



Moses Kotane Local Municipality
Annual Financial Statements
for the year ended 30 June 2024

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

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. Caroline Motshabi (Portfolio Head Local Economic Development)

Cllr. Obed Motsisi (Portfolio Head Corporate Services)

Cllr. Dithothi Tshetlhane (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

Chief Finance Officer (CFO)

Mr. M Mkhize

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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Index

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

	Page
Accounting Officer's Responsibilities and Approval	3
Audit Committee Report	4
Accounting Officer's Report	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 13
Accounting Policies	14 - 37
Notes to the Annual Financial Statements	38 - 107
Appendixes:	
Appendix A: Schedule of External loans	109
Appendix B: Analysis of Property, Plant and Equipment	109

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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the 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.

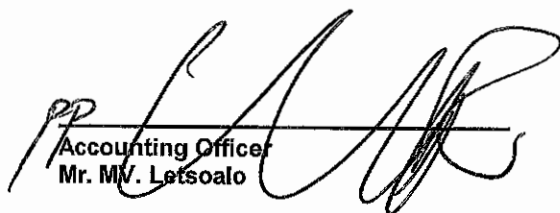
The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting 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 2025 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 30 November 2024 and were signed by:


Accounting Officer
Mr. M.V. Letsoalo

AUDIT COMMITTEE ANNUAL REPORT OF MOSES KOTANE LOCAL MUNICIPALITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

Audit Committee is honoured to present its annual report for the financial year ended 30 June 2024.

Audit Committee consisted of Members listed below and should meet at least 4 times during the financial year as per its approved Terms of Reference. Audit Committee held 8 meetings during 2023/2024 financial year and Audit Committee Members together with meetings attendances details are as follows:

Old Audit Committee Term Ended 31 December 2023		New Audit Committee Term From 01 January 2024	
Names and Positions	Meetings attended	Names and Positions	Meeting Attended
Mr B. Seabela: Chairperson	7	Mr R. Tshimomola: Chairperson	1
Ms L. Moyo: Member	7	Ms L. Moyo: Member	1
Mr T. Zororo: Member	6	Mr E. Phalanndwa: Member	1
Mr R. Tshimomola	7	Mr B. Seabela: Member	1
Mr I. Mogotsi	7	Mr G. Makaba: Member	1

Responsibilities of Audit Committee

Audit Committee had formally adopted its Terms of Reference and discharged its responsibilities during the financial year in compliance with its charter, Section 166 of the MFMA and Circular 65 as follows:

- Implemented and complied with Audit Committee Charter as approved by council.
- Reviewed Internal Audit Charter, Methodology, Risk-Based Plans and monitored their implementations.
- Reviewed Risk Management documents and made appropriate recommendations for management to implement. The Municipality to expedite the Appointment of Risk Management Committee Chairperson.
- Evaluated findings raised by internal and external auditors and made appropriate recommendations to resolve the findings. Audit Committee noted slow implementations of action plans to resolve audit findings.
- Reviewed quarterly financial information reports presented by management and made appropriate recommendations on financial management improvements and reporting.
- Reviewed quarterly and annual performance information reports and made appropriate recommendations to improve performance management and reporting including training and corrective actions interventions.
- Reviewed accounting policies, annual financial statements & notes thereof and gave council the credible view of financial position, financial performance and cash flow information.
- Reviewed revenue, expenditures, supply chain management reports, information & communication technology systems general & application controls, human resources management reports and recommended appropriate actions for management to implement. Revenue Enhancement Strategy to be developed and implemented to improve financial viability.
- Reviewed audit action plans emanating from internal and external audit findings and recommended proper actions for management implementations to ensure full compliance with legislations.
- Held meetings with Auditor-General South Africa to discuss, approve and resolve external audit matters.
- Prepared and presented quarterly reports to the council to comply with oversight reporting roles.

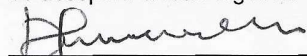
Internal Audit

Audit Committee is satisfied that internal audit functions were performed independently and objectively in line with the approved annual internal audit risk-based plans and Section 165 of MFMA. Internal Audit functionally reported to audit committee during the 2023/2024 financial year.

Effectiveness of internal control system

Audit Committee reviewed internal control system and recommended improvements on control environment. Municipality attained qualified audit report with material findings in 2022/2023 Financial Year. Internal control system is partially effective and Audit Committee noted management ongoing interventions to improve controls.

Audit Committee concurs with and accept Auditor-General South Africa's 2023/2024 Audit Report on the 2023/2024 Annual Financial Statements & Annual Performance Report and is of the opinion that the Audited Documents should be accepted & read together with Report of the Auditor General South Africa.



Mr R. Tshimomola: Chairperson of the Audit Committee

Date: 29 August 2024

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2024.

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 52 451 307 (June 2023: surplus 153 241 184).

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	Nationality
Mr V Letsoalo	South African

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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Non-Current Assets			
Investment property	3	152 297 869	150 663 784
Property, plant and equipment	4	3 098 277 050	2 988 702 022
Intangible assets	5	12 478 228	13 393 410
Heritage assets	6	14 000	14 000
Receivables from non-exchange transactions	7	17 825 041	16 634 382
Other receivables	8	537 714	1 605 652
		3 281 429 902	3 171 013 250
Current Assets			
Inventories	9	21 350 667	17 224 911
Receivables from exchange transactions	10	3 583 376	2 535 327
Receivables from non-exchange transactions	7	2 283 869	1 550 056
VAT receivable	11	15 837 899	24 035 455
Consumer debtors	12	182 403 038	251 073 027
Non current assets held for sale	13	554 938	124 896
Other receivables	8	1 067 938	1 067 938
Cash and cash equivalents	14	43 586 917	38 864 090
		270 668 642	336 475 700
Total Assets		3 552 098 544	3 507 488 950
Liabilities			
Non-Current Liabilities			
Other financial liabilities	15	2 703 279	4 070 550
Finance lease obligation	16	8 995 364	22 440 867
Employee benefit obligation	17	21 676 000	17 802 000
Provisions	18	23 040 914	21 572 627
Consumer deposits	19	598 725	590 793
		57 014 282	66 476 837
Current Liabilities			
Other financial liabilities	15	901 349	4 769 628
Finance lease obligation	16	13 949 236	12 312 310
Payables from exchange transactions	20	260 128 145	254 232 416
Employee benefit obligation	17	3 879 000	3 559 000
Unspent conditional grants and receipts	21	3 304 790	8 099 389
Provisions	18	2 431 068	-
		284 593 588	282 972 743
Total Liabilities		341 607 870	349 449 580
Net Assets		3 210 490 674	3 158 039 370
Accumulated surplus		3 210 490 674	3 158 039 370
Total Net Assets		3 210 490 674	3 158 039 370

* See Note 44

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	207 677 023	193 973 190
Other income	24	6 370 049	4 811 890
Interest from exchange transactions	25	62 710 017	81 109 513
Total revenue from exchange transactions		276 757 089	279 894 593
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	150 271 916	124 807 064
Interest from non exchange transactions		35 160 963	32 299 445
Transfer revenue			
Government grants & subsidies	27	809 459 933	755 316 780
Public contributions and donations	53	7 535 109	-
Fines, Penalties and Forfeits		1 758 600	1 028 400
Total revenue from non-exchange transactions		1 004 186 521	913 451 689
Total revenue	22	1 280 943 610	1 193 346 282
Expenditure			
Employee related costs	28	(321 973 025)	(282 405 159)
Remuneration of councillors	29	(30 294 307)	(29 270 187)
Depreciation and amortisation	30	(121 308 342)	(132 623 119)
Finance costs	31	(6 434 212)	(5 618 973)
Lease rentals on operating lease		(1 813 753)	(2 154 791)
Debt Impairment	32	(309 058 485)	(146 312 537)
Bulk purchases	33	(157 715 356)	(130 330 203)
Contracted services	34	(79 184 676)	(80 443 074)
Financial loss under investigation	35	(4 673 807)	(10 884 186)
General Expenses	36	(191 462 312)	(201 814 528)
Total expenditure		(1 223 918 275)	(1 021 856 757)
Operating surplus		57 025 335	171 489 525
Loss on disposal of assets and liabilities		(4 601 437)	(17 880 138)
Gain (Loss) on foreign exchange		43 114	(44 192)
Fair value adjustments		1 634 085	743 761
Impairment loss	37	(1 654 326)	(991 937)
Inventories losses/write-downs		4 536	(75 835)
		(4 574 028)	(18 248 341)
Surplus for the year		52 451 307	153 241 184

* See Note 44

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	3 006 222 514	3 006 222 514
Adjustments		
Correction of errors	(1 424 328)	(1 424 328)
Balance at 01 July 2022 as restated*	3 004 798 186	3 004 798 186
Changes in net assets		
Surplus for the year	153 241 184	153 241 184
Total changes	153 241 184	153 241 184
Restated* Balance at 01 July 2023	3 158 039 367	3 158 039 367
Changes in net assets		
Surplus for the year	52 451 307	52 451 307
Total changes	52 451 307	52 451 307
Balance at 30 June 2024	3 210 490 674	3 210 490 674

* See Note 44

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Taxes, rates and fines		184 078 495	87 321 982
Sale of goods and rendering of services		23 528 152	59 074 453
Grants and subsidies		805 119 000	750 516 138
Interest income		13 031 950	20 013 003
		<u>1 025 757 597</u>	<u>916 925 576</u>
Payments			
Cash payments to supplier and employees		(769 905 830)	(707 266 653)
Finance costs		(3 970 273)	(3 213 519)
		<u>(773 876 103)</u>	<u>(710 480 172)</u>
Net cash flows from operating activities	38	<u>251 881 494</u>	<u>206 445 404</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(228 433 045)	(193 138 294)
Proceeds from sale of property, plant and equipment	4	-	391 860
Proceeds from sale of Non Current Assets Held for sale	3	-	550 000
Purchase of other intangible assets	5	(1 681 497)	(2 578 644)
Net cash flows from investing activities		<u>(230 114 542)</u>	<u>(194 775 078)</u>
Cash flows from financing activities			
Finance lease payments		(11 808 577)	(3 897 517)
Repayment of other financial liabilities		(5 235 550)	(5 788 849)
Net cash flows from financing activities		<u>(17 044 127)</u>	<u>(9 686 366)</u>
Net increase/(decrease) in cash and cash equivalents		4 722 825	1 983 960
Cash and cash equivalents at the beginning of the year		38 864 090	36 880 131
Cash and cash equivalents at the end of the year	14	<u>43 586 915</u>	<u>38 864 091</u>

The accounting policies on pages 14 to 37 and the notes on pages 38 to 107 form an integral part of the annual financial statements.

