



Greater Taung Local Municipality
Annual Financial Statements
for the year ended 30 June 2024

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity

Local Municipality

Nature of business and principal activities

Service delivery as stipulated in the constitution of the republic of South Africa Act No. 108 of 1996, paragraph 153

The following is included in the scope of operation

The municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and participate in national and provincial development programmes

Mayoral committee

Mayor

Cllr. Gaoraelwe Tumisang Reginald

Speaker

Cllr. Moipolai Keamogetse Grace

Chief Whip

Cllr. Mokua Evan Maseko

MPAC Chairperson

Cllr. Mmokwa Seakgamoriri Cornell

Councillors

Cllr. Babuseng Patricia Lerato

Cllr. Boemo Mosimanegape Edward

Cllr. Chubane Bontsi Alpheus

Cllr. De Koker Kegomoditswe Salvation

Cllr. Gaorengwe Tebogo Capricon

Cllr. Ipeleng Olebogeng

Cllr. Kesemolotse E Gladwin

Cllr. Lekoma Ikgopoleng Joseph

Cllr. Lephoi Gedion Hwayi

Cllr. Mabengwane Linda Xavier (MMC IT)

Cllr. Matuane Jeanette Amogelang (MMC Spacial Planning)

Cllr. Mase Bakang Philip

Cllr. Maribe Itumeleng Nicholas (MMC Infrastructure)

Cllr. Modise Revonia Loeto

Cllr. Moeti Mika Bennet (MMC Finance)

Cllr. Moeng Kagelelo Partick

Cllr. Mojaki Mmoloki Salvation

Cllr. Monchonyane Ruphas Tebogo (MMC Planning and Development)

Cllr. Montewa Ntesang Maria

Cllr. Morapedi-Letele Mosadiotsile Sylvia

Cllr. Mosinkiemang Mosetsanagape Virginia (MMC Community Services)

Cllr. Moraladi Tefo Godfrey

Cllr. Mmokwa Margaret

Cllr. Nape Legaudise Sam

Cllr. Nkewu Boniswa Marcia

Cllr. Makwati Montanong Micheal

Cllr. Olifant Caroline Keolebogile

Cllr. Pudule Alfred Kagiso

Cllr. Pusho Boitshwarelo

Cllr. Rooibatjie Keitumetse Confidence

Cllr. Seboko Kealeboga Lenin

Cllr. Segosapelo Oratile Isreal

Cllr. Molale Mosadiwamarope Tebogo Mellicent

Cllr. Tshipo Gaolatlhe Jeremia

Cllr. Tabe Tumo

Cllr. Molamu Gladys

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

| | |
|------------------------------------|--|
| | Cllr. Zonke Vuyiseka Cllr. Sephula April Cllr. Mojanaga Mothusiotsile Cllr. Tafane Nontetho (MMC Corporate Services) Cllr. Sekwenyane Monene Cllr. Sebe Thandiwe (MMC LED) Cllr. Seepamere Seepapitso Cllr. Tong Onkarabile |
| Grading of local authority | Grade 3 Local Municipality |
| Accounting Officer | Mr. MA Makuapane |
| Chief Finance Officer (CFO) | Ms. NG Dibelane (Acting) |
| Registered office | Municipal Offices Station Street Taung 8580 |
| Postal address | Private Bag X 1048 Taung Station 8580 |
| Bankers | ABSA Bank Nedbank First National Bank |
| Auditors | Auditor General South Africa Registered Auditors |
| Attorneys | Matshego Ramagaga Attorneys & Conveyancers Modiboa Attorneys Leepile Attorneys |

Greater Taung Local Municipality

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

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Abbreviations used:

| | |
|----------|--|
| LG -SETA | Local Government Sector Education Training Authority |
| GL/TB | General Ledger / Trial Balance |
| GRAP | Generally Recognised Accounting Practice |
| ABSA | Amalgamated Banks of South Africa |
| MIG | Municipal Infrastructure Grant |
| GTLM | Greater Taung Local Municipality |
| EPWP | Expanded public Works Program |
| Cllr | Councillor |
| MBRR | Municipal Budget and Reporting Regulations |
| ASB | Accounting Standards Board |
| LG SETA | Local Government Sector Education and Training |
| MEC | Member of Executive Committee |
| EXCO | Executive Committee |
| LSA | Long Service Award |
| PEMAB | Post Employment Medical Aid Benefit |
| MFMA | Municipal Finance Management Act |
| mSCOA | Municipal Standard Chart of Accounts |
| MPAC | Municipal Public Account Committee |
| UIF | Unemployment Insurance Fund |
| VAT | Value Added Tax |
| SARS | South African Revenue Services |
| COID | Compensation of Occupational Injuries and Diseases |
| IAS | International Accounting Standards |
| FNB | First National Bank |
| SALGA | South African Local Government Association |
| AGSA | Auditor General South Africa |

Greater Taung Local Municipality

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.

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

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

The annual financial statements set out on page 8, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Mr MA Makuapane
Municipal Manager

Greater Taung Local Municipality

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 must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and participate in national and provincial development programmes and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was R 29 913 735 (2023: deficit R 35 572 869).

2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of R 743 586 678 and that the municipality's total assets exceed its liabilities by R 743 586 678.

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.

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 MA Makuapane | South African |

6. Corporate governance

General

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Council and monitor the municipality's compliance with the code on a three monthly basis.

The salient features of the municipality's adoption of the Code is outlined below:

Internal audit

The municipality has an in-sourced its internal audit function in compliance with the Municipal Finance Management Act.

7. Auditors

Auditor General South Africa will continue in office for the next financial period.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

The annual financial statements set out on page 8, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Mr MA Makuapane
Municipal Manager

Greater Taung Local Municipality

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 Restated* |
|--|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 9 | 742 994 | 876 852 |
| Receivables from non-exchange transactions | 10&13 | 2 735 365 | 2 174 209 |
| VAT receivable | 11 | 5 699 401 | 10 152 773 |
| Consumer debtors | 12 | 4 321 614 | 3 845 659 |
| Cash and cash equivalents | 14 | 20 260 281 | 47 782 922 |
| | | 33 759 655 | 64 832 415 |
| Non-Current Assets | | | |
| Investment property | 3 | 13 675 000 | 12 679 000 |
| Property, plant and equipment | 4 | 788 553 099 | 776 116 786 |
| Intangible assets | 5 | 988 403 | 1 856 622 |
| | | 803 216 502 | 790 652 408 |
| Total Assets | | 836 976 157 | 855 484 823 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 6 | 38 533 268 | 36 390 101 |
| Consumer deposits | 7 | 202 550 | 155 266 |
| Employee benefit obligation | 8 | 1 722 000 | 953 000 |
| Unspent conditional grants and receipts | 16 | 1 901 958 | 5 700 945 |
| Provisions | 17 | 3 557 441 | - |
| | | 45 917 217 | 43 199 312 |
| Non-Current Liabilities | | | |
| Employee benefit obligation | 8 | 23 322 000 | 22 536 000 |
| Provisions | 17 | 24 150 262 | 16 258 006 |
| | | 47 472 262 | 38 794 006 |
| Total Liabilities | | 93 389 479 | 81 993 318 |
| Net Assets | | 743 586 678 | 773 491 505 |
| Reserves | | | |
| Water distribution reserve | 15 | - | 186 964 |
| Accumulated surplus | | 743 586 678 | 773 304 541 |
| Total Net Assets | | 743 586 678 | 773 491 505 |

