(4 636 397)	-	-	(51 068 310)	63 664 419
Water Supply Network Distribution	695 741 576	(4 395 215)	37 286 119	-	-	728 632 480	(361 096 402)	2 186 211	120 123	(10 486 112)	-	-	(369 276 180)	359 356 300
Water Supply Network Reservoirs	191 572 837	-	17 507 856	-	(35 577)	209 045 116	(92 932 425)	-	-	(8 139 637)	-	26 678	(101 045 384)	107 999 732
Water Supply Network Boreholes	92 641 011	(574 690)	7 839 233	-	(4 308 637)	95 596 917	(28 996 862)	169 315	-	(3 492 594)	(394 699)	1 015 441	(31 699 399)	63 897 518
Water Supply Network - Pump station	29 561 011	-	985 390	-	(1 091 741)	29 454 660	(6 888 557)	-	-	(1 016 252)	(597 238)	268 669	(8 233 378)	21 221 282
Water Supply Network - Bulk Mains	2 033 593 046	(158 407)	1 164 711	-	-	2 034 599 350	(1 167 764 391)	127 270	-	(31 072 221)	-	-	(1 198 709 342)	835 890 008
Water Supply Network - Water	29 736 776	-	240 007	-	(190 854)	29 785 929	(13 932 397)	-	2 174	(1 156 308)	-	35 030	(15 051 501)	14 734 428
Solid Waste Facilities	33 636 214	-	(858 540)	-	-	32 777 674	(17 086 256)	-	-	(834 532)	-	-	(17 920 788)	14 856 886
Bridges	35 775 458	(162 916)	-	-	-	35 612 542	(15 964 712)	143 366	-	(516 523)	-	-	(16 337 869)	19 274 673
Water supply Network - PVR Stations	-	-	225 743	-	-	225 743	-	-	-	(466)	-	-	(466)	225 277
	5 045 259 861	(32 459 111)	8 591 746	172 214 603	(63 422 913)	5 130 184 186	2 503 938 143	17 211 984	316 111	(101 848 062)	(991 937)	18 208 902	(2 571 041 145)	2 559 143 041
Community Assets														
Assets under construction	13 939 607	-	(16 755 162)	16 955 569	-	14 140 014	-	-	-	-	-	-	-	14 140 014
Community facilities	432 497 759	(483 476)	-	-	(1 060 865)	430 953 418	(230 785 945)	226 607	634 320	(11 430 949)	-	666 910	(240 689 057)	190 264 361
Libraries	41 406 659	-	-	-	(2 029 250)	39 377 409	(15 990 609)	-	-	(1 362 394)	-	567 946	(16 785 057)	22 592 352
Sport and recreation facilities	56 676 569	-	16 755 162	-	(3 098 919)	70 332 812	(32 621 718)	-	-	(1 957 081)	-	2 511 238	(32 067 561)	38 265 251
Social Facilities	2 958 596	-	-	-	-	2 958 596	(1 737 207)	-	-	(69 315)	-	-	(1 806 522)	1 152 074
	547 479 190	(483 476)	-	16 955 569	(6 189 034)	557 762 249	(281 135 479)	226 607	634 320	(14 819 739)	-	3 746 094	(291 348 197)	266 414 052

June 2023

Opening Balance Rand	Prior Year Error Rand	Transfers Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Prior Year Error Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Disposal Rand	Closing Balance Rand	Carrying value Rand
14 000	-	-	-	-	14 000	-	-	-	-	-	-	-	14 000
14 000	-	-	-	-	14 000	-	-	-	-	-	-	-	14 000
15 591 135	-	-	-	(656 333)	14 934 802	(12 133 328)	-	111 880	(1 162 677)	2 331	572 998	(12 608 796)	2 326 006
33 671 449	2 768 023	-	30 872 822	-	67 312 294	(23 747 620)	(2 716 738)	187 391	(4 464 981)	-	-	(30 741 948)	36 570 346
35 356 395	-	-	1 729 376	(1 577 125)	35 508 646	(30 027 760)	-	854 132	(3 214 688)	5 667	1 436 449	(30 946 200)	4 562 446
4 756 829	-	-	28 755	(235 433)	4 550 151	(3 791 934)	-	58 386	(327 663)	365	208 930	(3 851 916)	698 235
89 375 808	2 768 023	-	32 630 953	(2 468 891)	122 305 893	(69 700 642)	(2 716 738)	1 211 789	(9 170 009)	8 363	2 218 377	(78 148 860)	44 157 033