* See Note 44

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

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	240 833 088	(90 647)	240 742 441	207 677 023	(33 065 418)	55.1
Other income	3 912 925	130 647	4 043 572	6 370 049	2 326 477	55.2
Interest received - investment	66 887 564	(36 552)	66 851 012	62 710 017	(4 140 995)	55.3
Total revenue from exchange transactions	311 633 577	3 448	311 637 025	276 757 089	(34 879 936)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	154 525 327	-	154 525 327	150 271 916	(4 253 411)	55.4
Interest - Taxation revenue	27 562 075	36 552	27 598 627	35 160 963	7 562 336	55.5
Transfer revenue						
Government grants & subsidies	818 604 000	(2 840 500)	815 763 500	809 459 933	(6 303 567)	55.6
Public contributions and donations	-	-	-	7 535 109	7 535 109	55.7
Fines, Penalties and Forfeits	2 000 000	-	2 000 000	1 758 600	(241 400)	55.8
Total revenue from non-exchange transactions	1 002 691 402	(2 803 948)	999 887 454	1 004 186 521	4 299 067	
Total revenue	1 314 324 979	(2 800 500)	1 311 524 479	1 280 943 610	(30 580 869)	
Expenditure						
Employee related costs	(296 872 275)	3 410 395	(293 461 880)	(321 973 025)	(28 511 145)	55.9
Remuneration of councillors	(27 596 587)	-	(27 596 587)	(30 294 307)	(2 697 720)	55.19
Depreciation and amortisation	(155 041 279)	-	(155 041 279)	(121 308 342)	33 732 937	55.10
Impairment loss/ Reversal of impairments	-	-	-	(1 654 326)	(1 654 326)	55.8
Finance costs	(5 600 000)	(3 300 000)	(8 900 000)	(6 434 212)	2 465 788	55.11
Lease rentals on operating lease	(2 500 000)	-	(2 500 000)	(1 813 753)	686 247	55.8
Debt Impairment	(328 721 071)	-	(328 721 071)	(309 058 485)	19 662 586	55.12
Bulk purchases	(130 000 000)	-	(130 000 000)	(157 715 356)	(27 715 356)	55.13
Contracted Services	(140 090 262)	67 840 262	(72 250 000)	(79 184 676)	(6 934 676)	55.14
Financial loss	-	-	-	(4 673 807)	(4 673 807)	55.15
General Expenses	(125 936 400)	(78 243 990)	(204 180 390)	(191 462 312)	12 718 078	55.16
Total expenditure	(1 212 357 874)	(10 293 333)	(1 222 651 207)	(1 225 572 601)	(2 921 394)	
Operating surplus	101 967 105	(13 093 833)	88 873 272	55 371 009	(33 502 263)	
Loss on disposal of assets and liabilities	-	-	-	(4 601 437)	(4 601 437)	55.17
Impairment loss	-	-	-	43 114	43 114	55.8
Fair value adjustments	-	-	-	1 634 085	1 634 085	55.18
Inventories losses/write-downs	-	-	-	4 536	4 536	55.8
	-	-	-	(2 919 702)	(2 919 702)	
Surplus before taxation	101 967 105	(13 093 833)	88 873 272	52 451 307	(36 421 965)	

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

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						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	101 967 105	(13 093 833)	88 873 272	52 451 307	(36 421 965)	

Statement of Financial Position

Assets

Current Assets

Inventories	14 664 948	-	14 664 948	21 350 667	6 685 719	55.19
Receivables from exchange transactions	-	-	-	3 583 376	3 583 376	55.20
Receivables from non-exchange transactions	3 637 600	-	3 637 600	2 283 869	(1 353 731)	55.21
VAT receivable	12 634 969	-	12 634 969	15 837 899	3 202 930	55.22
Consumer debtors	128 882 520	-	128 882 520	182 403 038	53 520 518	55.23
Other asset 1	-	-	-	554 938	554 938	55.8
Other receivables	6 214 263	-	6 214 263	1 067 938	(5 146 325)	55.24
Cash and cash equivalents	63 039 828	-	63 039 828	43 586 917	(19 452 911)	55.25
	229 074 128	-	229 074 128	270 668 642	41 594 514	

Non-Current Assets

Investment property	151 437 915	-	151 437 915	152 297 869	859 954	55.8
Property, plant and equipment	3 452 125 067	(969 670)	3 451 155 397	3 098 277 050	(352 878 347)	55.26
Intangible assets	15 854 246	(1 000 000)	14 854 246	12 478 228	(2 376 018)	55.27
Heritage assets	14 000	-	14 000	14 000	-	
Receivables from non-exchange transactions	-	-	-	17 825 041	17 825 041	55.28
Other receivables	-	-	-	537 714	537 714	55.8
	3 619 431 228	(1 969 670)	3 617 461 558	3 281 429 902	(336 031 656)	

Total Assets

	3 848 505 356	(1 969 670)	3 846 535 686	3 552 098 544	(294 437 142)	
--	----------------------	--------------------	----------------------	----------------------	----------------------	--

Liabilities

Current Liabilities

Other financial liabilities	12 820 000	-	12 820 000	901 349	(11 918 651)	55.29
Finance lease obligation	-	-	-	13 949 236	13 949 236	55.30
Payables from exchange transactions	177 265 814	-	177 265 814	260 128 141	82 862 327	55.31
Employee benefit obligation	-	-	-	3 879 000	3 879 000	55.32
Unspent conditional grants and receipts	-	-	-	3 304 790	3 304 790	55.33
Provisions	2 040 200	-	2 040 200	2 431 068	390 868	55.34
Distributions payable	(3 448 164)	453 664	(2 994 500)	-	2 994 500	
	188 677 850	453 664	189 131 514	284 593 584	95 462 070	

Non-Current Liabilities

Other financial liabilities	21 752 697	-	21 752 697	2 703 279	(19 049 418)	55.29
-----------------------------	------------	---	-------------------	-----------	---------------------	-------

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

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						
Finance lease obligation	-	-	-	8 995 364	8 995 364	55.30
Employee benefit obligation	-	-	-	21 676 000	21 676 000	55.32
Provisions	38 433 140	(38 433 140)	-	23 040 914	23 040 914	55.34
Consumer deposits	-	-	-	598 725	598 725	55.8
	60 185 837	(38 433 140)	21 752 697	57 014 282	35 261 585	
Total Liabilities	248 863 687	(37 979 476)	210 884 211	341 607 866	130 723 655	
Net Assets	3 599 641 669	36 009 806	3 635 651 475	3 210 490 678	(425 160 797)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	3 599 641 669	36 009 806	3 635 651 475	3 210 490 674	(425 160 801)	

Cash Flow Statement

Cash flows from operating activities

Receipts

Taxes, rates and fines	150 164 000	-	150 164 000	184 078 495	33 914 495	55.35
Sale of goods and services	5 913 000	-	5 913 000	23 528 152	17 615 152	55.36
Grants	818 604 000	-	818 604 000	805 119 000	(13 485 000)	55.37
Interest income	6 251 100	-	6 251 100	13 031 950	6 780 850	55.38
	980 932 100	-	980 932 100	1 025 757 597	44 825 497	

Payments

Payments to suppliers and employee costs	(722 995 524)	-	(722 995 524)	(769 905 830)	(46 910 306)	55.39
Finance costs	(5 600 000)	-	(5 600 000)	(3 970 273)	1 629 727	55.40
	(728 595 524)	-	(728 595 524)	(773 876 103)	(45 280 579)	

Net cash flows from operating activities	252 336 576	-	252 336 576	251 881 494	(455 082)	
---	--------------------	---	--------------------	--------------------	------------------	--

Cash flows from investing activities

Purchase of property, plant and equipment	(244 590 790)	-	(244 590 790)	(228 433 045)	16 157 745	55.41
Purchase of other intangible assets	-	-	-	(1 681 497)	(1 681 497)	55.42
Net cash flows from investing activities	(244 590 790)	-	(244 590 790)	(230 114 542)	14 476 248	

Cash flows from financing activities

Repayment of other financial liabilities	(12 820 000)	-	(12 820 000)	(5 235 550)	7 584 450	55.43
Finance lease payments	-	-	-	(11 808 577)	(11 808 577)	55.43
Net cash flows from financing activities	(12 820 000)	-	(12 820 000)	(17 044 127)	(4 224 127)	

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

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						
Net increase/(decrease) in cash and cash equivalents	(5 074 214)	-	(5 074 214)	4 722 825	9 797 039	
Cash and cash equivalents at the beginning of the year	68 734 000	-	68 734 000	38 864 090	(29 869 910)	
Cash and cash equivalents at the end of the year	63 659 786	-	63 659 786	43 586 915	(20 072 871)	
Reconciliation						

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

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 Basis of preparations

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

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

1.2 Presentation currency

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

1.3 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.

1.4 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.

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

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

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

Allowance for slow moving, damaged and obsolete stock

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

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

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

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

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 18 - Provisions.

Useful lives

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

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 17.

Allowance for doubtful debts

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

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.4 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.

1.5 Investment property

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

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

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.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Investment property (continued)

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.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Property, plant and equipment (continued)

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
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.

1.7 Intangible assets

An asset is identifiable if it either:

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

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.7 Intangible assets (continued)

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.

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.

1.8 Heritage assets

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

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.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.8 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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.

1.9 Financial instruments

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

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').

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.9 Financial instruments (continued)

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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

A financial asset is:

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

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.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.9 Financial instruments (continued)

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

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

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

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

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

Accounting Policies

1.9 Financial instruments (continued)

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Trade payables	Financial liability measured at amortised cost
Finance lease liabilities	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.9 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 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 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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.9 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.

1.10 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

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

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.10 Statutory receivables (continued)

- 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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.10 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.

1.11 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.

1.12 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.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.12 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.

1.13 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.

1.14 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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.14 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

1.15 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.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.15 Provisions and contingencies (continued)

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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 40.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.15 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.

1.16 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.

1.17 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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.17 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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.17 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.

1.18 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.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

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

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

Recognition

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

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

Measurement

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

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.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

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.

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.

1.19 Investment income

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

1.20 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.

1.21 Comparative figures

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

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.22 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;

1.23 Fruitless and wasteful expenditure

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

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

1.24 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";

1.25 Segment information

A segment is an activity of an entity:

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

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

1.26 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 2023/07/01 to 2024/06/30.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.26 Budget information (continued)

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.

1.27 Related parties

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

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

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

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

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

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

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

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.

1.28 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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	The impact of the is not material.
<ul style="list-style-type: none">GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the is not material.
<ul style="list-style-type: none">iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the is not material.
<ul style="list-style-type: none">GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	The impact of the is not material.
<ul style="list-style-type: none">GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	The impact of the is not material.

2.2 Standards and Interpretations early adopted

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

2.3 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
<ul style="list-style-type: none">Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	152 297 869	-	152 297 869	150 663 784	-	150 663 784

Reconciliation of investment property - June 2024

	Opening balance	Fair value adjustments	Total
Investment property	150 663 784	1 634 085	152 297 869

Reconciliation of investment property - June 2023

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	17 290 211	-	17 290 211	17 290 211	-	17 290 211
Buildings	216 836 663	(120 215 243)	96 621 420	216 493 399	(115 115 240)	101 378 159
Plant and machinery	3 529 270	(3 027 906)	501 364	4 550 151	(3 851 915)	698 236
Furniture and Fixtures	50 871 724	(43 721 095)	7 150 629	50 443 507	(43 555 049)	6 888 458
Motor vehicles	33 443 282	(26 938 779)	6 504 503	35 922 594	(28 259 714)	7 662 880
Infrastructure	5 334 496 758	(2 645 392 766)	2 689 103 992	5 130 851 953	(2 571 415 304)	2 559 436 649
Community	561 001 977	(304 759 564)	256 242 413	558 000 724	(291 496 051)	266 504 673
Leased vehicles	30 872 822	(6 010 304)	24 862 518	30 872 822	(2 030 066)	28 842 756
Total	6 248 342 707	(3 150 065 657)	3 098 277 050	6 044 425 361	(3 055 723 339)	2 988 702 022

Reconciliation of property, plant and equipment -2024

	Opening balance	Additions	Disposals	Transfers	landfill Site	Work in progress	Depreciation	Impairment loss	Total
Land	17 290 211	-	-	-	-	-	-	-	17 290 211
Buildings	101 378 159	1 593 550	(191 735)	-	-	-	(6 158 554)	-	96 621 420
Plant and machinery	698 236	58 130	(13 316)	-	-	-	(241 686)	-	501 364
Furniture and fixtures	6 888 458	2 855 172	(89 025)	-	-	-	(2 503 976)	-	7 150 629
Motor vehicles	7 662 880	1 191 004	(412 972)	-	-	-	(1 936 409)	-	6 504 503
Infrastructure	2 559 436 649	140 419 589	(4 023 291)	-	(995 655)	84 666 002	(88 744 976)	(1 654 326)	2 689 103 992
Community	266 504 673	19 575 720	(552 140)	-	-	(14 140 014)	(15 145 826)	-	256 242 413
Building WIP	-	129 700	-	(129 700)	-	-	-	-	-
Leased vehicles	28 842 756	-	-	-	-	-	(3 980 238)	-	24 862 518
Total	2 988 702 022	165 822 865	(5 282 479)	(129 700)	(995 655)	70 525 988	(118 711 665)	(1 654 326)	3 098 277 050

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2023

	Opening balance	Additions	Change in provision for landfill site	Disposals	Work in Progress-	Depreciation	Impairment loss	Total
Land	17 290 211	-	-	-	-	-	-	17 290 211
Buildings	107 892 083	-	-	-	-	(6 513 924)	-	101 378 159
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	-	-	(69 375)	-	(2 242 855)	-	7 662 880
Infrastructure	2 526 395 484	122 050 663	(858 498)	(15 120 340)	29 523 253	(101 561 976)	(991 937)	2 559 436 649
Community	266 225 158	16 755 162	-	(2 442 940)	200 407	(14 233 114)	-	266 504 673
Leased vehicles	-	30 872 821	-	-	-	(2 030 065)	-	28 842 756
	2 937 529 392	171 436 776	(858 498)	(17 874 806)	29 723 660	(130 262 565)	(991 937)	2 988 702 022