* See Note 48 & 47

Greater Taung Local Municipality

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 | 20 | 12 192 217 | 11 807 667 |
| Rental of facilities and equipment | 21 | 419 119 | 395 739 |
| Agency services | 22 | 104 882 | 185 229 |
| Interest received service charges | 19 | 2 691 105 | 2 829 143 |
| Other income | 26 | 1 141 121 | 1 085 540 |
| Interest received - investments | 27 | 6 703 832 | 6 576 947 |
| Total revenue from exchange transactions | | 23 252 276 | 22 880 265 |
| Revenue from non-exchange transactions | | | |
| Taxation revenue | | | |
| Property rates | 28 | 31 027 031 | 29 992 685 |
| Other income LGSETA | 23 | 241 155 | 225 525 |
| Interest - Taxation revenue | 25 | 1 171 090 | 1 113 385 |
| Transfer revenue | | | |
| Government grants & subsidies | 30 | 304 024 987 | 287 850 475 |
| Donations received | | - | 1 950 000 |
| Total revenue from non-exchange transactions | | 336 464 263 | 321 132 070 |
| Total revenue | 18 | 359 716 539 | 344 012 335 |
| Expenditure | | | |
| Employee related costs | 31 | (130 976 612) | (127 333 165) |
| Remuneration of councillors | 32 | (22 818 411) | (20 507 691) |
| Depreciation and amortisation | 33 | (39 608 287) | (44 841 411) |
| Finance costs | 34 | (2 921 942) | (2 819 177) |
| Lease rentals on operating lease | 24 | (2 938 781) | (2 631 718) |
| Debt Impairment | 36 | (9 974 724) | (11 761 422) |
| Bulk purchases | 38 | (5 642 076) | (4 668 831) |
| Contracted services | 39 | (81 289 129) | (79 676 741) |
| Transfers and Subsidies | 29 | (285 400) | (330 000) |
| General Expenses | 37 | (95 977 339) | (87 965 653) |
| Total expenditure | | (392 432 701) | (382 535 809) |
| Operating deficit | 41 | (32 716 162) | (38 523 474) |
| Loss on disposal of assets and liabilities | | (99 191) | (128 855) |
| Fair value adjustments | 42 | 996 000 | 112 000 |
| Actuarial gains/losses | 8 | 1 898 000 | 2 987 000 |
| Inventories losses/write-downs | | 7 618 | (19 540) |
| | | 2 802 427 | 2 950 605 |
| Deficit for the year | | (29 913 735) | (35 572 869) |

* See Note 48 & 47

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

| | Water distribution reserve | Accumulated surplus / deficit | Total net assets |
|---|----------------------------------|----------------------------------|---------------------|
| Figures in Rand | | | |
| Balance at 01 July 2022 | 42 729 | 808 876 472 | 808 919 201 |
| Changes in net assets | | | |
| Current year movements | 144 235 | 938 | 145 173 |
| Net income (losses) recognised directly in net assets | 144 235 | 938 | 145 173 |
| Surplus for the year | - | (35 572 869) | (35 572 869) |
| Total recognised income and expenses for the year | 144 235 | (35 571 931) | (35 427 696) |
| Total changes | 144 235 | (35 571 931) | (35 427 696) |
| Opening balance as previously reported | 186 964 | 773 378 786 | 773 565 750 |
| Adjustments | | | |
| Prior year adjustments 48 | (186 964) | 121 627 | (65 337) |
| Restated* Balance at 01 July 2023 as restated* | - | 773 500 413 | 773 500 413 |
| Changes in net assets | | | |
| Surplus for the year | - | (29 913 735) | (29 913 735) |
| Total changes | - | (29 913 735) | (29 913 735) |
| Balance at 30 June 2024 | - | 743 586 678 | 743 586 678 |
| Note(s) | 15 | | |

* See Note 48 & 47

Greater Taung Local Municipality

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 | | | |
| Taxation | | 21 662 241 | 19 222 317 |
| Sale of goods and services | | 15 653 370 | 16 044 978 |
| Grants | | 300 226 081 | 291 583 000 |
| Interest income - investments | | 6 703 832 | 6 576 947 |
| | | 344 245 524 | 333 427 242 |
| Payments | | | |
| Employee costs | | (153 171 023) | (147 317 856) |
| Suppliers | | (164 362 843) | (162 866 906) |
| Finance costs | | (2 921 942) | (2 819 177) |
| | | (320 455 808) | (313 003 939) |
| Net cash flows from operating activities | 40 | 23 789 716 | 20 423 303 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 4 | (51 252 205) | (54 592 736) |
| Proceeds from sale of property, plant and equipment | 4 | (60 152) | 3 546 |
| Purchase of other intangible assets | 5 | - | (90 688) |
| Net cash flows from investing activities | | (51 312 357) | (54 679 878) |
| Net increase/(decrease) in cash and cash equivalents | | (27 522 641) | (34 256 575) |
| Cash and cash equivalents at the beginning of the year | | 47 782 922 | 82 039 497 |
| Cash and cash equivalents at the end of the year | 14 | 20 260 281 | 47 782 922 |

The accounting policies on pages 15 to 44 and the notes on pages 45 to 97 form an integral part of the annual financial statements.

* See Note 48 & 47

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash 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 | 14 816 615 | - | 14 816 615 | 12 192 217 | (2 624 398) | 60 |
| Rental of facilities and equipment | 350 000 | - | 350 000 | 419 119 | 69 119 | |
| Agency services | 250 000 | - | 250 000 | 104 882 | (145 118) | |
| Revenue from service concession arrangements | 2 761 404 | - | 2 761 404 | 2 691 105 | (70 299) | |
| Other income | 1 125 474 | - | 1 125 474 | 1 141 121 | 15 647 | |
| Interest received - investment | 10 000 000 | - | 10 000 000 | 6 703 832 | (3 296 168) | |
| Total revenue from exchange transactions | 29 303 493 | - | 29 303 493 | 23 252 276 | (6 051 217) | |

Revenue from non-exchange transactions

Taxation revenue

| | | | | | | |
|-------------------------------------|------------|---|------------|------------|--------------|----|
| Property rates | 44 172 136 | - | 44 172 136 | 31 027 031 | (13 145 105) | 60 |
| Licences and Permits (Non-exchange) | 147 525 | - | 147 525 | 241 155 | 93 630 | |
| Interest - Taxation revenue | 2 737 800 | - | 2 737 800 | 1 171 090 | (1 566 710) | |

Transfer revenue

| | | | | | | |
|-------------------------------|-------------|---|-------------|-------------|-------------|----|
| Government grants & subsidies | 307 733 650 | - | 307 733 650 | 304 024 987 | (3 708 663) | 60 |
|-------------------------------|-------------|---|-------------|-------------|-------------|----|

| | | | | | | |
|---|--------------------|----------|--------------------|--------------------|---------------------|--|
| Total revenue from non-exchange transactions | 354 791 111 | - | 354 791 111 | 336 464 263 | (18 326 848) | |
|---|--------------------|----------|--------------------|--------------------|---------------------|--|

| | | | | | | |
|----------------------|--------------------|----------|--------------------|--------------------|---------------------|--|
| Total revenue | 384 094 604 | - | 384 094 604 | 359 716 539 | (24 378 065) | |
|----------------------|--------------------|----------|--------------------|--------------------|---------------------|--|

Expenditure

| | | | | | | |
|----------------------------------|----------------------|----------|----------------------|----------------------|---------------------|----|
| Personnel | (132 893 661) | - | (132 893 661) | (130 976 612) | 1 917 049 | 60 |
| Remuneration of councillors | (23 278 531) | - | (23 278 531) | (22 818 411) | 460 120 | 60 |
| Depreciation and amortisation | (36 354 413) | - | (36 354 413) | (39 608 287) | (3 253 874) | 60 |
| Finance costs | (634 969) | - | (634 969) | (2 921 942) | (2 286 973) | |
| Lease rentals on operating lease | (2 497 000) | - | (2 497 000) | (2 938 781) | (441 781) | |
| Debt Impairment | - | - | - | (9 974 724) | (9 974 724) | |
| Bulk purchases | (9 605 932) | - | (9 605 932) | (5 642 076) | 3 963 856 | |
| Contracted Services | (70 583 550) | - | (70 583 550) | (81 289 129) | (10 705 579) | 60 |
| Transfers and Subsidies | (510 000) | - | (510 000) | (285 400) | 224 600 | |
| General Expenses | (77 922 610) | - | (77 922 610) | (95 977 339) | (18 054 729) | 60 |
| Total expenditure | (354 280 666) | - | (354 280 666) | (392 432 701) | (38 152 035) | |

| | | | | | | |
|--------------------------|-------------------|----------|-------------------|---------------------|---------------------|--|
| Operating deficit | 29 813 938 | - | 29 813 938 | (32 716 162) | (62 530 100) | |
|--------------------------|-------------------|----------|-------------------|---------------------|---------------------|--|

| | | | | | | |
|--|-------------|-------------|-------------|----------|-----------|----|
| Loss on disposal of assets and liabilities | (4 487 447) | (1 012 000) | (5 499 447) | (99 191) | 5 400 256 | 60 |
|--|-------------|-------------|-------------|----------|-----------|----|

| | | | | | | |
|------------------------|---|---|---|---------|---------|--|
| Fair value adjustments | - | - | - | 996 000 | 996 000 | |
|------------------------|---|---|---|---------|---------|--|

| | | | | | | |
|------------------------|---|---|---|-----------|-----------|--|
| Actuarial gains/losses | - | - | - | 1 898 000 | 1 898 000 | |
|------------------------|---|---|---|-----------|-----------|--|

| | | | | | | |
|--------------------------------|---|---|---|-------|-------|--|
| Inventories losses/write-downs | - | - | - | 7 618 | 7 618 | |
|--------------------------------|---|---|---|-------|-------|--|

| | | | | | | |
|--|--------------------|--------------------|--------------------|------------------|------------------|--|
| | (4 487 447) | (1 012 000) | (5 499 447) | 2 802 427 | 8 301 874 | |
|--|--------------------|--------------------|--------------------|------------------|------------------|--|

| | | | | | | |
|--------------------------------|-------------------|--------------------|-------------------|---------------------|---------------------|--|
| Deficit before taxation | 25 326 491 | (1 012 000) | 24 314 491 | (29 913 735) | (54 228 226) | |
|--------------------------------|-------------------|--------------------|-------------------|---------------------|---------------------|--|