Analysis of property, plant and equipment as at 30 June 2023
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Prior Year Error Rand	Transfers Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Prior Year Error Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Disposal Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	234 100 182	316 572	-	-	-	234 416 754	95 704 380	(35 200)	610 523	(7 124 447)	-	-	89 155 256	323 572 010
Infrastructure	5 045 259 861	(32 459 111)	8 591 746	172 214 603	(63 422 913)	5 130 184 186	2 503 938 143	17 211 984	316 111	(101 848 062)	(991 937)	18 208 902	2 571 041 145	2 559 143 041
Community Assets	547 479 190	(483 476)	-	16 955 569	(6 189 034)	557 762 249	(281 135 479)	226 607	634 320	(14 819 739)	-	3 746 094	(291 348 197)	266 414 052
Heritage assets	14 000	-	-	-	-	14 000	-	-	-	-	-	-	-	14 000
Other assets	89 375 808	2 768 023	-	32 630 953	(2 468 891)	122 305 893	(69 700 642)	(2 716 738)	1 211 789	(9 170 009)	8 363	2 218 377	(78 148 860)	44 157 033
	5 916 229 041	(29 857 992)	8 591 746	221 801 125	(72 080 838)	6 044 683 082	2 759 069 884	14 686 653	2 772 743	(132 962 257)	(983 574)	24 173 373	2 851 382 946	3 193 300 136
Intangible assets														
Computers Software	31 575 099	291 434	-	2 578 645	-	34 445 178	(18 181 006)	72 662	-	(2 360 554)	-	1 942 890	(18 526 008)	15 919 170
	31 575 099	291 434	-	2 578 645	-	34 445 178	(18 181 006)	72 662	-	(2 360 554)	-	1 942 890	(18 526 008)	15 919 170
Investment properties														
Land	150 684 493	-	-	-	-	150 684 493	-	-	-	-	-	-	-	150 684 493
	150 684 493	-	-	-	-	150 684 493	-	-	-	-	-	-	-	150 684 493

Moses Kotane Local Municipality
Moses Kotane Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2011

Cost/Revaluation						Accumulated depreciation							
Opening Balance Rand	Additions Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Impairment reversal Rand	Closing Balance Rand	Carrying value Rand

Opening Balance Rand	Additions Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Impairment reversal Rand	Closing Balance Rand	Carrying value Rand

Analysis of property, plant and equipment as at 30 June 2011													
Cost/Revaluation						Accumulated depreciation							
Opening Balance Rand	Additions Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Impairment reversal Rand	Closing Balance Rand	Carrying value Rand

Analysis of property, plant and equipment as at 30 June 2011													
Cost/Revaluation						Accumulated depreciation							
Opening Balance Rand	Additions Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Impairment reversal Rand	Closing Balance Rand	Carrying value Rand

Moses Kotane Local Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2023

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld		Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jul	Oct	Jan	Apr		Jul	Oct	Jan	Apr		Jan				
FMG	MKLM	1 950	-	-	-	1 950	(382)	(690)	(570)	(306)	(1 950)	-	-	Slow spending	Yes	n/a
Water Infr Grant	MKLM	15 000	25 000	19 125	-	59 125	(5 915)	(9 376)	(15 920)	(28 481)	(59 693)	5 875	-		Yes	n/a
EPWP	MKLM	413	744	495	-	1 652	(384)	(501)	(330)	(276)	(1 651)	-	-		Yes	n/a
Library	MKLM	1 149	-	-	-	1 149	(86)	(216)	(179)	(252)	(735)	-	-	Slow spending	Yes	n/a
Equitable Share	MKLM	206 155	174 439	148 008	-	528 602	(206 155)	(174 439)	(148 008)	-	(528 602)	-	-			n/a
MIG	MKLM	20 653	51 850	81 330	-	162 271	(22 581)	(53 528)	(43 589)	(42 391)	(162 092)	-	-			n/a
Disaster Grant	MKLM	-	-	-	-	-	-	-	-	-	-	-	-			n/a
Provincial Ingrastructure Grant	MKLM	-	-	241	-	241	-	-	(241)	-	(241)	-	-			n/a
Energy, Efficient and Demand Managemnt Grant		-	4 000	1 000	-	5 000	-	-	-	(350)	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-			
		245 320	256 033	250 199	-	759 990	(235 503)	(238 750)	(208 837)	(72 056)	(754 964)	5 875	-			

The financial figures above have been rounded to the nearest one thousand Rand (R'000).