Pledged as security

Leased vehicles

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

23 678 104

28 842 756

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

4. Property, plant and equipment (continued)

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 LIGHT	2 734 518	2 734 518
MANAMELA HIGHMAST LIGHT	1 369 365	1 369 365
RATAU HIGHMAST LIGHT	476 245	476 245
HIGH MAST LIGHT_NKOGOLWE	983 176	983 176
HIGH MAST LIGHT _ WELVERDIEN	1 247 575	1 247 575
LEGKRAAL HIGHMAST LIGHT	1 692 485	1 692 485
MONONONO HIGHMAST LIGHT	884 236	884 236
HIGH MAST LIGHT - LERULENG	1 026 169	1 026 169
HIGH MAST LIGHT - KRAALHOEK	943 664	943 664
HIGH MAST LIGHT - LEROME	1 474 048	1 474 048
HIGHMASTLIGHT-GOEDEHOOP	437 952	437 952
HIGHMAST LIGHT-SESOBE	751 192	751 192
SUPPLY AND INSTALLATION OF HML (SESOBE)	512 027	512 027
SUPPLY AND INSTALLATION OF HML (LOSMYTJERIE)	1 301 449	1 301 449
SUPPLY AND INSTALLATION OF HML (LEDIG)	2 519 146	2 519 146
SUPPLY AND INSTALLATION OF HML (GOEDEHOOP)	555 507	555 507
SUPPLY AND INSTALLATION OF HML (MORULENG WARD 9)	1 097 529	1 097 529
HIGH MAST LIGHT_MORULENG_WARD 32	1 421 287	1 421 287
HIGH MAST LIGHT_MORULENG_WARD 17	1 892 092	1 892 092
MONONONO HIGHMAST LIGHT	320 915	320 915
KOFFIEKRAAL HIGHMAST LIGHT	1 014 637	1 014 637
MASEKOLOANE HIGHMAST LIGHT	700 069	700 069
MORULENG _RENOVATE TESTING STATION	753 272	753 272
	26 108 555	26 108 555

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Buildings	Total
Opening balance	236 861 587	14 140 014	753 272	251 754 873
Additions/capital expenditure	225 428 925	6 556 223	129 700	232 114 848
Transferred to completed items	(140 762 922)	(20 696 237)	(129 700)	(161 588 859)
	321 527 590	-	753 272	322 280 862

Reconciliation of Work-in-Progress 2023

	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
Transfer to general expenses	(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

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

4. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

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

Employee related costs	13 059 150	10 838 187
Contracted services	27 172 686	30 898 267
Material and other expenditure	7 510 607	5 075 746
	47 742 443	46 812 200

The municipality spent an amount of R11 067 123 (2022-23 - R33 967 897) 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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

5. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	31 128 615	(18 650 387)	12 478 228	31 919 418	(18 526 008)	13 393 410

Reconciliation of intangible assets - June 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	13 393 410	1 681 497	(2 596 679)	12 478 228

Reconciliation of intangible assets - June 2023

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

Pledged as security

Intangible assets were not pledged as security for financial liabilities

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

6. Heritage assets

	2024			2023		
	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 - May 2024

	Opening balance	Total
Historical monuments	14 000	14 000

Reconciliation of heritage assets June 2023

	Opening balance	Total
Historical monuments	14 000	14 000

Pledged as security

Heritage assets were not pledged as a security for financial liabilities

Expenditure incurred to repair and maintain heritage assets

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

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
7. Receivables from non-exchange transactions		
Total receivables from non-exchange transactions	20 108 910	18 184 438
Fines	339 415	116 176
Other receivables from non exchange transactions	1 944 454	1 433 880
Deposits	17 825 041	16 634 382
	20 108 910	18 184 438
Non-current assets	17 825 041	16 634 382
Current assets	2 283 869	1 550 056
	20 108 910	18 184 438
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Fines	339 415	116 176
	339 415	116 176
Financial asset receivables included in receivables from non-exchange transactions above	19 769 495	18 068 262

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

7. 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- June 2024	Fines	Deposits	Other receivables	Total
Current (0-30 days)	416 600	-	810 574	1 227 174
31-60 days	82 000	-	-	82 000
61-90 days	114 350	-	-	114 350
91-120 days	107 300	-	-	107 300
121 days and above	15 089 826	17 809 131	1 133 880	34 032 837
Less: Allowance for impairment	(15 470 661)	-	-	(15 470 661)
	339 415	17 809 131	1 944 454	20 093 000

The aging- June 2023	Fines	Deposits	Other receivables	Total
Current (0-30 days)	161 650	-	-	161 650
31-60 days	27 250	-	-	27 250
61-90 days	77 100	-	-	77 100
91-120 days	73 500	-	-	73 500
121 days and above	14 082 044	16 634 382	1 433 880	32 150 306
Less: Allowance for impairment	(14 305 368)	-	-	(14 305 368)
	116 176	16 634 382	1 433 880	18 184 438

There are no receivables from non exchange transactions pledged as security as at 30 June 2024.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

8. Other receivables

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

Reconciliation June 2024

	Opening balance	Expensed during the year	Total
Maintenance plan	2 673 590	(1 067 938)	1 605 652

Reconciliation June 2023

	Opening balance	Additions	Expensed during the year	Total
Maintenance plan	-	3 203 814	(530 224)	2 673 590
Non current			537 714	1 605 652
Current			1 067 938	1 067 938
			1 605 652	2 673 590

9. Inventories

Maintenance materials	19 907 550	15 985 904
Water for distribution	1 008 317	880 352
Land held for sale	434 800	434 800
	21 350 667	17 301 056
Inventories (write-downs)	-	(76 145)
	21 350 667	17 224 911

There is no inventory pledged as security.

Inventories recognised as an expense during the year	10 811 402	6 834 506
--	------------	-----------

Inventory valuation

Inventory carried at cost	21 350 667	17 224 911
---------------------------	------------	------------

Water for distribution

Water in the reservoirs	84 706	72 522
Water in the pipes (reticulation)	923 611	807 830
Closing balance	1 008 317	880 352

10. Receivables from exchange transactions

Gross Balances	2 443 423	2 443 423
Accrued Interest	534 657	66 358
Less: Impairment allowance	(2 443 423)	(2 443 423)
Other receivables	3 048 719	2 468 969
	3 583 376	2 535 327

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

10. Receivables from exchange transactions (continued)

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)
	-	-
Financial asset receivables included in receivables from exchange transactions above	3 583 376	2 535 327
Total receivables from exchange transactions	3 583 376	2 535 327

Trade and other receivables pledged as security

There are no trade and other receivables pledged as security at the end of the year.

Other receivables aging

Other receivables relates to debt owed by Nort West Traffic Department for the vehicle registration fees issued by the municipality on behalf of the department. The department act as an agent on behalf of the department and receives 20% commission for the services.

The ageing of other receivables is as follows:

Current 0-30 days in arrears	534 657	66 358
Above 120 days	3 048 719	2 468 969

11. VAT receivable/payable

VAT	15 837 899	24 035 455
Vat Receivable reconciliation		
VAT Receivable from SARS	3 267 542	20 381 385
VAT input provision	23 590 376	11 945 428
Output Provision	(11 020 019)	(8 291 358)
	15 837 899	24 035 455

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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
12. Consumer debtors		
Gross balances		
Rates	617 311 756	625 219 886
Water	796 740 796	1 282 759 822
Sewerage	15 877 673	26 211 348
Refuse	43 471 094	143 682 869
Sundry debtors	1 429 901	675 649
Water consumption from the last readings	3 921 710	4 102 310
	1 478 752 930	2 082 651 884
Less: Allowance for impairment		
Rates	(534 289 742)	(450 415 858)
Water	(705 588 968)	(1 215 715 452)
Sewerage	(12 172 595)	(21 973 934)
Refuse	(42 873 900)	(143 014 300)
Sundry debtors	(1 424 687)	(459 313)
	(1 296 349 892)	(1 831 578 857)
Net balance		
Rates	83 022 014	174 804 028
Water	91 151 828	67 044 370
Sewerage	3 705 078	4 237 414
Refuse	597 194	668 569
Sundry debtors	5 214	216 336
Water consumption from the last readings	3 921 710	4 102 310
	182 403 038	251 073 027
Statutory receivables included in consumer debtors above are as follows:		
Rates	83 022 014	174 804 028
Financial asset receivables included in consumer debtors above	99 381 024	76 268 999
Total consumer debtors	182 403 038	251 073 027
Included in above is receivables from exchange transactions		
Water	91 151 828	67 044 370
Sewerage	3 705 078	4 237 414
Refuse	597 194	668 568
Water consumption from the last readings	3 921 710	4 102 310
	99 375 810	76 052 662
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	83 022 014	174 804 028
Sundry debtors	5 214	282 694
	83 027 228	175 086 722
Net balance	182 403 038	251 139 384

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
12. Consumer debtors (continued)		
Rates		
Current (0 -30 days)	14 295 446	18 537 659
31 - 60 days	12 200 336	12 704 224
61 - 90 days	12 077 307	12 526 837
91 - 120 days	12 031 925	12 359 352
121 - 365 days	566 706 742	569 091 814
Allowance for impairment	(534 289 742)	(450 415 858)
	83 022 014	174 804 028
Water		
Current (0 -30 days)	22 834 565	24 076 343
31 - 60 days	23 932 019	24 348 097
61 - 90 days	23 717 292	23 919 243
91 - 120 days	24 170 574	24 556 434
121 - 365 days	702 086 346	1 185 859 705
Allowance for impairment	(705 588 968)	(1 215 715 452)
	91 151 828	67 044 370
Sewerage		
Current (0 -30 days)	496 669	540 907
31 - 60 days	769 530	513 547
61 - 90 days	504 767	496 213
91 - 120 days	465 743	460 267
121 - 365 days	13 640 964	24 200 414
Allowance for impairment	(12 172 595)	(21 973 934)
	3 705 078	4 237 414
Refuse		
Current (0 -30 days)	1 401 870	1 702 686
31 - 60 days	1 382 530	1 688 621
61 - 90 days	1 384 395	1 681 950
91 - 120 days	1 379 054	1 673 654
121 - 365 days	37 923 245	136 935 958
Allowance for impairment	(42 873 900)	(143 014 300)
	597 194	668 569
Sundry debtors		
Current (0 -30 days)	63 952	6 597
31 - 60 days	58 624	4 599
61 - 90 days	58 239	3 933
91 - 120 days	58 446	3 894
121 - 365 days	1 190 641	656 626
Allowance for impairment	(1 424 688)	(459 313)
	5 214	216 336
Water consumption from the last readings		
Current (0 -30 days)	3 921 710	4 102 310

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

12. Consumer debtors (continued)

Reconciliation of allowance for impairment

Balance at beginning of the year	(1 831 578 857)	(1 691 404 755)
Debt impairment written off against allowance	859 568 033	18 917 338
Contributions to allowance	(324 339 068)	(159 091 440)
	<u>(1 296 349 892)</u>	<u>(1 831 578 857)</u>

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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

13. Non current assets held for sale

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 - June 2024	Opening Balance	Additions	Transfers	Total
Vehicles held for sale	124 896	430 042	-	554 938
Reconciliation - June 2023	Opening Balance	Additions	Transfers	Total
Vehicles held for sale	124 896	-	-	124 896

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15 092	20 000
Bank balances	15 929 676	6 011 065
Short-term deposits	27 642 149	32 833 025
	43 586 917	38 864 090

Cash and cash equivalents held by the entity that are not available for use by the economic entity	107 700	107 700
--	---------	---------

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Standard Bank- Current Account- 041980182	12 752 060	4 677 337	11 140 035	12 752 060	4 677 537	11 130 390
CAI MIG Standard Bank Account Number 0228810957004	1 473 301	10 683 660	12 250 721	1 473 301	10 683 660	12 250 721
Call MKLM StandardBank 228810957002	25 871	5 160 909	982 553	25 871	5 160 909	982 553
WSIG Account MKLM MUNIC I NFRA- Account number - 0228810957003	25 304 938	11 690 577	5 317 732	25 304 938	11 690 577	5 317 732
ABSA Rustenburg Branch - Account Number - 4050414471	987 937	377 515	1 047 601	987 937	367 426	1 047 609
ABSA Fixed Deposit- 12 months Eskom-Account Number - 2 062250801	458 113	425 755	406 398	458 113	455 187	424 010
Standard BANK Barongwa Traffic Registration Account Number -041980255	12 004	46 681	629 038	12 004	37 980	629 038
Traffic- Account Number - 041980247	886 160	586 380	4 927 813	886 160	586 380	4 927 813
Standard Bank - Fleet- Account Number- 0228810957001	379 917	4 842 692	170 265	379 917	4 842 692	170 265
Standard Bank Traffic Licensing - Account Type - 033099936	1 291 524	332 887	-	1 291 524	332 887	-
Total	43 571 825	38 824 393	36 872 156	43 571 825	38 835 235	36 880 131