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash 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 | 25 326 491 | (1 012 000) | 24 314 491 | (29 913 735) | (54 228 226) | |

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|-----------------|-------------|--------------|------------------------------------|--|-----------|
|--|-----------------|-------------|--------------|------------------------------------|--|-----------|

Figures in Rand

Statement of Financial Position

Assets

Current Assets

| | | | | | | |
|--|-------------------|---|-------------------|-------------------|---------------------|----|
| Inventories | 876 852 | - | 876 852 | 742 994 | (133 858) | |
| Receivables from non-exchange transactions | (7 238 764) | - | (7 238 764) | 2 735 365 | 9 974 129 | 60 |
| VAT receivable | 10 077 586 | - | 10 077 586 | 5 699 401 | (4 378 185) | 60 |
| Consumer debtors | 2 712 585 | - | 2 712 585 | 4 321 614 | 1 609 029 | 60 |
| Cash and cash equivalents | 58 531 171 | - | 58 531 171 | 20 260 281 | (38 270 890) | 60 |
| | 64 959 430 | - | 64 959 430 | 33 759 655 | (31 199 775) | |

Non-Current Assets

| | | | | | | |
|-------------------------------|--------------------|---|--------------------|--------------------|---------------------|----|
| Investment property | 12 679 000 | - | 12 679 000 | 13 675 000 | 996 000 | |
| Property, plant and equipment | 800 265 811 | - | 800 265 811 | 788 553 099 | (11 712 712) | 60 |
| Intangible assets | 1 856 622 | - | 1 856 622 | 988 403 | (868 219) | |
| | 814 801 433 | - | 814 801 433 | 803 216 502 | (11 584 931) | |

| | | | | | | |
|---------------------|--------------------|---|--------------------|--------------------|---------------------|--|
| Total Assets | 879 760 863 | - | 879 760 863 | 836 976 157 | (42 784 706) | |
|---------------------|--------------------|---|--------------------|--------------------|---------------------|--|

Liabilities

Current Liabilities

| | | | | | | |
|---|-------------------|---|-------------------|-------------------|------------------|----|
| Payables from exchange transactions | 36 301 043 | - | 36 301 043 | 38 533 268 | 2 232 225 | |
| VAT payable | 6 458 235 | - | 6 458 235 | - | (6 458 235) | |
| Consumer deposits | 155 266 | - | 155 266 | 202 550 | 47 284 | |
| Employee benefit obligation | 678 000 | - | 678 000 | 1 722 000 | 1 044 000 | |
| Unspent conditional grants and receipts | 2 431 028 | - | 2 431 028 | 1 901 958 | (529 070) | 60 |
| Provisions | - | - | - | 3 557 441 | 3 557 441 | |
| | 46 023 572 | - | 46 023 572 | 45 917 217 | (106 355) | |

Non-Current Liabilities

| | | | | | | |
|-----------------------------|-------------------|---|-------------------|-------------------|------------------|----|
| Employee benefit obligation | 22 811 000 | - | 22 811 000 | 23 322 000 | 511 000 | 60 |
| Provisions | 16 258 006 | - | 16 258 006 | 24 150 262 | 7 892 256 | 60 |
| | 39 069 006 | - | 39 069 006 | 47 472 262 | 8 403 256 | |

| | | | | | | |
|--------------------------|-------------------|---|-------------------|-------------------|------------------|--|
| Total Liabilities | 85 092 578 | - | 85 092 578 | 93 389 479 | 8 296 901 | |
|--------------------------|-------------------|---|-------------------|-------------------|------------------|--|

| | | | | | | |
|-------------------|--------------------|---|--------------------|--------------------|---------------------|--|
| Net Assets | 794 668 285 | - | 794 668 285 | 743 586 678 | (51 081 607) | |
|-------------------|--------------------|---|--------------------|--------------------|---------------------|--|

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

| | | | | | | |
|---------------------|-------------|---|-------------|-------------|--------------|----|
| Accumulated surplus | 794 668 285 | - | 794 668 285 | 743 586 678 | (51 081 607) | 60 |
|---------------------|-------------|---|-------------|-------------|--------------|----|

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

| Figures in Rand | Note(s) | 2024 | 2023 |
|-----------------|---------|------|------|
|-----------------|---------|------|------|

1. Significant account 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.

These accounting policies are consistent with the previous period.

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:

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as 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:

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

Fair value estimation

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

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

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 17 - Provisions.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of waste and water network and other assets

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

Post-retirement benefits

The present value of the post-retirement 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 post-retirement 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 pension 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 pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

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.

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships.

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.

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

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Investment property (continued)

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

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

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

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

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.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Property, plant and equipment (continued)

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 | Straight-line | indefinite |
| Buildings | Straight-line | 5-100 years |
| Plant and machinery | Straight-line | 2-15 years |
| Furniture and fixtures | Straight-line | 7 years |
| Motor vehicles | Straight-line | 3-20 years |
| Office equipment | Straight-line | 3-5 years |
| IT equipment | Straight-line | 3-5 years |
| Infrastructure | Straight-line | 10-55 years |
| Community | Straight-line | 5-100 years |

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

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

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

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

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 (see note 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

Greater Taung Local Municipality

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Accounting Policies

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.

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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 |
|--------------------------------------|---------------------|---------------------|
| Patents, trademarks and other rights | Straight-line | 1-indefinite |

1.8 Financial instruments

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

Greater Taung Local Municipality

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Accounting Policies

1.8 Financial instruments (continued)

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

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

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

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

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

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

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

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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.8 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

- derivatives;
- 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.

1.9 Statutory receivables

Identification

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

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

Greater Taung Local Municipality

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Accounting Policies

1.9 Statutory receivables (continued)

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
- amounts derecognised.

1.10 Leases

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

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

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.11 Inventories

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

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

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

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.11 Inventories (continued)

- 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.

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

1.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

1.13 Impairment of cash-generating assets

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

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

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

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

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

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

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

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

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

Useful life is either:

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

Designation

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

The municipality designates an asset or a cash-generating unit as cash-generating when:

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

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

Identification

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

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

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

Value in use

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

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

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

1.14 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

Useful life is either:

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

Designation

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

The municipality designates an asset or a cash-generating unit as cash-generating when:

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

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

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

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Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

1.15 Employee benefits

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

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

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

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

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

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

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

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

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Accounting Policies

1.15 Employee benefits (continued)

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.

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.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Greater Taung Local Municipality

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Accounting Policies

1.15 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity 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 contribution in the cost of an asset.

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

Greater Taung Local Municipality

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Accounting Policies

1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.15 Employee benefits (continued)

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

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

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

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

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

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

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

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

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

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

Greater Taung Local Municipality

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Accounting Policies

1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

Termination benefits

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

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

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

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

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

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

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

1.16 Provisions and contingencies

Provisions are recognised when:

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

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.

Greater Taung Local Municipality

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Accounting Policies

1.16 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 (deficit).

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

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 45.

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.

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;

Greater Taung Local Municipality

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Accounting Policies

1.16 Provisions and contingencies (continued)

- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.17 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.

Commitments for which disclosure is necessary to achieve a fair presentation should be 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 (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.18 Revenue from exchange transactions

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

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

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

Measurement

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

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

Sale of goods

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

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

Rendering of services

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

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

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

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

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

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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.18 Employee benefits (continued)

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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.19 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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.

Greater Taung Local Municipality

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Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

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

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

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

Taxes

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

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

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

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

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

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

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

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

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

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

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

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.

1.20 Investment income

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

1.21 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.