15. Other financial liabilities

At amortised cost

INCA annuity loan	3 588 133	4 833 988
ABSA annuity loan	16 495	590 110
DBSA	-	3 416 080
	3 604 628	8 840 178
Total other financial liabilities	3 604 628	8 840 178

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

15. Other financial liabilities (continued)

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	Extention Civic Centre
Terms and conditions	Payable half yearly December and June

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 - ABSA annuity

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	2 703 279	4 070 550
-------------------	-----------	-----------

Current liabilities

At amortised cost	901 349	4 769 628
-------------------	---------	-----------

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
16. Finance lease obligation		
Minimum lease payments due		
- within one year	15 349 180	15 349 180
- in second to fifth year inclusive	9 694 599	24 718 811
	<u>25 043 779</u>	<u>40 067 991</u>
less: future finance charges	(2 099 179)	(5 314 814)
Present value of minimum lease payments	<u>22 944 600</u>	<u>34 753 177</u>
Present value of minimum lease payments due		
- within one year	13 949 236	12 312 310
- in second to fifth year inclusive	8 995 364	22 440 867
	<u>22 944 600</u>	<u>34 753 177</u>
Non-current liabilities	8 995 364	22 440 867
Current liabilities	13 949 236	12 312 310
	<u>22 944 600</u>	<u>34 753 177</u>

The average lease term is 3 years and the average effective borrowing rate was 12% (June 2023: 12%).

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 .

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

17. 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	(25 555 000)	(21 361 000)
Non-current liabilities	(21 676 000)	(17 802 000)
Current liabilities	(3 879 000)	(3 559 000)
	(25 555 000)	(21 361 000)

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 2024.

There are 553 employees that are currently entitled to Long Service Awards.]

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

Opening balance	21 361 000	19 034 000
Benefits paid	(3 525 922)	(1 868 226)
Net expense recognised in the statement of financial performance	7 719 922	4 195 226
	25 555 000	21 361 000

Net expense recognised in the statement of financial performance

Current service cost	1 951 000	1 798 000
Interest cost	2 210 000	1 991 000
Actuarial (gains) losses	3 558 922	406 226
	7 719 922	4 195 226

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

17. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,05 %	11,26 %
CPI inflation rate	5,20 %	5,54 %
General earnings inflation rate	6,20 %	6,54 %

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 11.05% per annum has been used. The corresponding index-linked yield is 5.08%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2024.

These yields were obtained by calculating the duration of the DBO 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 DBO). The duration of the DBO was estimated to be 8.25 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 5.20% per annum was obtained from the differential between market yields on index-linked bonds (5.08%) consistent with the estimated term of the DBO and those of nominal bonds (11.05%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected CPI inflation is determined as $((1+11.05\%-0.50\%)/(1+5.08\%))-1$.

Thus, a general earnings inflation rate of 6.20% per annum over the expected term of the DBO 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 4.56%.

It was assumed that the next general earnings increase will take place on 1 July 2025.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

17. Employee benefit obligations (continued)

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 6.20% 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%
45+	0.0%

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.

Mortality During Employment

SA85-90 ultimate table, adjusted for female lives.

Termination of Service

If an eligible employee leaves due to resignation or retrenchment, the employer's DBO in respect of that employee ceases. It is therefore important not to overstate termination rates. The assumed annual rates are set out below.

Termination rates per annum

Age Band	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:

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

	2024	2023	2022	2021	2020
Defined benefit obligation	25 555 000	21 361 000	19 034 000	17 814 000	16 651 000

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

18. Provisions

Reconciliation of provisions - June 2024

	Opening Balance	Additions	Change in discount factor	Interest Charge	Total
Environmental rehabilitation	21 572 627	-	(995 652)	2 463 939	23 040 914
Workmen's compensation	-	2 431 068	-	-	2 431 068
	21 572 627	2 431 068	(995 652)	2 463 939	25 471 982

Reconciliation of provisions - June 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Interest Charge	Total
Environmental rehabilitation	20 279 786	-	-	-	(858 540)	2 151 381	21 572 627
Workmen's compensation Provision	-	2 231 986	2 142 707	(1 706 637)	(2 668 056)	-	-
	20 279 786	2 231 986	2 142 707	(1 706 637)	(3 526 596)	2 151 381	21 572 627

Non-current liabilities

Current liabilities

23 040 914	21 572 627
2 431 068	-
25 471 982	21 572 627

Moses Kotane Local Municipality

(Registration number NW375)
Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

18. 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 5.1704%

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	5.1704%
Discount rate	10.6704%
Net effectivediscount rate	5.5000%

19. Consumer deposits

Consumer water deposit received	598 725	590 793
---------------------------------	---------	---------

Consumer deposits relates the security amounts charged and held by the Municipality for water connections

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
20. Payables from exchange transactions		
Trade payables	97 559 479	75 955 533
Payments received in advance	60 504 774	87 035 332
Other payables	1 365 659	1 323 152
Accrued leave pay	44 754 305	42 221 971
Retentions	41 732 791	32 700 203
Unallocated receipts	5 429 580	8 132 111
Accrued Bonus	8 781 557	6 864 114
	260 128 145	254 232 416
21. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	158 079	179 418
Library Grant	1 041 486	1 434 206
Water Service Infrastructure Grant	2 052 516	1 834 540
EPWP Grant	52 709	327
Financial Management Grant	-	898
Energy, Efficiency Demand Side Management (EEDSM)	-	4 650 000
	3 304 790	8 099 389
Movement during the year		
Balance at the beginning of the year	8 099 389	12 900 031
Additions during the year	243 682 000	222 950 883
Revenue recognised	(243 372 934)	(226 715 230)
Roll over denied	(5 103 665)	(1 036 295)
	3 304 790	8 099 389

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
22. Revenue		
Service charges	207 677 023	193 973 190
Other income	6 370 049	4 811 890
Interest charged on receivables	62 710 017	81 109 513
Property rates	150 271 916	124 807 064
Interest on non exchange receivables	35 160 963	32 299 445
Government grants & subsidies	809 459 933	755 316 780
Public contributions and donations	7 535 109	-
Fines, Penalties and Forfeits	1 758 600	1 028 400
	1 280 943 610	1 193 346 282
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	207 677 023	193 973 190
Other income	6 370 049	4 811 890
Interest received - investment	62 710 017	81 109 513
	276 757 089	279 894 593
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	150 271 916	124 807 064
Interest on receivables from non exchange transactions	35 160 963	32 299 445
Transfer revenue		
Government grants & subsidies	809 459 933	755 316 780
Public contributions and donations	7 535 109	-
Fines, Penalties and Forfeits	1 758 600	1 028 400
	1 004 186 521	913 451 689
23. Service charges		
Sale of water	190 274 590	178 350 940
Sewerage and sanitation charges	4 786 279	3 863 439
Refuse removal	12 616 154	11 758 811
	207 677 023	193 973 190

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
24. Other income		
Clearance certificates	28 352	147 793
Drainage fees	872	252
Sale of tender documents	438 118	424 152
Valuation services	3 671	3 589
Cemetery	28 119	17 934
Town planning	264 874	135 564
Recoveries	890 106	203 886
Photocopies and faxes	28 870	20 104
Water connections	43 927	22 160
Skills Development Fund	599 388	429 052
Insurance claims received	277 235	391 860
Licence fees	3 128 182	2 805 089
Skip Bin - Waste removal	247 936	58 239
Rental income	98 899	152 216
Sale of properties	291 500	-
	6 370 049	4 811 890

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.

25. Interest Income - Exchange items

Interest revenue		
Bank	13 500 249	9 680 296
Interest charged on receivables	49 209 768	71 429 217
	62 710 017	81 109 513

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
26. Property rates		
Rates received		
Commercial	53 587 646	50 219 338
State	77 969 245	60 196 873
Residential: Developed	1 261 318	7 603 204
Agricultural properties	248 802	157 148
Vacant Land	6 741 892	1 831 325
Mining	13 430 897	6 656 718
Industrial	1 030 907	951 846
Public Service Infrastructure	5 494	4 864
Less: Income forgone	(4 004 284)	(2 814 196)
	150 271 917	124 807 120

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	2 194 586 000	2 124 068 400
Commercial	477 433 000	513 797 002
Industrial	135 021 000	132 761 000
State	2 046 753 600	2 046 753 600
Church and parks	2 600 000	2 600 000
Mining	147 280 000	71 280 000
Public Benefit Organizations	419 800	419 800
Agriculture	1 525 359 600	1 568 358 600
Municipal (non taxable valuations)	76 265 100	76 265 100
Public Service infrastructure	30 184 100	30 184 100
	33 497 100	31 671 000
	6 669 399 300	6 598 158 602

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
27. Government grants & subsidies		
Operating grants		
Equitable share	566 087 000	528 601 550
Expanded Public Works Programme Grant	1 576 618	1 651 673
Project Management Unit Grant	5 400 000	4 642 116
Financial Management Grant	1 950 898	1 950 000
Library Grant	1 139 056	735 322
Energy, Efficiency Demand Side Management	1 000 000	350 000
	577 153 572	537 930 661
Capital grants		
Municipal Infrastructure Grant	162 524 338	157 450 376
Water Service Infrastructure Grant	69 782 023	59 693 860
Provincial Infrastructure Grant	-	241 883
	232 306 361	217 386 119
	809 459 933	755 316 780
Municipal Infrastructure Grant		
Balance unspent at beginning of year	179 418	8 438 909
Current-year receipts	162 503 000	149 190 884
Conditions met - transferred to revenue	(162 524 339)	(157 450 375)
	158 079	179 418
The grant was utilised to construct roads, streetlighting, water and sewerage infrastructure. Conditions still to be met - remain liabilities (see note 21).		
Library Grant		
Balance unspent at beginning of year	1 434 206	1 440 274
Current-year receipts	1 200 000	1 149 000
Conditions met - transferred to revenue	(1 139 056)	(735 323)
Roll over denied	(453 664)	(419 745)
	1 041 486	1 434 206
The grant is utilised for the operation and maintenance of the libraries in the area. Conditions still to be met - remain liabilities (see note 21).		
Water Services Infrastructure Grant		
Balance unspent at beginning of year	1 834 540	2 403 400
Current-year receipts	70 000 000	59 125 000
Conditions met - transferred to revenue	(69 782 024)	(59 693 860)
	2 052 516	1 834 540
Conditions still to be met - remain liabilities (see note 21).		
Expanded Public Works Grant		
Balance unspent at beginning of year	327	8 826
Current-year receipts	1 629 000	1 652 000
Conditions met - transferred to revenue	(1 576 618)	(1 651 673)
Roll over denied	-	(8 826)

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
27. Government grants & subsidies (continued)	52 709	327
Conditions still to be met - remain liabilities (see note 21).		
Financial Management Grant		
Balance unspent at beginning of year	898	898
Current-year receipts	1 950 000	1 950 000
Conditions met - transferred to revenue	(1 950 898)	(1 950 000)
	-	898
Conditions still to be met - remain liabilities (see note 21).		
Provincial Infrastructure Grant (PIG)		
Current-year receipts	-	241 883
Conditions met - transferred to revenue	-	(241 883)
	-	-
Conditions still to be met - remain liabilities (see note 21).		
MIG (PMU) Grant		
Balance unspent at beginning of year	-	607 724
Current-year receipts	5 400 000	4 642 116
Conditions met - transferred to revenue	(5 400 000)	(4 642 116)
Other	-	(607 724)
	-	-
Conditions still to be met - remain liabilities (see note 21).		
Energy, Efficiency Demand Side Management Grant		
Balance unspent at beginning of year	4 650 000	-
Current-year receipts	1 000 000	5 000 000
Conditions met - transferred to revenue	(1 000 000)	(350 000)
Roll over denied	(4 650 000)	-
	-	4 650 000
Conditions still to be met - remain liabilities (see note 21).		

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
28. Employee related costs		
Basic	208 402 097	185 537 150
Bonus	16 238 285	12 607 404
Medical aid - company contributions	16 360 350	15 061 193
UIF	1 273 051	1 230 238
SDL	2 634 351	2 386 555
Increase/(Decrease) in leave provision	4 059 426	719 327
Bargaining council	83 324	77 371
Travel, motor car, accommodation, subsistence and other allowances	1 708 485	1 633 548
Overtime payments	19 897 665	19 926 808
Long-service awards	7 719 922	4 195 226
Acting allowances	1 249 032	1 263 980
Housing benefits and allowances	763 266	631 284
Standby allowances	4 064 482	2 798 773
Pension fund company contributions	37 234 734	34 053 480
Shift allowance	284 555	282 822
	321 973 025	282 405 159
Remuneration of Municipal Manager		
Annual Remuneration	1 415 945	977 149
Car Allowance	265 000	173 133
Structured Bonus	117 995	-
Contributions to UIF, Medical and Pension Funds	257 132	182 582
	2 056 072	1 332 864
Remuneration for the Acting Municipal Manager		
Annual Remuneration	-	83 115
Remuneration for Acting HOD: Corporate services		
Acting allowance	3 441	-
SP Piek acted as director corporate services from 20 November 2023 to 3 December 2023.		
Remuneration of the Chief Finance Officer		
Annual Remuneration	963 008	1 181 673
Car Allowance	162 000	216 000
Structured Bonus	-	98 473
Contributions to UIF, Medical and Pension Funds	188 932	269 035
	1 313 940	1 765 181
Remuneration of Acting CFO		
Acting Allowance	64 740	9 749
Ms B Kutumela acted as CFO from 01 October 2023 until 31 December 2023.		
Remuneration of HOD Community Services		
Annual Remuneration	1 348 238	1 248 880
Car Allowance	240 000	240 000
Structured Bonus	60 000	60 000
Contributions to UIF, Medical and Pension Funds	2 262	2 255

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
28. Employee related costs (continued)		
	1 650 500	1 551 135
Remuneration of HOD Technical Services		
Annual Remuneration	1 588 238	1 574 172
Car Allowance	60 000	60 000
Contributions to UIF, Medical and Pension Funds	2 262	2 255
	1 650 500	1 636 427
Remuneration of Acting HOD: Technical Services		
Annual Remuneration	-	121 410
Remuneration of HOD Planning and Development		
Annual Remuneration	950 794	515 790
Car Allowance	391 485	228 366
Structured Bonus	79 233	52 927
Contributions to UIF, Medical and Pension Funds	231 589	94 158
	1 653 101	891 241
Remuneration for Acting HOD: Planning and Development		
Annual Remuneration	4 132	55 854
	-	
Mr MV MMope acted as HOD planning from 13 March 2024 until 28 March 2024.		
Remuneration of HOD: Economic development		
Annual Remuneration	-	323 421
Car Allowance	-	60 000
Structured Bonus	-	30 000
Contributions to UIF, Medical and Pension Funds	-	563
	-	413 984
Remuneration of Acting HOD: Local Economic Development		
Annual Remuneration	220 347	308 820
FT Mogolwane acted from 01 July 2023 to 31 August 2023 and also 01 March 2024 to 28 March 2024.		
TG Masheleni acted from 1 December 2023 until 29 February 2024.		
AT Mogashoa acted from 02 April 2024 until 30 June 2024.		
Remuneration of HOD: Corporate Services		
Annual Remuneration	1 299 615	821 437
Structured Bonus	30 000	-
Contributions to UIF, Medical and Pension Funds	322 251	1 503
Acting Allowance	-	178 113
	1 651 867	1 001 053

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
28. Employee related costs (continued)		
Remuneration of Acting HOD: Community Services		
Annual Remuneration	10 417	-
		-
ND Moeng acted from 31 July 2023 to 11 August 2023		
29. Remuneration of councillors		
Mayor	843 566	781 659
Single WHIP	631 368	583 944
Executive Committee	5 686 716	5 457 397
Speaker	770 832	677 051
Councillors	14 714 642	14 187 027
Councillors pension and medical aid contributions	3 422 109	3 396 492
Traveling allowance	1 098 786	1 169 544
Cell phone allowance	3 126 288	3 017 073
	30 294 307	29 270 187
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 and has use of a Council owned vehicle for official duties.		
30. Depreciation and amortisation		
Property, plant and equipment	118 711 663	130 262 565
Intangible assets	2 596 679	2 360 554
	121 308 342	132 623 119
31. Finance costs		
Non Current Borrowings	3 970 273	3 467 592
Finance cost from landfill site provision	2 463 939	2 151 381
	6 434 212	5 618 973
32. Debt impairment		
Consumer Debtors	307 869 973	145 421 396
Traffic Fines	1 188 512	1 330 629
	309 058 485	146 752 025
33. Bulk purchases		
Water	157 715 356	130 330 203

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

33. Bulk purchases (continued)

Water losses

Units purchased	16 950 132	15 230 215
Units sold	(9 978 935)	(9 372 329)
Total loss	6 971 197	5 857 886

Value of loss	70 105 047	51 524 426
---------------	------------	------------

Percentage Loss	41 %	38 %
-----------------	------	------

34. Contracted services

Outsourced Services

Accounting fees	15 677 720	16 148 376
Vat consultants fees	4 172 302	4 924 365
Debt collection fees	1 803 790	2 465 329
Information technology services	1 653 331	-
Refuse Removal	22 709 328	23 200 991

Consultants and Professional Services

Financial systems support	2 223 680	-
Property valuation cost	1 643 613	-

Contractors

Electrical	1 300 000	572 870
Maintenance of Buildings and Facilities	3 419 884	955 412
Maintenance of motor vehicles	2 512 700	5 042 054
Maintenance of infrastructure	22 068 328	27 133 678
	79 184 676	80 443 075

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.

35. Fuel fraud under investigation

Financial loss under investigation	4 673 807	10 884 186
------------------------------------	-----------	------------

Financial loss under investigation relates to fuel which was paid for by the municipality but which might not have been incurred for municipal purposes. The fraud is still under investigation.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
36. General expenses		
Auditors remuneration	6 186 146	4 476 626
Cleaning	-	2 234 717
Consulting and professional fees	1 915 306	2 079 997
Consumables	10 861 009	5 319 480
Entertainment	1 849 603	76 615
Fines and penalties	-	947 941
Vehicle hire	-	572 124
Insurance	4 674 218	4 713 274
IT expenses	10 218 576	7 124 396
Horticulture	-	37 223
Promotions and sponsorships	12 326 539	8 419 749
Fuel and oil	10 477 356	9 609 427
Local economic development	-	761 616
Repairs and maintenance	21 668 192	14 489 367
Security (Guarding of municipal property)	25 203 940	25 954 516
Workmen's compensation fund	2 431 068	2 668 056
Subscriptions and membership fees	3 234 758	2 993 050
Telephone and fax	7 331 574	7 028 925
Training	641 331	405 922
Travel - local	6 954 459	2 192 767
Water Tankering	2 393 538	14 270 516
Rural Sanitation	-	22 846 458
Electricity	44 384 616	33 007 250
Uniforms	1 247 540	1 589 175
Maintenance plan - write down	1 067 938	530 224
Ward committee fees	4 612 950	14 264 363
Water quality and chemicals	6 746 987	4 401 191
Other expenses	5 034 668	8 799 563
	191 462 312	201 814 528

37. Impairment of assets

Impairments

Property, plant and equipment	1 654 326	991 937
-------------------------------	-----------	---------

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.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
38. Cash generated from operations		
Surplus	52 451 307	153 241 184
Adjustments for:		
Depreciation and amortisation	121 308 342	132 623 119
Gain on sale of assets and liabilities	4 601 437	17 880 138
Public donations	(7 535 109)	-
Inventory write off	(4 536)	75 835
Maintenance plan- Write down	1 067 938	530 224
Fair value adjustments	(1 634 085)	(743 761)
Finance costs	2 463 939	2 151 381
Impairment loss	1 654 326	991 937
Debt impairment	309 058 485	146 312 537
Movements in employee benefits	7 719 922	4 195 226
Movements in provisions for water in pipes	180 600	(2 246 802)
Movement in accrued leave	2 532 334	719 327
Movement in accrued bonus	1 917 443	(324 128)
VIP toilets	-	22 846 458
Changes in working capital:		
Inventories	(4 121 220)	(2 925 881)
Receivables from exchange transactions	(1 048 049)	(2 328 813)
Consumer debtors	(239 380 584)	(281 692 436)
Other receivables from non-exchange transactions	(3 112 984)	(2 429 325)
Payables from exchange transactions	1 445 953	18 479 268
VAT	8 197 556	5 727 236
Unspent conditional grants and receipts	(4 794 599)	(4 800 642)
Consumer deposits	7 932	31 548
Provisions	2 431 068	-
Employee benefits obligation	(3 525 922)	(1 868 226)
	251 881 494	206 445 404

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

39. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	132 025 522	125 111 898
---------------------------------	-------------	-------------

Total capital commitments

Already contracted for but not provided for	132 025 522	125 111 898
---	-------------	-------------

Total commitments

Total commitments

Authorised capital expenditure	132 025 522	125 111 898
--------------------------------	-------------	-------------

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
-------------------	---	-----------

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	-	2 154 791
------------------------	---	-----------

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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
40. 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
J Malinga,I Rasepae	150 000	-
Maragela Consulting Engineers	949 770	-
R.I Mogotsi	8 000 000	8 000 000
	30 844 907	29 779 901

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

40. Contingencies (continued)

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 was settled on 28 June 2024.

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 of an amount of R8 000 000 and loss of rental income.

Jeanette Malinga, Irene Rasepae V MKLM

Two employees who's positions got affected by the review of an organisation structure resulting in them having to perform duties of two positions whilst not being compensated for additional duties that they are performing. The Municipality is exposed to a financial claim of R150 000.

Maragela Consulting Engineers

Claim for R949 770.35 with regard to Sandfontein Water Supply Phase 2. Maragela Consulting Engineers drew plans for a road project. The Project is still to be approved by COGTA. Claim has some probability to succeed. The project is funded by conditional grants (MIG) and provincial government has not yet approved or allocated funding to this project.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

41. Related parties

Relationships

Head of Departments

Municipal Manager

Chief Financial Officer

Community Services

Planning and Development

Technical Services

Mr M.V Letsoalo

Mr M Mkhize

Mr S Kotsedi

Mr TG Masheleni

Mr B Maseloane

Corporate Services

Acting CFO

Acting Community services director

Acting director local economic development

Acting director local economic development

Acting director local economic development

Acting director local economic development

Acting corporate services director

Mr FD Radiokana

Ms B Kutumela

Mr ND Moeng

Mr MV Mmope

Ms FT Mogolwane

Mr TG Masheleni

Mr AT Mogashoa

Mr SP Piek

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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

Remuneration of Head of Departments

June 2024

Name	Basic salary	Acting Allowance	Travel Allowance	UIF	Medical Aid	Pensions	Bargaining council	Bonus	Total
Municipal Manager (MV LETSOALO)	1 415 945	-	265 000	2 125	-	254 870	137	117 995	2 056 072
CFO (M MKHIZE)	963 008	-	162 000	1 594	13 894	173 341	102	-	1 313 939
Acting CFO (MB KUTUMELA)	-	64 740	-	-	-	-	-	-	64 740
Community services (SS KOTSEDI)	1 348 238	-	240 000	2 125	-	-	137	60 000	1 650 500
Community services (ND MOENG)	-	10 417	-	-	-	-	-	-	10 417
Technical services (BS MASELOANE)	1 588 238	-	60 000	2 125	-	-	137	-	1 650 500
Planning & Development (TG MASHELENI)	950 794	-	391 485	2 125	58 184	171 142	137	79 233	1 653 100
Planning & Development (MV MMOPE)	-	4 132	-	-	-	-	-	-	4 132
Economic Development (FT MOGOLWANE)	-	45 236	-	-	-	-	-	-	45 236
Economic Development (TG MASHELENI)	-	50 835	-	-	-	-	-	-	50 835
Economic Development (AT MAGASHOA)	-	124 276	-	-	-	-	-	-	124 276
Corporate Services (FD RADIOKANA)	1 299 615	-	-	2 125	34 074	285 915	137	30 000	1 651 866
Corporate Services (SP PIEK)	-	3 441	-	-	-	-	-	-	3 441
	7 565 838	303 077	1 118 485	12 219	106 152	885 268	787	287 228	10 279 054