1.22 Accounting by principals and agents

Identification

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

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

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

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

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

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.22 Accounting by principals and agents (continued)

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

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.23 Comparative figures

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

1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.25 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.27 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.28 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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.28 Segment information (continued)

Measurement

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

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

1.29 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 cash 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.

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.

1.30 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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.30 Related parties (continued)

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.

1.31 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.

Greater Taung Local Municipality

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 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: |
|--|---|--|
| • GRAP 103 (as revised): Heritage Assets | 01 April 2099 | Unlikely there will be a material impact |
| • Guideline: Guideline on the Application of Materiality to Financial Statements | 01 April 2099 | Unlikely there will be a material impact |
| • GRAP 104 (as revised): Financial Instruments | 01 April 2025 | Unlikely there will be a material impact |

Greater Taung Local Municipality

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Notes to the Annual Financial Statements

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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 | 13 675 000 | - | 13 675 000 | 12 679 000 | - | 12 679 000 |

Reconciliation of investment property - 2024

| | Opening balance | Fair value adjustments | Total |
|---------------------|--------------------|---------------------------|------------|
| Investment property | 12 679 000 | 996 000 | 13 675 000 |

Reconciliation of investment property - 2023

| | Opening balance | Fair value adjustments | Total |
|---------------------|--------------------|---------------------------|------------|
| Investment property | 12 567 000 | 112 000 | 12 679 000 |

Pledged as security

No investment property was pledged as security for the period.

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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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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 | 59 718 659 | - | 59 718 659 | 59 718 659 | - | 59 718 659 |
| Buildings | 75 065 203 | (61 042 833) | 14 022 370 | 74 001 097 | (58 460 753) | 15 540 344 |
| Plant and machinery | 31 731 524 | (20 214 623) | 11 516 901 | 29 267 017 | (18 368 069) | 10 898 948 |
| Furniture and fixtures | 10 229 219 | (8 305 464) | 1 923 755 | 9 591 455 | (7 652 658) | 1 938 797 |
| Motor vehicles | 35 877 363 | (29 936 397) | 5 940 966 | 36 168 852 | (27 512 786) | 8 656 066 |
| IT equipment | 7 088 900 | (4 141 014) | 2 947 886 | 6 297 882 | (3 063 374) | 3 234 508 |
| Infrastructure | 852 842 189 | (347 884 027) | 504 958 162 | 810 878 703 | (326 448 754) | 484 429 949 |
| Community | 309 734 964 | (122 210 564) | 187 524 400 | 304 230 852 | (112 531 337) | 191 699 515 |
| Total | 1 382 288 021 | (593 734 922) | 788 553 099 | 1 330 154 517 | (554 037 731) | 776 116 786 |

Greater Taung Local Municipality

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 - 2024

| | Opening balance | Additions | Disposals | Transfers received | Transfers out | Impairments | expensed projects | Other changes, movements | Depreciation | Total |
|------------------------|--------------------|-------------------|-----------------|-----------------------|---------------------|------------------|----------------------|-----------------------------|---------------------|--------------------|
| Land | 59 718 659 | - | - | - | - | - | - | - | - | 59 718 659 |
| Buildings | 15 540 344 | - | - | 319 561 | - | - | - | 73 248 | (1 910 783) | 14 022 370 |
| Plant and machinery | 10 898 948 | 2 464 555 | - | - | - | - | - | - | (1 846 602) | 11 516 901 |
| Furniture and fixtures | 1 938 797 | 637 763 | - | - | - | - | - | 3 617 | (656 422) | 1 923 755 |
| Motor vehicles | 8 656 066 | - | - | - | - | - | - | - | (2 715 100) | 5 940 966 |
| IT equipment | 3 234 508 | 846 250 | (32 620) | - | - | - | - | 13 068 | (1 113 320) | 2 947 886 |
| Infrastructure | 484 429 949 | 45 366 987 | - | 61 392 748 | (65 165 121) | (140 720) | (97 872) | - | (20 827 809) | 504 958 162 |
| Community | 191 699 515 | 1 936 650 | (6 419) | 5 806 891 | (2 212 915) | - | (29 290) | - | (9 670 032) | 187 524 400 |
| | 776 116 786 | 51 252 205 | (39 039) | 67 519 200 | (67 378 036) | (140 720) | (127 162) | 89 933 | (38 740 068) | 788 553 099 |

Greater Taung Local Municipality

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 - 2023

| | Opening balance | Additions | Disposals | Transfers received | Transfers | Donations received | Other changes, movements | Depreciation | Total |
|------------------------|--------------------|-------------------|------------------|--------------------|---------------------|--------------------|--------------------------|---------------------|--------------------|
| Land | 59 699 532 | 19 127 | - | - | - | - | - | - | 59 718 659 |
| Buildings | 16 305 334 | 1 305 442 | (72 194) | 1 286 691 | (1 286 691) | - | - | (1 998 238) | 15 540 344 |
| Plant and machinery | 10 936 460 | 2 492 639 | - | - | - | - | 314 | (2 530 465) | 10 898 948 |
| Furniture and fixtures | 2 884 011 | 404 445 | - | - | - | - | - | (1 349 659) | 1 938 797 |
| Motor vehicles | 12 481 620 | - | (13 848) | - | - | 1 950 000 | (1) | (5 761 705) | 8 656 066 |
| IT equipment | 2 777 924 | 1 464 875 | (46 359) | - | - | - | 63 615 | (1 025 547) | 3 234 508 |
| Infrastructure | 460 707 638 | 44 907 483 | - | 19 261 782 | (19 261 782) | - | 479 323 | (21 664 495) | 484 429 949 |
| Community | 197 346 244 | 3 998 725 | - | 22 530 360 | (22 530 360) | - | 1 | (9 645 455) | 191 699 515 |
| | 763 138 763 | 54 592 736 | (132 401) | 43 078 833 | (43 078 833) | 1 950 000 | 543 252 | (43 975 564) | 776 116 786 |

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

GTLM/IFRA12/2020/2021 Paving Pudimore - 5 551 466

- 5 551 466

Reconciliation of Work-in-Progress 2024

| | Included within Infrastructure | Included within Community | Total |
|--------------------------------|--------------------------------|---------------------------|-------------------|
| Opening balance | 40 445 351 | 4 048 163 | 44 493 514 |
| Additions/capital expenditure | 45 366 637 | 1 936 650 | 47 303 287 |
| Projects expensed | (97 872) | (29 290) | (127 162) |
| Projects impaired | (140 720) | - | (140 720) |
| Transferred to completed items | (61 392 748) | (5 806 891) | (67 199 639) |
| | 24 180 648 | 148 632 | 24 329 280 |

Greater Taung Local Municipality

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)

Reconciliation of Work-in-Progress 2023

| | Included within Infrastructure | Included within Community | Included within Buildings | Total |
|--------------------------------|-----------------------------------|------------------------------|------------------------------|-------------------|
| Opening balance | 18 448 357 | 18 802 812 | - | 37 251 169 |
| Additions/capital expenditure | 41 258 776 | 7 775 711 | 1 286 691 | 50 321 178 |
| Transferred to completed items | (19 261 782) | (22 530 360) | (1 286 691) | (43 078 833) |
| | 40 445 351 | 4 048 163 | - | 44 493 514 |

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

| | | |
|---------------------|------------|------------|
| Contracted services | 27 149 634 | 29 428 220 |
|---------------------|------------|------------|

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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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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 | 5 302 039 | (4 313 636) | 988 403 | 5 302 039 | (3 445 417) | 1 856 622 |

Reconciliation of intangible assets - 2024

| | Opening balance | Amortisation | Total |
|--------------------------|--------------------|--------------|---------|
| Computer software, other | 1 856 622 | (868 219) | 988 403 |

Reconciliation of intangible assets - 2023

| | Opening balance | Additions | Amortisation | Total |
|--------------------------|--------------------|-----------|--------------|-----------|
| Computer software, other | 2 631 781 | 90 688 | (865 847) | 1 856 622 |

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|--|---------------------|---------------------|
| 6. Payables from exchange transactions | | |
| Trade payables | 11 842 868 | 9 359 360 |
| Payments received in advance | 125 303 | 160 662 |
| Bonus accrual | 3 545 388 | 3 298 861 |
| Retention liability | 9 217 283 | 9 382 495 |
| Accrued leave pay | 13 112 302 | 12 686 829 |
| Salary control account | 34 021 | 809 535 |
| Deposits received | 656 103 | 655 458 |
| Agency fees | - | 36 901 |
| | 38 533 268 | 36 390 101 |
| 7. Consumer deposits | | |
| Electricity | 13 146 | 20 172 |
| Builders deposits | 107 112 | 75 092 |
| Rental deposits | 82 292 | 60 002 |
| | 202 550 | 155 266 |
| 8. Employee benefit obligations | | |
| The amounts recognised in the statement of financial position are as follows: | | |
| Carrying value | | |
| Medical aid fund liability | (19 328 000) | (18 284 000) |
| Long service award liability | (5 716 000) | (5 205 000) |
| | (25 044 000) | (23 489 000) |
| Non-current liabilities | (23 322 000) | (22 536 000) |
| Current liabilities | (1 722 000) | (953 000) |
| | (25 044 000) | (23 489 000) |
| The obligations do not have plan assets and are paid out of operational budgets when withdrawals occur | | |
| Changes in the present value of the defined benefit obligation are as follows: | | |
| Employee benefit obligation | | |
| Opening balance | 23 121 000 | 23 305 000 |
| Net expense recognised in the statement of financial performance | (1 555 000) | (184 000) |
| | 21 566 000 | 23 121 000 |
| Net expense recognised in the statement of financial performance | | |
| Current service cost - long service award | (514 000) | (515 000) |
| Current service cost - medical aid fund | (1 063 000) | (1 121 000) |
| Finance costs - long service award | (540 000) | (538 000) |
| Finance costs - medical aid fund | (2 289 000) | (2 110 000) |
| Actuarial gains or losses - long service award | (251 000) | 179 000 |
| Actuarial gains or losses - long service award | 2 149 000 | 2 808 000 |
| Benefits paid - long service awards | 794 000 | 1 113 000 |
| Benefits paid - medical aid fund | 159 000 | - |
| | (1 555 000) | (184 000) |

Greater Taung Local Municipality

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|-----------------|------|------|

8. Employee benefit obligations (continued)

Calculation of actuarial gains and losses

| | | |
|--|------------------|------------------|
| Actuarial (gains) losses – long service award | (251 000) | 179 000 |
| Actuarial (gains) losses – medical aid benefit | 2 149 000 | 2 808 000 |
| | 1 898 000 | 2 987 000 |

Key assumptions used

Assumptions used at the reporting date:

| | | |
|-----------------------------|---------|---------|
| Health care costs | 7,81 % | 8,17 % |
| Discount rates used | 11,05 % | 12,57 % |
| Maximum subsidies inflation | 6,20 % | 5,57 % |

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

| | One percentage point increase | One percentage point decrease |
|---|-------------------------------------|--|
| Effect on the aggregate of the service cost and interest cost | 3 561 000 | 2 839 000 |

9. Inventories

| | | |
|-----------------------------------|----------------|----------------|
| Stores, material and fuel | 363 105 | 504 581 |
| Water for distribution | 378 879 | 371 261 |
| Unsold Properties Held for Resale | 1 010 | 1 010 |
| | 742 994 | 876 852 |

| | | |
|--|-----------|------------|
| Carrying value of inventories carried at fair value less costs to sell | 742 994 | 876 852 |
| Inventories recognised as an expense during the year | 8 174 497 | 10 192 010 |
| Inventories written off/(appreciation) during the year | (7 618) | 19 540 |

Inventory pledged as security

None of the Municipality's inventory was pledged as security in the current and prior period.

Water for distribution

| | | |
|------------------------|----------------|----------------|
| Opening balance | 371 261 | 246 566 |
| Valuation movement | 7 618 | 124 695 |
| Closing balance | 378 879 | 371 261 |

10. Receivables from non-exchange transactions

| | | |
|---|------------------|------------------|
| Receivable from department of transport | 243 903 | - |
| Consumer debtors - Rates | 2 491 462 | 2 174 209 |
| | 2 735 365 | 2 174 209 |

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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| 11. VAT receivable | | |
| VAT | 5 699 401 | 10 152 773 |

Statutory receivables general information.

Transactions arising from statute:

The municipality is required to levy or pay tax at a rate of 15% as per requirements of section 7 of the Value Added Tax Act No. 89 of 1991. VAT amount is based on the supply of good or service by the municipality in the course of furtherance of any enterprises conducted by the municipality.

Determination of the transaction amount:

The transaction amount is determined by application of 15% on all taxable supplies incurred by the municipality. The net amount between the amount actually received from sale of taxable goods or services and acquisition of taxable goods or services will be submitted to SARS as the amount receivable/payable. A receivable arises when VAT input amount paid to suppliers is more than VAT output amount received from customers.

Interest or other charges levied:

Interest on outstanding taxes/ refunds is charged at a rate of 11.75% (2023: 10.75%).

Basis used to assess and test whether statutory receivables is impaired:

Upon declaration, SARS is required by the Act to refund the municipality by the 25th of the following month subsequent to filling of the return. Historically, refunds have been made on time unless if there is an audit of verification process taking place. This guarantees recoverability of the amount declared to SARS and not impairment has been calculated.

Discount Rate applied to estimate future cash flows:

No discounting applied as this amount declared to SARS represents the present value of the future cash flows to be received from SARS.

Statutory debtors pledged as security:

None of the VAT receivables amount has been pledged as collateral security.

Greater Taung Local Municipality

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|---------------------------------------|---------------------|---------------------|
| 12. Consumer debtors | | |
| Gross balances | | |
| Electricity | 3 808 488 | 3 251 378 |
| Water | 7 872 050 | 7 552 399 |
| Waste water | 18 540 448 | 16 732 352 |
| Refuse | 20 687 774 | 19 073 315 |
| Housing rental | 2 144 595 | 1 881 965 |
| Sundry debtors | 4 538 744 | 4 917 639 |
| | 57 592 099 | 53 409 048 |
| Less: Allowance for impairment | | |
| Electricity | (3 140 570) | (2 677 608) |
| Water | (7 579 743) | (7 156 663) |
| Waste water | (17 282 620) | (15 706 894) |
| Refuse | (18 951 859) | (17 625 779) |
| Housing rental | (2 007 263) | (1 814 691) |
| Sundry debtors | (4 308 430) | (4 581 754) |
| | (53 270 485) | (49 563 389) |
| Net balance | | |
| Electricity | 667 918 | 573 770 |
| Water | 292 307 | 395 736 |
| Waste water | 1 257 828 | 1 025 458 |
| Refuse | 1 735 915 | 1 447 536 |
| Housing rental | 137 332 | 67 274 |
| Sundry debtors | 230 314 | 335 885 |
| | 4 321 614 | 3 845 659 |
| Electricity | | |
| Current (0 -30 days) | 131 244 | 180 142 |
| 31 - 60 days | 31 037 | 30 810 |
| 61 - 90 days | 16 783 | 19 175 |
| 91 - 120 days | 15 086 | 21 085 |
| 121 - 365 days | 170 158 | 138 238 |
| > 365 days | 303 610 | 184 320 |
| | 667 918 | 573 770 |
| Water | | |
| Current (0 -30 days) | 123 398 | 183 985 |
| 31 - 60 days | 7 415 | 22 601 |
| 61 - 90 days | 5 947 | 17 782 |
| 91 - 120 days | 5 115 | 11 818 |
| 121 - 365 days | 37 351 | 61 347 |
| > 365 days | 113 081 | 98 203 |
| | 292 307 | 395 736 |
| Waste water | | |
| Current (0 -30 days) | 378 111 | 355 615 |
| 31 - 60 days | 75 805 | 64 472 |
| 61 - 90 days | 58 630 | 45 243 |
| 91 - 120 days | 52 736 | 34 654 |
| 121 - 365 days | 273 179 | 179 752 |
| > 365 days | 419 367 | 345 722 |
| | 1 257 828 | 1 025 458 |