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

June 2023

Name	Basic salary	Acting Allowance	Travel allowance	UIF	Medical Aid	Pension	Bargaining council	Bonus	Total
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

Management class: Councillors

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

June 2024

	Basic salary	Pension	Medical aid	Travel allowance	Cellphone allowance	Total
Name						
Mayor	843 566	121 255	17 280	-	3 753	985 854
Speaker	631 368	80 633	-	-	2 853	714 854
Whip	770 833	-	17 280	-	3 753	791 866
Executive committee	5 686 716	786 014	122 400	619 811	378 330	7 593 271
Councillors	14 714 642	2 087 167	190 080	478 975	2 737 599	20 208 463
	22 647 125	3 075 069	347 040	1 098 786	3 126 288	30 294 308

June 2023

	Basic salary	Pension	Medical aid	Travel allowance	Cellphone 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	583 945	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
	21 687 079	3 000 491	396 000	1 169 544	3 017 073	29 270 187

42. Risk management

Financial risk management

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

42. Risk management (continued)

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 2024	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Trade and other payables from exchange transactions	145 837 954	-	-	145 837 954
Other financial liabilities	901 349	2 703 279	-	3 604 628
Consumer deposits	-	-	598 725	598 725
Finance lease obligations	13 949 236	8 995 364	-	22 944 600
	160 688 539	11 698 643	598 725	172 985 907
At 30 June 2023	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Trade and other payables from exchange transactions	116 842 999	-	-	116 842 999
Other financial liabilities	4 769 628	4 070 550	-	8 840 178
Consumer deposits	-	-	590 793	590 793
Finance lease obligations	12 312 310	22 440 867	-	34 753 177
	133 924 937	26 511 417	590 793	161 027 147

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	June 2024	June 2023
Receivables from non exchange	19 765 314	18 097 232
Cash and Cash equivalents	44 092 131	38 864 090
Consumer Debtors	126 063 093	76 335 356

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.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

42. 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.

43. Financial instruments disclosure

Categories of financial instruments

June 2024

Financial assets

	At amortised cost	Total
Receivables from non exchange transactions	18 097 232	18 097 232
Consumer debtors	126 063 097	126 063 097
Cash and cash equivalent	44 092 131	44 092 131
	188 252 460	188 252 460

Financial liabilities

	At amortised cost	Total
Other financial liabilities	3 604 628	3 604 628
Trade and other payables from exchange transactions	202 962 898	202 962 898
Consumer deposits	598 725	598 725
	207 166 251	207 166 251

June 2023

Financial assets

	At amortised cost	Total
Receivables from non exchange transactions	17 468 262	17 468 262
Consumer debtors	76 335 356	76 335 356
Cash and cash equivalent	38 855 226	38 855 226
	132 658 844	132 658 844

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

43. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Other financial liabilities	(8 840 178)	(8 840 178)
Trade and other payables from exchange transactions	(204 682 184)	(204 682 184)
Consumer deposits	(590 793)	(590 793)
	<u>(214 113 155)</u>	<u>(214 113 155)</u>

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

44. 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:

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

44. Prior period errors and reclassifications (continued)

Property, Plant and Equipment

1. During the year we noted that there were asset components that were previously omitted from the Fixed Asset Register. Correction of these errors resulted in an increase in Infrastructure cost, accumulated depreciation and depreciation expense by R667,036.30, R347,097.10 and R25,558.97 respectively. This also caused an increase in community asset cost, accumulated depreciation and the depreciation expense of R 238,475.69, R100,159.79 and R47,695.14 respectively.

2. We further noted that in the prior year motor vehicles were overstated due to vehicles included in the register which should have been written off after an accident. Correction of the error resulted in a decrease in motor vehicle cost by R 516 874, decrease in accumulated depreciation by R 447 499.27 and decrease in depreciation by R 4 669 and Increase for Loss on Disposal of Assets of R 69 375.

Other receivables

In prior year the total amount for other receivables was erroneously presented as non current. Receivables that was utilised within 12 months should have been accounted for as current portion. Correction of the error resulted in decrease in non current assets and increase in current assets by R 1 067 938.

Inventory and Bulk purchases

The water inventory balance for prior year was understated by R807 830 relating to water in the pipes (Reticulation) which was not included as part of water inventory. Correction of the error resulted in increase in inventory and decrease in bulk purchases by the R 807 830 in the prior year and R 680 559 in 2021/2022 financial year.

In addition land held for sale was incorrectly classified as non current held for sale instead of inventory in terms of GRAP 12. Correction of the error resulted in increase in inventory and decrease in non current assets held for sale by R 434 800 in the prior year and R 320 300 in 2021/2022 financial year.

Receivable from exchange transactions and other Income

Sundry debtors were incorrectly classified as receivables from exchange transactions in the prior year instead of being classified as consumer debtors. Correction of the error resulted in decrease in receivables from exchange and increase in consumer debtors by R 282 695 in the prior year and R 178 369 in 2021/2022 financial year.

In addition, we noted that receivables from exchange transactions was understated in the prior year due to licence fees that were not accounted for. Correction of the error resulted in increase in receivables from exchange and increase in other income by R 2 468 968.

Receivables from non exchange transactions

Receivables from non exchange transactions was overstated by R 28 970 due to payment received from a debtor but was not accounted for.

Cash and cash equivalent

Cash and cash equivalents in the prior year was understated by R 8 864 due to payment made after year using petty cash but was accounted for in the current year.

Accrued Interest Payables

The municipality incorrectly classified interest accrued on finance leases for the month of June 2023 and paid on the 1st of July 2023 of R254 073 as accrued Interest payable. This should have been classified as finance lease liabilities as of 30 June 2023

Payables from exchange transactions.

In the current year we noted that payments received in advance was overstated by R 357 940 due to overpayment made to a supplier that was erroneously raised as a debtor with a credit balance in the prior year.

Trade payables were understated in the prior year due to debit orders for standard bank fuel expenditure that were paid in current year relating to prior year. Correction of the error resulted in the increase in payables by R 822 082 in the prior year and increase in payables by R 1 451 959.47 in 2021/2022.

Consumer debtors

During the year we noted that consumer debtors were overstated due to municipal accounts that were billed. Correction of the error resulted in the following in the prior year:

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

44. Prior period errors and reclassifications (continued)

	2023	2022
-Decrease in debtors gross debtors by	R 3 712 096	R 5 143 567
-Decrease in impairment allowance by	R 3 712 096	R 5 143 567
-Decrease in service charges by	R 608 355	R 282 514
-Decrease in interest from exchange	R 64 707	R 198 511
-Decrease in property rates	R 56	R 44
-Decrease interest in non exchange	R 958	R 909
-Decrease in debt impairment	R 674 076	R 481 979

Interest received

In the prior year interest received from investments was incorrectly classified as interest from non exchange transactions. Correction of the error resulted in decrease in interest from non exchange and increase in interest from exchange transactions by R 3 384 682.

Other Income

In the current year we noted that insurance was incorrectly set off against the loss on disposal of assets. Correction of the error resulted in increase in other income and increase in loss on disposal of assets by R 391 860.

General expenses - Fuel and oil

In the prior year general expenses were overstated due to possible fuel fraud. Correction of the error resulted in decrease in general expenses by R 10 884 186 and increase in financial loss by R 10 884 186.

We further noted that in the prior year general expenses were overstated by R 629 876.41 due to standard bank fuel debit orders that were not accounted for in the correct period.

General expenses were understated due to incorrect classification of expenses in the prior year correction of the error resulted in increase in general expenses and decrease in contracted services by R 263 883.

We further noted that general expenses were overstated in the prior year by R 328 970 due to expenses that were accounted for twice in the prior year.

Fruitless and wasteful expenditure

During the prior year the municipality incurred fuel expenditure from use of vehicles by municipal officials. It was however noted that some of the fuel transactions were incurred fraudulently and as a result fruitless and wasteful expenditure in the prior year was understated by R 12 340 702 and was understated by R 3 309 864 as at 30 June 2022.

Irregular expenditure

During the year under review it was noted that there were some conflicts of interest from suppliers for R 23 583 004 that were not declared. The error was identified by Auditor General South Africa (AGSA) through the Computer Assisted Audit Techniques (CAATs) procedures. In addition, we also noted that the allocation of work for panels was not in terms of SCM process. Correction of the error resulted in increase in irregular expenditure in the prior year by R 43 714 109 and R 11 269 771 in the 2021/2022 financial year.

Commitments

During the year we noted that commitments were overstated by R 77 131 510.45 in the prior year due to the reasons below:

1. MWB Consulting engineers claim number 1 for upgrading of Madhikwe water treatment plant phase 2 which was paid on 15 December 2021 was not included capital expenditure in the 2022/2023 commitment register. The omission resulted in the understatement of the commitments by R354 961.
2. Commitments were overstated by R 76 562 647.48 due to the contract for upgrading madhikwe water treatment phase 1 that was terminated but was still disclosed as a commitment on the register.
3. Upgrading of Mogwase Sports Park project was overstated by R 195 853.03.
4. Supply and installation of highmast lights was also overstated by R 18 048.

Water Losses

The water sales amounts used in the calculation of water losses in 2022-23 financial year does not agree to the billing reports from the system. The amounts used include double readings for SunCity dual meters. Hence the quantity (units in KL) of the water loss and the corresponding Rand value disclosed in the prior year was incorrect. Correction of the error resulted in

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

44. Prior period errors and reclassifications (continued)

increase in water losses by R 33 655 070.

Segment reporting

The segment report has been restated due to the errors identified and corrected in the current year to the financial statements.

Additional disclosure in terms of MFMA

In the prior year Pension and Medical aid deductions was understated by R 29 854 277 due to the disclosure only including the municipality's contribution instead of the total contribution paid by both the employer and the employee.

Statement of financial position

June 2022 - Opening balance

	Note	As previously reported	Correction of error	Re-classification	Restated
Investment property		150 684 493	-	-	150 684 493
Property, plant and equipment		2 937 071 178	-	-	2 937 071 178
Intangible assets		13 175 320	-	-	13 175 320
Heritage assets		14 000	-	-	14 000
Receivables from non exchange		15 416 336	-	-	15 416 336
Inventories		13 940 065	680 559	320 300	14 940 924
Receivables from exchange		178 369	-	(178 369)	-
VAT receivables		11 920 909	-	-	11 920 909
Receivables from non exchange		1 698 375	-	-	1 698 375
Consumer debtors		125 878 077	-	178 369	126 056 446
Non current assets held for sale		445 196	-	(320 300)	124 896
Cash and cash equivalents		36 880 131	-	-	36 880 131
Other financial liabilities		(5 784 650)	-	-	(5 784 650)
Employee benefit obligation		(17 014 000)	-	-	(17 014 000)
Provisions		(20 279 786)	-	-	(20 279 786)
Consumer deposits		(559 245)	-	-	(559 245)
Other financial liabilities		(8 844 377)	-	-	(8 844 377)
Payables from exchange		(233 677 845)	(1 451 959)	-	(235 129 804)
Employee benefit obligation		(2 020 000)	-	-	(2 020 000)
Unspent conditional grants		(12 900 031)	-	-	(12 900 031)
Accumulated surplus		(3 006 222 515)	-	-	(3 006 222 515)
		-	(771 400)	-	(771 400)

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

44. Prior period errors and reclassifications (continued)

June 2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Investment property		150 663 784	-	-	150 663 784
Property, plant and equipment		2 988 386 190	315 831	-	2 988 702 021
Intangible assets		13 393 410	-	-	13 393 410
Heritage assets		14 000	-	-	14 000
Receivables from non exchange		16 634 382	-	-	16 634 382
Other receivables		2 673 590	-	(1 067 938)	1 605 652
Inventories		15 982 281	807 830	434 800	17 224 911
Receivables from exchange		282 695	2 468 968	(216 336)	2 535 327
Receivables from non exchange		1 579 026	(28 970)	-	1 550 056
VAT receivables		24 035 455	-	-	24 035 455
Consumer debtors		250 856 690	-	216 336	251 073 026
Non current assets held for sale		559 696	-	(434 800)	124 896
Other receivables		-	-	1 067 938	1 067 938
Cash and cash equivalents		38 855 226	8 864	-	38 864 090
Other financial liabilities		(4 070 550)	-	-	(4 070 550)
Finance lease obligation		(22 440 867)	-	-	(22 440 867)
Employee benefit obligation		(17 802 000)	-	-	(17 802 000)
Provisions		(21 572 627)	-	-	(21 572 627)
Consumer deposits		(590 793)	-	-	(590 793)
Other financial liabilities		(4 769 628)	-	-	(4 769 628)
Accrued interest		(254 073)	-	254 073	-
Finance lease obligation		(12 058 237)	-	(254 073)	(12 312 310)
Payables from exchange		(253 768 271)	(464 147)	-	(254 232 418)
Employee benefit obligation		(3 559 000)	-	-	(3 559 000)
Unspent conditional grants		(8 099 389)	-	-	(8 099 389)
Accumulated surplus		(3 154 930 990)	(3 108 376)	-	(3 158 039 366)
		-	-	-	-