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| Figures in Rand | 2024 | 2023 |
|--|---------------------|---------------------|
| 12. Consumer debtors (continued) | | |
| Refuse | | |
| Current (0 -30 days) | 537 671 | 513 658 |
| 31 - 60 days | 189 752 | 131 402 |
| 61 - 90 days | 84 292 | 112 832 |
| 91 - 120 days | 82 342 | 109 403 |
| 121 - 365 days | 350 893 | 222 918 |
| > 365 days | 490 965 | 357 323 |
| | 1 735 915 | 1 447 536 |
| Housing rental | | |
| Current (0 -30 days) | 35 916 | 31 640 |
| 31 - 60 days | 7 090 | 6 113 |
| 61 - 90 days | 5 712 | 5 738 |
| 91 - 120 days | 5 258 | 4 900 |
| 121 - 365 days | 7 944 | 18 883 |
| > 365 days | 75 412 | - |
| | 137 332 | 67 274 |
| Other | | |
| Current (0 -30 days) | 17 927 | 42 654 |
| 31 - 60 days | 1 036 | 934 |
| 61 - 90 days | 781 | 1 203 |
| 91 - 120 days | 393 | 757 |
| 121 - 365 days | 2 938 | 25 480 |
| > 365 days | 207 239 | 264 857 |
| | 230 314 | 335 885 |
| Summary of debtors by customer classification | | |
| Gross consumers by classification | | |
| Agricultural | 39 731 | 17 169 |
| Business and commercial | 6 104 804 | 5 295 295 |
| State | 9 043 968 | 8 112 992 |
| Residential | 41 665 369 | 39 523 982 |
| Municipal employees | 738 227 | 459 610 |
| | 57 592 099 | 53 409 048 |
| Less: Allowance for impairment | (53 270 485) | (49 563 389) |
| | 4 321 614 | 3 845 659 |
| Less: Allowance for impairment | | |
| Agricultural | (27 292) | (13 996) |
| Business and commercial | (5 636 834) | (4 936 030) |
| State | (7 524 858) | (6 332 537) |
| Residential | (39 521 632) | (37 825 923) |
| Municipal employees | (559 869) | (454 903) |
| | (53 270 485) | (49 563 389) |
| Reconciliation of allowance for impairment | | |
| Balance at beginning of the year | (49 563 703) | (44 629 686) |
| Contributions to allowance | (3 706 782) | (4 933 703) |
| | (53 270 485) | (49 563 389) |

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
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| 12. Consumer debtors (continued) | | |
| Consumer debtors pledged as security | | |
| No consumer debtors were pledged as security during the period. | | |
| Credit quality of consumer debtors | | |
| The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates: | | |
| Consumer debtors past due but not impaired | | |
| All consumer debtors past due and not settled in full have been considered for impairment in accordance with the municipality's impairment policy. | | |
| Consumer debtors impaired | | |
| As of 30 June 2024, consumer debtors of R 53 270 485 (2023: R 49 563 391) were impaired and provided for. | | |
| The amount of the provision was R 53 319 113 as of 30 June 2024 (2023: R 49 563 390). | | |
| The ageing of these loans is as follows: | | |
| 2 to 6 months | - | 4 009 523 |
| Over 6 months | 53 270 485 | 45 553 867 |
| The carrying amount of consumer debtors are denominated in the following currencies: | | |
| Rand | 4 321 614 | 3 845 659 |
| The creation and release of allowance for impaired receivables have been included in operating expenses in the statement of financial performance (note 36). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. | | |
| 13. Receivables from non-exchange transactions | | |
| Gross balances | | |
| Consumer debtors - Rates | 72 163 635 | 67 892 435 |
| Less: Allowance for impairment | | |
| Consumer debtors - Rates | (69 672 173) | (65 718 226) |
| Net balance | | |
| Consumer debtors - Rates | 2 491 462 | 2 174 209 |
| Rates | | |
| Current (0 -30 days) | 788 820 | 759 822 |
| 31 - 60 days | 130 823 | 433 364 |
| 61 - 90 days | 104 824 | 415 643 |
| 91 - 120 days | 84 130 | 401 080 |
| 121 - 365 days | 528 698 | 164 300 |
| > 365 days | 854 167 | - |
| | 2 491 462 | 2 174 209 |

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| Figures in Rand | 2024 | 2023 |
|---|------------------|------------------|
| 13. Receivables from non-exchange transactions (continued) | | |
| Summary of debtors by customer classification | | |
| Property rates | | |
| Agricultural properties | 18 194 241 | 741 126 |
| Business and commercial properties | 2 926 703 | 2 475 310 |
| State owned properties | 13 856 006 | 49 339 613 |
| Residential properties | 36 752 600 | 14 813 700 |
| Vacant land | 255 831 | 466 675 |
| Municipal employees | 178 255 | 56 011 |
| | 72 163 636 | 67 892 435 |
| Less: Allowance for impairment | (69 672 173) | (65 718 226) |
| | 2 491 463 | 2 174 209 |

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13. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Property rates are statutory receivables as defined by GRAP 108. Property rates arises from implementation of the requirements of Municipal Property Rates Act No. 6 of 2004

Determination of transaction amount

Property rates values are determined by taking approved tariff rates and multiplying it by the market values of properties within municipal jurisdiction as detailed in the general valuation roll.

Interest or other charges levied/charged

Applicable interest rate is 10% in current year which is consistent with prior year.

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

Statutory receivables are assessed for impairment annually using the collection rate method. This methods involves calculating average collection rate per customer which is determined by taking collection rate for current and prior periods and divide by number of periods being considered. The estimated default rate (impairment rate) is equal to 100% less average collection rate

Additional factors considered for testing impairment of statutory receivables:

- Customers' accounts where a formal arrangement has been made and no payment has been made in current and comparative year.
- Customers who fail to comply with agreed arrangement during current and prior year
- Customers' accounts handed over to debt collectors and /or power of attorney
- Customers' accounts owing for more than 30 days which is the credit period given by the municipality.
- Customers' accounts indicated as inactive on the ledger.
- Customers accounts presented to chief finance officer for consideration to write-off.
- Indigent customers where accounts are outstanding for more than 30 days.

The impairment indicators were determined management using professional judgmental and experience obtained from the past practice and statistics in relation to municipal debt collection.

Discount rate applied to the estimated future cash flows

The municipality applies a rate of 10% to all statutory receivables accounts balances older than 30 days. This rate is deemed to be the market value as it takes the effect of inflation and other economic factors into account. For impairment calculations, there was no discounting of expected future costs performed because the receivables balance as per debtors age analysis represents the present value of expected future cash inflows. The receivables age analysis has already factored in the effect of time value of money.

Statutory receivables past due but not impaired

Based on the impairment methodology applied by the municipality, all statutory receivables older than 30 days (credit term) are considered for impairment.

Statutory receivables impaired

As of 30 June 2024, Statutory receivables of R69 672 173 (2023: R65 718 226) were impaired and provided for.

Greater Taung Local Municipality

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13. Receivables from non-exchange transactions (continued)

The amount of the provision was R64 828 416 as of 30 June 2024 (2023: R65 718 226).

The ageing of these consumer debtors is as follows:

| | | |
|---------------|------------|------------|
| Over 6 months | 69 672 173 | 65 718 226 |
|---------------|------------|------------|

14. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------|-------------------|-------------------|
| Bank balances | 2 050 797 | 102 538 |
| Short-term deposits | 18 209 484 | 47 680 384 |
| | 20 260 281 | 47 782 922 |

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates, The ratings by Fitch for local default account balances:

Credit rating

| | | |
|----------------------|------------|------------|
| BB- (Stable Outlook) | 20 260 281 | 47 782 922 |
|----------------------|------------|------------|

Cash and cash equivalents pledged as collateral

No cash and cash equivalents were pledged as security during the period.

Greater Taung Local Municipality

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14. Cash and cash equivalents (continued)

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 |
| ABSA Cheque Account-2650560046 | 1 993 491 | 196 630 | 2 601 285 | 2 050 797 | 102 538 | 2 590 342 |
| ABSA Fixed Deposit Account-2065098656 | 95 477 | 87 040 | 81 659 | 95 477 | 87 040 | 81 659 |
| ABSA Fixed Deposit Account-2064601519 | 390 628 | 3 926 544 | 3 683 783 | 390 628 | 3 926 544 | 3 683 787 |
| ABSA Fixed Deposit Account-2063813884 | 164 794 | 1 204 402 | 16 182 123 | 164 794 | 1 204 402 | 16 182 123 |
| ABSA Fixed Deposit Account-2063507897 | 907 570 | 9 249 935 | 8 678 051 | 907 570 | 9 249 935 | 8 678 051 |
| ABSA Fixed Deposit Account-2063813842 | 544 992 | 5 623 611 | 5 275 928 | 544 992 | 5 623 611 | 5 275 928 |
| ABSA Fixed Deposit Account-2063484566 | 513 538 | 11 845 922 | 11 113 540 | 513 538 | 11 845 922 | 11 113 540 |
| ABSA Fixed Deposit Account-2066023614 (9377261863) | 138 688 | 357 021 | 20 058 734 | 138 688 | 357 021 | 20 058 734 |
| ABSA Fixed Deposit Account-2065986332 | 1 967 470 | 2 983 457 | 2 799 003 | 1 967 470 | 2 983 457 | 2 799 003 |
| Standard 32 Day Deposit Call Account-048560065004 | 1 187 286 | 1 091 160 | 1 017 652 | 1 187 286 | 1 091 160 | 1 017 652 |
| FNB Fixed Deposit - 74857681785 | 4 435 808 | 4 106 228 | 3 848 386 | 4 435 808 | 4 106 228 | 3 848 386 |
| Nedbank 365 Day Prime Select-03/7767500223/000135-153 | 984 281 | 901 848 | 839 866 | 984 281 | 901 848 | 839 866 |
| Nedbank 365 Day Prime Select-03/7767500223/000133-151 | 3 054 567 | 2 798 747 | 2 606 395 | 3 054 467 | 2 798 747 | 2 606 395 |
| Nedbank 365 Day Prime Select-03/7767500223/000134-152 | 3 404 324 | 3 119 212 | 2 904 836 | 3 404 324 | 3 119 212 | 2 904 836 |
| Nedbank 365 Day Prime Select-03/7767500223/000132-150 | 170 174 | 155 922 | 145 206 | 170 174 | 155 922 | 145 206 |
| Nedbank 365 Day Prime Select-03/7767500223/000131-149 | 125 636 | 115 114 | 107 202 | 125 636 | 115 114 | 107 202 |
| Nedbank 365 Day Prime Select-03/7767500223/10030-148 | 101 200 | 92 725 | 86 352 | 101 200 | 92 725 | 86 352 |
| Nedbank 365 Day Prime Select-03/7767500223/000001 | 23 151 | 21 586 | 20 430 | 23 151 | 21 586 | 20 430 |
| Total | 20 203 075 | 47 877 104 | 82 050 431 | 20 260 281 | 47 783 012 | 82 039 492 |

15. Water revaluation reserve

| | | |
|---|-----------|----------------|
| Opening balance | 186 964 | 42 729 |
| Movement during the year | - | 144 235 |
| Reclassification to accumulated surplus | (186 964) | - |
| | - | 186 964 |

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

| | | |
|---------------------------------|------------------|------------------|
| Library grant | 1 381 276 | 1 173 799 |
| Municipal infrastructure grant | 935 | 3 270 852 |
| Expanded public works program | 11 635 | - |
| Financial management grant | 2 412 | 750 594 |
| Local government disaster funds | 505 700 | 505 700 |
| | 1 901 958 | 5 700 945 |

Movement during the year

| | | |
|--------------------------------------|------------------|------------------|
| Balance at the beginning of the year | 5 700 945 | 1 941 420 |
| Additions during the year | 59 976 000 | 60 596 000 |
| Income recognition during the year | (59 754 476) | (56 476 218) |
| Withheld by Treasury | (4 020 511) | (360 257) |
| | 1 901 958 | 5 700 945 |

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 30 for reconciliation of grants from National/Provincial Government.

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

Greater Taung Local Municipality

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|-----------------|------|------|
|-----------------|------|------|

17. Provisions

Reconciliation of provisions - 2024

| | Opening Balance | Additions | Interest cost | Total |
|------------------------------|-----------------|------------|---------------|------------|
| Environmental rehabilitation | 16 258 006 | 10 080 094 | 1 369 603 | 27 707 703 |

Reconciliation of provisions - 2023

| | Opening Balance | Additions | Total |
|------------------------------|-----------------|-------------------|-------------------|
| Environmental rehabilitation | 17 366 006 | (1 108 000) | 16 258 006 |
| Non-current liabilities | | 24 150 262 | 16 258 006 |
| Current liabilities | | 3 557 441 | - |
| | | 27 707 703 | 16 258 006 |

Environmental rehabilitation provision

There are currently five landfill sites operated by the Greater Taung Local Municipality. The sites are located within the Greater Taung Local Municipal area namely Revilo landfill site, Taung landfill site, Pudimore landfill site, Pudimoe (interim operational) landfill site and the Pudimoe illegal Dumping site (Abandoned). It is required from the municipality to execute an environmental management program to restore the landfill site after its useful life.

Provision has been made for this cost based on the estimated present value of future cash flows arising from the rehabilitation cost expected as at the end of each landfill site's useful life.

The provision was computed by ESS Solutions, members of The Institute of Waste Management South Africa as at 30 June 2024.

Key assumptions used as follows:

Unit costs: Unit costs for each of the cost elements are obtained annually by means of a commercial quotation

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: 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.

The following assumptions relate to the discount rate

- 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.

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|---|--------------------|--------------------|
| 18. Revenue | | |
| Service charges | 12 192 217 | 11 807 667 |
| Rental of facilities and equipment | 419 119 | 395 739 |
| Agency services | 104 882 | 185 229 |
| Other income | 1 141 121 | 1 085 540 |
| Interest received - investment | 6 703 832 | 6 576 947 |
| Property rates | 31 027 031 | 29 992 685 |
| Government grants & subsidies | 304 024 987 | 287 850 475 |
| Donations received | - | 1 950 000 |
| | 355 613 189 | 339 844 282 |
| The amount included in revenue arising from exchanges of goods or services are as follows: | | |
| Service charges | 12 192 217 | 11 807 667 |
| Rental of facilities and equipment | 419 119 | 395 739 |
| Agency services | 104 882 | 185 229 |
| Other income | 1 141 121 | 1 085 540 |
| Interest received - investment | 6 703 832 | 6 576 947 |
| | 20 561 171 | 20 051 122 |
| The amount included in revenue arising from non-exchange transactions is as follows: | | |
| Taxation revenue | | |
| Property rates | 31 027 031 | 29 992 685 |
| Other income LGSETA | 241 155 | 225 525 |
| Transfer revenue | | |
| Government grants & subsidies | 304 024 987 | 287 850 475 |
| Donations received | - | 1 950 000 |
| | 335 293 173 | 320 018 685 |
| 19. Interest received service charges | | |
| Interest received service charges | | |
| Interest received on service charges | 2 691 105 | 2 829 143 |
| 20. Service charges | | |
| Sale of electricity | 3 664 970 | 3 438 355 |
| Sale of water | 1 046 596 | 1 285 512 |
| Solid waste | 4 600 973 | 4 135 468 |
| Sewerage and sanitation charges | 2 879 678 | 2 948 332 |
| | 12 192 217 | 11 807 667 |
| 21. Rental of facilities and equipment | | |
| Facilities and equipment | | |
| Rental of facilities | 419 119 | 395 739 |
| 22. Agency services | | |
| Commission received | 104 882 | 185 229 |
| 23. Other income | | |
| LGSETA | 241 155 | 225 525 |

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|---|------------------|------------------|
| 23. Other income (continued) | | |
| Donations received from LGSETA are for skills training of municipal officials | | |
| 24. Lease rentals on operating lease | | |
| Plant and equipment | | |
| Contractual amounts | 2 842 526 | 2 254 118 |
| Lease rentals on operating lease - Other | | |
| Contractual amounts | 96 255 | 377 600 |
| | 2 938 781 | 2 631 718 |
| 25. Interest from non-exchange receivables | | |
| Interest - Property rates | 1 171 090 | 1 113 385 |
| 26. Other income | | |
| Administration fees | 98 732 | 34 801 |
| Sale of miscellaneous goods and services | 910 685 | 681 765 |
| Commission transaction handling fees | 102 720 | 100 361 |
| Inspection fees | 14 145 | 12 670 |
| Connection fees | 14 839 | 21 892 |
| Insurance refund | - | 234 051 |
| | 1 141 121 | 1 085 540 |
| 27. Interest received - investments | | |
| Interest revenue | | |
| Bank | 6 703 832 | 6 576 947 |

The amount included in Investment revenue arising from exchange transactions amounted to R 6 703 832 (2023: R6 576 947).

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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

28. Property rates

Rates received

| | | |
|--------------------------|-------------------|-------------------|
| Residential | 3 777 347 | 3 467 258 |
| Commercial | 3 331 921 | 4 369 697 |
| State | 23 336 071 | 22 050 963 |
| Small holdings and farms | 581 692 | 104 767 |
| | 31 027 031 | 29 992 685 |

Valuations

| | | |
|-------------------------------|----------------------|----------------------|
| Residential | 487 346 555 | 480 356 555 |
| Commercial | 168 827 000 | 148 676 000 |
| State | 1 229 667 000 | 1 222 867 000 |
| Municipal | 56 484 000 | 61 985 000 |
| Small holdings and farms | 2 024 643 000 | 2 022 008 000 |
| Public worship | 11 445 000 | 12 605 000 |
| Public service infrastructure | 7 171 000 | 7 171 000 |
| Multipurpose centre | 3 730 000 | 4 130 000 |
| Vacant land | 9 876 000 | 11 301 000 |
| | 3 999 189 555 | 3 971 099 555 |

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2020 and runs until 30 July 2024. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on a monthly basis for all properties except farming and agriculture where they are levied on an annual basis with the final date for payment being the end of the month and year respectively. Interest of 10% per annum is levied on rates outstanding 30 days after due date.