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

44. Prior period errors and reclassifications (continued)

Statement of financial performance

June 2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		194 581 545	(608 355)	-	193 973 190
Other Income		1 951 061	2 468 969	391 860	4 811 890
Interest from exchange transactions		77 789 538	(64 707)	3 384 682	81 109 513
Property rates		124 807 120	(56)	-	124 807 064
Interest from non exchange		32 300 403	(958)	-	32 299 445
Government grants & subsidies		755 316 780	-	-	755 316 780
Fines, Penalties and Forfeits		1 028 400	-	-	1 028 400
Interest- Bank		3 384 682	-	(3 384 682)	-
Employee related costs		(282 405 159)	-	-	(282 405 159)
Remuneration of councillors		(29 270 187)	-	-	(29 270 187)
Depreciation and amortisation		(132 550 069)	(73 050)	-	(132 623 119)
Finance costs		(5 618 973)	-	-	(5 618 973)
Lease rentals on operating lease		(2 154 791)	-	-	(2 154 791)
Debt impairment		(147 426 101)	1 113 564	-	(146 312 537)
Bulk purchases		(131 138 032)	807 829	-	(130 330 203)
Contracted services		(80 706 957)	-	263 883	(80 443 074)
Financial loss under investigation		-	-	(10 884 186)	(10 884 186)
General expenses		(213 393 678)	958 847	10 620 303	(201 814 528)
Loss on disposal of assets and liabilities		(17 418 903)	(69 375)	(391 860)	(17 880 138)
Loss on foreign exchange		(44 192)	-	-	(44 192)
Fair value adjustment		743 761	-	-	743 761
Impairment loss		(991 937)	-	-	(991 937)
Inventories losses/write downs		(75 835)	-	-	(75 835)
Surplus for the year		148 708 476	4 532 708	-	153 241 184

45. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of 3 210 490 674 and that the municipality's total assets exceed its liabilities by 3 210 490 674.

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.

46. Unauthorised expenditure

Opening balance as previously reported	208 931 229	432 098 829
Add: Unauthorised expenditure - current	82 866 736	9 119 548
Less: Amount written off	-	(232 287 148)
Closing balance	291 797 965	208 931 229

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

46. Unauthorised expenditure (continued)

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

Non-cash	63 394 134	-
Cash	19 472 602	9 119 548
	82 866 736	9 119 548

Analysed as follows: non-cash

Long Service Awards	7 719 922	-
Provision of impairment	55 674 212	-
	63 394 134	-

Analysed as follows: cash

Audit fees	2 183 253	976 626
Business Management Fees	10 961 404	5 291 240
Research and advisory services	104 364	-
Transport	1 820 121	-
Accommodation	1 436 178	-
Security services	-	999 422
Workmans compensation	2 278 923	-
Advertising	-	345 517
Fresh Produce Market	-	334 460
Salaries	688 359	1 172 283
	19 472 602	9 119 548

Unauthorised expenditure: Budget overspending – per municipal department:

Municipal Council	5 535 222	-
Municipal Manager	9 903 175	2 494 426
Budget and Treasury	67 323 974	5 291 240
Community Services	-	999 422
Local Economic Development	104 364	334 460
	82 866 735	9 119 548

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
47. Fruitless and wasteful expenditure		
Opening balance as previously reported	134 275 861	131 116 581
Add: Fruitless and wasteful expenditure identified - current	5 560 067	2 794 144
Add: Fruitless and wasteful expenditure identified - prior period	12 340 702	365 136
Closing balance	152 176 630	134 275 861

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
47. 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	11 739 541	11 737 272
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	778 557
Penalties	4 228 043	3 344 052
Fuel Transactions	18 867 856	1 853 348
	152 176 630	134 275 862

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

48. Irregular expenditure

Opening balance as previously reported	1 562 731 374	1 473 035 971
Add: Irregular expenditure - current	179 547 118	89 569 166
Add: Irregular expenditure - prior period	43 714 109	126 237
Less: Amount written off - current	(424 428 001)	-
Closing balance	1 361 564 600	1 562 731 374

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

Competitive bidding not invited	690 829	43 031 680
Three written quotations not invited	25 000	-
SCM processes not followed	132 571 927	5 825 821
Deviations	15 083 802	18 619 403
Non-disclosure of Interest	31 062 859	22 092 262
Non-compliant tax status	112 701	-
	179 547 118	89 569 166

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

49. 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.

In terms of section 36 of the municipal SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the Accounting Officer and noted by Council.

Description

Deviation as per section 36(1)(i) of the SCM regulations (Emergencies in urgent procurements)	-	22 445 257
Deviation as per section 36(1)(ii) of the SCM regulations (Sole supplier)	2 061 861	2 938 887
Deviation as per section 36(1)(v) of the SCM regulations (Exceptional case)	541 087	11 841 827
	2 602 948	37 225 971

Supplier

DENT TECH CC (Impractical/Exceptional case)	15 000	-
GLASFIT (Impractical/Exceptional case)	26 273	-
GOVERNMENT PRINTING WORKS (sole Suplier)	17 654	-
KGATLENG COMMUNITY RADIO ((Impractical/Exceptional case)	19 700	-
MALL OF THE NORTH (Impractical/Exceptional case)	12 259	-
MICROSOFT IRELAND OPERATIONS (Sole Supplier)	1 893 171	-
PANEL BEATING UNLIMITED (Impractical/Exceptional case)	22 500	-
PG GLASS (Impractical/Exceptional case)	3 500	-
PRESTIGE PANELBEATERS (Impractical/Exceptional case)	10 000	-
REED EXIBITION (PTY) LTD (Impractical/Exceptional case)	73 572	-
SALGBC (Sole Supplier)	4 529	-
SYNERGY BUSINESS EVENT (Impractical/Exceptional case)	68 283	-
THE INSTITUTE OF INTERNAL AUDITORS (Sole Supplier)	21 228	-
TRANSPORT DRIVING LICENSE CARD (Sole Supplier)	122 609	-
SOUTH AFRICAN POST OFFICE (sole supplier)	2 670	-
WITS SCHOOL OF GOVERNANCE (Impractical/Exceptional case)	290 000	-
	2 602 948	-

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

50. 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

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

50. Segment information (continued)

Segment surplus or deficit, assets and liabilities

June 2024

	Unallocated	Finance & Administration	Community and Public Safety	Economical and Environmental Services	Water management	Waste water management	Waste management	Total
Revenue								
Service charges	-	-	-	-	190 274 591	4 786 279	12 616 154	207 677 024
Interest earned	-	97 870 980	-	-	-	-	-	97 870 980
Other Income	-	2 628 023	3 434 345	263 754	43 927	-	-	6 370 049
Property Rates	-	150 271 917	-	-	-	-	-	150 271 917
Government grants and subsidies	61 115 869	568 037 898	1 139 055	-	179 167 110	-	-	809 459 932
Fines	-	-	1 758 600	-	-	-	-	1 758 600
Donations	-	-	7 535 110	-	-	-	-	7 535 110
Total segment revenue	61 115 869	818 808 818	13 867 110	263 754	369 485 628	4 786 279	12 616 154	1 280 943 612
Entity's revenue								1 280 943 612

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

	Unallocated	Finance & Administration	Community and Public Safety	Economical and Environmental Services	Water management	Waste water management	Waste management	Total
50. Segment information (continued)								
Expenditure								
Employee costs	(65 227 427)	(110 832 305)	(40 115 615)	(21 579 570)	(62 368 263)	(16 625 362)	(5 224 288)	(321 972 830)
Remuneration of councillors	(30 294 308)	-	-	-	-	-	-	(30 294 308)
Depreciation and amortisation	(29 037 082)	(8 513 325)	(26 376 462)	-	(54 628 306)	(1 989 150)	(764 018)	(121 308 343)
Finance costs	(132 332)	(3 207 114)	(2 995 487)	-	(99 279)	-	-	(6 434 212)
Lease rentals	(1 813 753)	-	-	-	-	-	-	(1 813 753)
Debt impairment	-	(156 030 340)	(1 188 512)	-	(134 432 967)	(3 192 183)	(14 214 484)	(309 058 486)
Bulk purchases	-	-	-	-	(157 715 356)	-	-	(157 715 356)
Contracted services	(5 679 551)	(31 426 863)	(1 680 157)	-	-	(6 860 902)	(33 537 203)	(79 184 676)
General expenses	(39 063 806)	(32 361 490)	(37 476 355)	(3 755 011)	(78 762 905)	-	(42 745)	(191 462 312)
Loss on disposal of assets	50 677	(226 492)	(602 655)	-	(3 733 772)	(89 196)	-	(4 601 438)
Loss foreign exchange	-	43 114	-	-	-	-	-	43 114
Financial loss under investigation	-	(4 673 807)	-	-	-	-	-	(4 673 807)
Fair Value adjustment	-	1 634 085	-	-	-	-	-	1 634 085
Inventory gain/(loss)	-	4 536	-	-	-	-	-	4 536
Impairment loss	(1 654 326)	-	-	-	-	-	-	(1 654 326)
Total segment expenditure	(172 851 908)	(345 590 001)	(110 435 243)	(25 334 581)	(491 740 848)	(28 756 793)	(53 782 738)	(1 228 492 112)
Total segmental surplus/(deficit)	(111 736 039)	473 218 817	(96 568 133)	(25 070 82)	(122 255 220)	(23 970 514)	(41 166 58)	52 451 500

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

50. Segment information (continued)

June 2023

	Unallocated	Finance and adminstration	Community and Public safety	Economic and Envoronment al services	Water Management	Waste Water Management	Waste Management	Total
Revenue								
Service charges	-	-	-	-	178 350 940	3 863 439	11 758 811	193 973 190
Interest received on outstanding debtors	-	113 408 958	-	-	-	-	-	113 408 958
Other income	-	1 360 939	3 234 988	135 564	22 160	-	58 239	4 811 890
Property rates	-	124 807 064	-	-	-	-	-	124 807 064
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, Penalties and Forfeits	-	-	1 028 400	-	-	-	-	1 028 400
Total segment revenue	88 906 130	514 059 327	7 998 921	135 564	441 634 464	47 405 143	93 206 733	1 193 346 282
Entity's revenue								1 193 346 282
Expenditure								
Employee related cost	(48 349 352)	(107 644 951)	(37 204 532)	(18 787 108)	(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)	-	(55 314 343)	(2 733 743)	(834 532)	(132 623 119)
Finance cost	(358 927)	(2 043 449)	(2 884 714)	-	(331 883)	-	-	(5 618 973)
Lease rentals on operating lease	(2 154 791)	-	-	-	-	-	-	(2 154 791)
Debt Impairment	-	(27 980 449)	(1 873 867)	-	(110 173 342)	(992 244)	(5 292 635)	(146 312 537)
Fair value adjustments	-	-	743 761	-	-	-	-	743 761
Bulk purchases	-	-	-	-	(130 330 203)	-	-	(130 330 203)
Contracted services	(572 870)	(28 844 007)	(955 413)	-	(15 972 459)	(324 298)	(33 774 027)	(80 443 074)
Fuel fraud under investigation	-	(10 884 186)	-	-	-	-	-	(10 884 186)
General Expenses	(26 687 593)	(33 171 094)	(48 291 681)	(1 938 036)	(68 010 093)	(23 682 040)	(33 991)	(201 814 528)
Loss/Gains on disposal of assets and liabilities	(972 024)	1 030 200	(2 442 941)	-	(5 191 995)	(10 303 378)	-	(17 880 138)
Loss on foreign exchange	-	(44 192)	-	-	-	-	-	(44 192)
Invetory losses	-	-	-	-	(991 937)	-	-	(991 937)
Impairment loss	-	(75 835)	-	-	-	-	-	(75 835)
Total segment expenditure	(148 771 712)	(216 296 107)	(119 605 775)	(20 725 144)	(434 791 194)	(55 618 765)	(44 296 400)	(1 040 105 097)

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

	Unallocated	Finance and adminstration	Community and Public safety	Economic and Envoronment al services	Water Management	Waste Water Management	Waste Management	Total
50. Segment information (continued)								
Total segmental surplus/(deficit)	(59 865 582)	297 763 220	7 998 921	(20 589 580)	6 843 270	(8 213 622)	48 910 333	153 241 185

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The nature and effect of any changes from prior periods in the measurement methods used to determine reported segment surplus or deficit

The Municipality had no changes to the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

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.

June 2024

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Mogwase	<u>1 004 186 521</u>	<u>276 757 089</u>	<u>(1 228 492 303)</u>	<u>3 281 429 902</u>

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

50. Segment information (continued)

June 2023

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Mogwase	913 451 689	279 894 593	(1 040 105 098)	3 171 013 249

51. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government-SALGA

Current year subscription / fee	3 230 229	2 991 950
Amount paid - current year	(3 230 229)	(2 991 950)
	-	-

Audit fees

Current year subscription / fee	6 186 146	5 148 810
Amount paid - current year	(5 507 699)	(5 148 810)
	678 447	-

PAYE and UIF

Current year subscription / fee	55 729 401	51 476 004
Amount paid - current year	(55 729 401)	(51 476 004)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	85 819 833	78 968 950
Amount paid - current year	(85 819 833)	(78 968 950)
	-	-

VAT

VAT receivable	313 054 498	306 171 244
VAT payable	(297 216 599)	(282 135 789)
	15 837 899	24 035 455

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

51. 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 2024:

30 June 2024	Outstanding more than 90 days	Total
Councillor Minte G.D	24 991	24 991
Councillor Motshabi C.N	31 653	31 653
Councillor Modisakeng E.T	153 904	153 904
Councillor Aphiri E	13 096	13 096
Councillor Thoboke P	65 356	65 356
Councillor Radiokana DH	21 757	21 757
Councillor Letsoalo A	177 290	177 290
Councillor Mataboge E.N	57 220	57 220
Councillor Lentswe E	10 019	10 019
Councillor Semakane B.J	37 050	37 050
Councillor Magoleng M	40 830	40 830
Councillor Manganye R.J	37 492	37 492
	670 658	670 658

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

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

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

Purchase from relatives of persons in service of the state

Supplier name	Related person	Organ of state	Capacity at Municipality	Relationship	2024	2023
Mo Kasi Creations and Media Pty Ltd	Mr MS Magoro	Moses Kotane Local Municipality	Supplier	State Employee & Partner	712 703	1 000 539
Genplay Broadcast Media	Kefilwe Motlaba	Moses Kotane Local Municipality	Supplier	State Employee & Associate	31 500	-
Kamogelo Investments	Mr M Ramagaga	Moses Kotane Local Municipality	Supplier	State Employee & Brother	143 508	1 170 516
Mmolawa Investments	Mr D Mmolawa	Moses Kotane Local Municipality	Supplier	Municipal Councillor & Brother	478 429	3 125 097
Oarabile Projects Pty Limited	MI Ramasodi	Moses Kotane Local Municipality	Supplier	State Employee & Associate	127 150	86 350
Bothlale Consulting	Ms B Molefe	Moses Kotane Local Municipality	Supplier	State Employee & Spouse	144 900	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
Gijima Holdings	Ashwin Hirjee trimjee	Moses Kotane Local Municipality	Supplier	State Employee & Partner	36 000	-
Tsele Services (Pty) Ltd	Mr P Dantye	Moses Local Municipality	Supplier	State Employee & Partner	55 510	13 000
Lerako Resources (Pty) Ltd	Mr D Lekalakala	Moses Kotane Local Municipality	Supplier	State Employee & Partner	11 000	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	404 743	151 920
Kgame Mogokare Enterprise (Pty) Ltd	Mr TJ Mmope	Moses Kotane Local Municipality	Supplier	State Employee & Partner	-	8 800
Lethowe confectionery and projects	Elizabeth Wendy Lethowe	Moses Kotane Local Municipality	Supplier	State Employee & Partner	45 000	-
Kholagano Enterprise	Kgakgamatso Fortunate Thebe	Moses Kotane Local Municipality	Supplier	State Employee & Partner	45 161	-
Reatlega enterprise	Virgina Mahole Refilwe Mahole	Moses Kotane Local Municipality	Supplier	State Employee & Partner	23 000	-

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
51. Additional disclosure in terms of Municipal Finance Management Act (continued)		
	2 258 604	6 388 265

Levies

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

51. 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	2024	2023
Segoje 48 Trading and Projects	VT Modimokwane	NW: Education & Training	Supplier	State Employee	-	13 900
Re a Lema Enterprise (Pty) Ltd	MK Moyawa	NW: Education & Training	Supplier	State Employee	-	26 222
TK Elroy (Pty) Ltd	KJ Monnakgotla	NW: Econ Dev, Conserv, Env & Tourism	Supplier	State Employee	33 000	8 600
Akim Holdings (Pty) Ltd	OS Marobe	NAT: Basic Education	Supplier	State Employee	9 000	-
RTK Boerdery (Pty) Ltd	KT Ramoitheki	South African Broadcasting Corporation	Supplier	State Employee	223 650	204 700
Tshimola Trading and Projects (Pty) Ltd	ML Molathlegi	NW: Education & Training	Supplier	State Employee	-	8 800
JTZ Family Trading Enterprise	PF Zwane	Industrial Development Corporation of SA (SEFA SC)	Supplier	State Employee	29 674 903	18 918 220
Nteka Platinum Group (Pty) Ltd	M Nokwane	Golden Leopard Resourts	Supplier	State Employee	-	58 020
DEEPER MAS PROJECT			Supplier	State Employee	119 650	-
FRIGATE BIRD HOLDINGS (PTY) LTD			Supplier	State Employee	404 743	-
KABOENTLE SAFETY AND TRAINING CONSULTING PTY LTD			Supplier	State Employee	53 600	-
MMOLAWA INVESTMENTS			Supplier	State Employee	478 429	-
RTK BOERDERY PTY LTD			Supplier	State Employee	201 650	-
MO KASI CORPORATE PTY LTD			Supplier	State Employee	95 141	-
MO KASI EULLAFIED JV			Supplier	State Employee	499 745	-
MONNA MO AFRICA			Supplier	State Employee	80 010	-
TRANSPORT AND TRADING OARABILE PROJECTS PTY LTD			Supplier	State Employee	39 600	-

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand			2024	2023
51. Additional disclosure in terms of Municipal Finance Management Act (continued)				
NTEKA	Supplier	State	26 750	-
PLATINUM		Employee		
GROUP PTY LTD				
VEGAX PTY LTD	Supplier	State	20 550	-
		Employee		
TSELE SERVICES	Supplier	State	39 909	-
PTY LTD		Employee		
MOTSETA AND	Supplier	State	9 000	-
BOKAMOSO		Employee		
TRADING AND				
PROJECT PTY				
LTD				
TK ELROY PTY	Supplier	State	3 000	-
LTD		Employee		
			32 012 330	19 238 462

52. Change in estimate

Property, plant and equipment

The municipality reviews the useful lives of the assets in the asset register regularly and makes adjustments as needed. The effect of the adjustments on the useful life of the assets had the following effect on the depreciation of the assets compared to the prior year:

Property, plant and equipment

Infrastructure assets	(8 615 214)	(316 111)
Community assets	(666 757)	(634 320)
Buildings	(605 992)	(610 523)
Furniture and fittings	(1 168 413)	(966 011)
Motor vehicles	(361 353)	(187 390)
Plant and equipment	(21 611)	(58 386)
	(11 439 340)	(2 772 741)

53. Public contributions and donations

Public contributions and donations 1	7 535 109	-
--------------------------------------	-----------	---

Conditions still to be met - remain liabilities (see note 21)

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

54. Auditors' remuneration

Fees	6 186 146	4 476 626
------	-----------	-----------

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

55. Budget differences

Material differences between budget and actual amounts

55.1 The variance is due to the many disruptions in the supply of water by the Water board and the over budget for water sales.

55.2 The variance is due to more revenue received under other income that was not budgeted for.

55.3 The budget was based on an increase of water sales which did not realise due to the reason mentioned above and therefore resulted in decrease in interest of service charges.

55.4 The variance is due to the adjustments of property rates billed on property owners during the financial year.

55.5 The increase is mainly due to the increase in debtors that has subsequently resulted in increase in interest from non exchange.

55.6 The variance is mainly due to the roll over for 2022/2023 financial year that was not approved in the current year.

55.7 Movable assets were donated for the library at Mmatua Uitkyk which were not budgeted for.

55.8 Difference below R1 000 000

55.9 The main reason for variance in employee cost was due to expenditure incurred where there was no budget provided or the budget provision was insufficient for overtime, basic salaries and annual bonus.

55.10 The decrease in the provision for depreciation of municipal assets is due to projects taking longer to complete which will only be depreciated once they are completed.

55.11 The decrease in finance cost is due to the external loans that were settled.

55.12 The variance is due to the decrease in debtors in the current year after debtors were written off.

55.13 The variance in bulk purchase for water is due to the insufficient provision on the budget and the increase in the water tariff.

55.14 The main reason is due to the reclassification of expenditure between contracted services and general expenses.

55.15 The reason for the variance is due to fraud on fuel expenditure that was not budgeted for. The expenditure is still under investigation.

55.16 The variance in general expenses is due to the insufficient provision on the budget.

55.17 The reason for the variance of 100% is due to the loss on disposal of assets which was not budgeted for.

55.18 The reason for the variance of 100% is due to the fair value adjustment which was not budgeted for.

55.19 The overspending is due to non allocation of Pension and Medical aid on the budget.

55.19 The variance is due to the increase in inventories in store at year end.

55.20 There was no budget provided for receivables from exchange transaction during the year.

55.21 The variance is due to the non payment for traffic fines which resulted in the increase for debt impairment and therefore the over budget.

55.22 The variance is due to the refund for VAT claimed and only being paid by SARS in the 2024 2025 financial year.

55.23 The variance is due to the non payment for services rendered to the community that resulted in the increase of outstanding consumer debtors.

55.24 The variance is due to over provision for the maintenance plan on leased vehicles from Standard Bank.

Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

55. Budget differences (continued)

55.25 The variance is due to the increase in payments for suppliers and decrease in cash collected from consumer debtors.

55.26 The variance is due to capital projects that were budgeted for but had not yet started in 2023/2024 financial year.

55.27 The variance is due to Microsoft software acquired for less than budgeted for.

55.28 There was no budget provided for Eskom deposits during the year.

55.29 The variance is due to error made preparing the budget. The provision made for financial liabilities also included the budget for finance lease.

55.30 The budget for leases was incorrectly provided for as part of financial liabilities.

55.31 The reason for the variance is due to leave provision, payments received in advance and unallocated receipts not provided for on the budget.

55.32 There was no budget provided for employee benefits.

55.33 There was no budget provided for unspent grants as the municipality anticipated to spend the full amount.

55.34 The variance is due to difference in assumptions for the provision between the actual provision calculation and the assumptions made during budgeting.

55.35 The municipality received more from debtors than anticipated during the year.

55.36 The reason for the variance is due to the municipality receiving more income than expected.

55.37 The municipality received less grants than anticipated.

55.38 The variance is due to the increase in cash invested than was anticipated for during the budget process.

55.39 The variance is due to underprovision for expenses during the year.

55.40 The variance is due to the repayment of the capital portion of external liabilities that was under provided on the budget.

55.41 The variance is due to capital projects provided for during the year but were not yet started as at 30 June 2024.

35.42 Intangible assets are budgeted for as part of property plant and equipment.

35.43 The variance is due to finance lease payments being included in repayment of other financial liabilities on the Budget B Schedules. The budget is however under provided for.

June 2024

Analysis of property, plant and equipment as at 30 June 2024

Land and buildings

Infrastructure

Community Assets

June 2024

Cost/Revaluation

Heritage assets

Memorial Statue

Other assets

Furniture and fittings
Motor Vehicles
Office Equipment
Plant and equipment
Leased Motor Vehicles

June 2024

Cost/Revaluation

Total property plant and equipment

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