29. Transfer and subsidies

Other subsidies

| | | |
|---------------------|---------|---------|
| Allocations in kind | 285 400 | 330 000 |
|---------------------|---------|---------|

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|--|--------------------|--------------------|
| 30. Government grants & subsidies | | |
| Operating grants | | |
| Equitable share | 244 270 511 | 231 374 257 |
| Library grant | 889 523 | 978 729 |
| Financial management grant | 3 097 588 | 2 349 406 |
| Expanded public works programme grant | 3 037 365 | 2 255 000 |
| | 251 294 987 | 236 957 392 |
| Capital grants | | |
| Municipal infrastructure grant | 52 730 000 | 50 893 083 |
| | 304 024 987 | 287 850 475 |
| Conditional and Unconditional | | |
| Included in above are the following grants and subsidies received: | | |
| Conditional grants received | 52 730 000 | 50 893 083 |
| Unconditional grants received | 251 294 987 | 236 957 392 |
| | 304 024 987 | 287 850 475 |
| Library grant | | |
| Balance unspent at beginning of year | 1 173 799 | 1 102 463 |
| Current-year receipts | 1 097 000 | 1 051 000 |
| Conditions met - transferred to revenue | (889 523) | (978 729) |
| Other | - | (935) |
| | 1 381 276 | 1 173 799 |
| Conditions still to be met - remain liabilities (see note 16). | | |
| Municipal infrastructure grant | | |
| Balance unspent at beginning of year | 3 270 852 | 3 270 852 |
| Current-year receipts | 52 730 000 | 50 893 083 |
| Conditions met - transferred to revenue | (52 730 000) | (50 893 083) |
| Withheld by Treasury | (3 269 917) | - |
| | 935 | 3 270 852 |
| Conditions still to be met - remain liabilities (see note 16). | | |
| Provide explanations of conditions still to be met and other relevant information. | | |
| Expanded public works programme | | |
| Current-year receipts | 3 049 000 | 2 255 000 |
| Conditions met - transferred to revenue | (3 037 365) | (2 255 000) |
| | 11 635 | - |

Conditions still to be met - remain liabilities (see note 16).

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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

30. Government grants & subsidies (continued)

Financial management grant

| | | |
|---|--------------|----------------|
| Balance unspent at beginning of year | 750 594 | 360 257 |
| Current-year receipts | 3 100 000 | 3 100 000 |
| Conditions met - transferred to revenue | (3 097 588) | (2 349 406) |
| Amount withheld | (750 594) | (360 257) |
| | 2 412 | 750 594 |

Conditions still to be met - remain liabilities (see note 16).

Local government disaster fund

| | | |
|--------------------------------------|---------|---------|
| Balance unspent at beginning of year | 505 700 | 505 700 |
|--------------------------------------|---------|---------|

Conditions still to be met - remain liabilities (see note 16).

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|--|--------------------|--------------------|
| 31. Employee related costs | | |
| Basic | 83 385 809 | 76 954 902 |
| Commissions | 246 528 | 130 |
| Bonus | 5 573 787 | 5 293 259 |
| Medical aid - company contributions | 7 060 072 | 6 773 547 |
| UIF | 540 220 | 707 186 |
| Bargaining council | 49 900 | 37 968 |
| Acting allowance | 1 485 801 | 1 189 757 |
| Leave pay provision charge | 1 573 800 | 1 201 043 |
| Pension | 13 069 111 | 12 689 051 |
| Travel, motor car, accommodation, subsistence and other allowances | 5 583 852 | 6 056 236 |
| Overtime payments | 5 146 902 | 5 866 726 |
| Long-service awards | 377 386 | 695 038 |
| Standby allowance | 2 204 039 | 1 993 392 |
| Housing benefits and allowances | 186 061 | 180 314 |
| Group life insurance | 164 116 | 61 302 |
| Cellphone allowance | 488 604 | 290 021 |
| | 127 135 988 | 119 989 872 |
| Remuneration of municipal manager | | |
| Annual Remuneration | 627 140 | 792 363 |
| Car Allowance | 136 350 | 166 000 |
| Acting allowance | 27 622 | 45 128 |
| Contributions to UIF, Medical and Pension Funds | 1 240 | 3 239 |
| Cellphone allowance | 12 000 | 5 000 |
| Other allowances | - | 385 365 |
| Housing allowance | - | 3 035 |
| Skills levy | 6 462 | - |
| | 810 814 | 1 400 130 |
| Remuneration of chief finance officer | | |
| Annual Remuneration | 388 936 | 1 204 391 |
| Travel allowance | 120 793 | 185 257 |
| Acting allowance | 58 337 | - |
| Contributions to UIF, Medical and Pension Funds | 7 609 | 2 125 |
| Cellphone | 6 000 | 13 500 |
| Other allowances | - | 37 713 |
| Leave pay | 261 365 | - |
| | 843 040 | 1 442 986 |
| Remuneration of social services director | | |
| Annual Remuneration | 525 578 | 638 090 |
| Travel allowance | 134 190 | 91 423 |
| Contributions to UIF, Medical and Pension Funds | 7 674 | 159 120 |
| Cellphone | 10 500 | 7 000 |
| Other allowances | - | 116 064 |
| Acting allowance | 30 307 | - |
| | 708 249 | 1 011 697 |
| Remuneration of spacial planning director | | |
| Annual Remuneration | 263 070 | 823 875 |
| Travel allowance | 100 110 | 255 635 |

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|--|-------------------|-------------------|
| 31. Employee related costs (continued) | | |
| Leave pay | 279 133 | - |
| Contributions to UIF, Medical and Pension Funds | 7 184 | 2 125 |
| Overtime | - | 13 500 |
| Cellphone | 6 161 | 75 679 |
| Other allowances | - | 22 547 |
| Acting allowance | 71 950 | - |
| | 727 608 | 1 193 361 |
| Remuneration of corporate services director | | |
| Annual Remuneration | 446 680 | 926 904 |
| Travel allowance | 70 491 | 57 931 |
| Cellphone allowance | 6 000 | - |
| Contributions to UIF, Medical and Pension Funds | 5 669 | 2 125 |
| Accommodation, travel and incidental costs | - | 8 986 |
| Other allowances | - | 15 168 |
| Acting allowance | 45 824 | - |
| | 574 664 | 1 011 114 |
| Remuneration of infrastructure director | | |
| Annual Remuneration | - | 1 038 089 |
| Car Allowance | - | 109 860 |
| Performance Bonuses | - | 81 966 |
| Contributions to UIF, Medical and Pension Funds | 1 525 | 2 125 |
| Leave pay | 65 341 | - |
| Cellphone | - | 13 500 |
| Acting allowance | 39 912 | 11 661 |
| Other allowances | - | 26 804 |
| 13 th Cheque | 69 471 | - |
| | 176 249 | 1 284 005 |
| 32. Remuneration of councillors | | |
| Mayor | 1 024 818 | 945 105 |
| Speaker | 824 427 | 764 421 |
| Councillors | 13 523 243 | 11 483 750 |
| Chief whip | 787 567 | 763 058 |
| MPAC Chair | 786 637 | 332 212 |
| Mayoral committee | 5 871 719 | 6 219 145 |
| | 22 818 411 | 20 507 691 |
| 33. Depreciation and amortisation | | |
| Property, plant and equipment | 38 740 068 | 43 975 564 |
| Intangible assets | 868 219 | 865 847 |
| | 39 608 287 | 44 841 411 |
| 34. Finance costs | | |
| Trade and other payables | 92 942 | 171 177 |
| Employee benefit obligation | 2 829 000 | 2 648 000 |
| | 2 921 942 | 2 819 177 |

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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| Figures in Rand | 2024 | 2023 |
|------------------------------------|-------------------|-------------------|
| 35. Auditors' remuneration | | |
| Fees | 5 332 598 | 5 205 057 |
| 36. Debt impairment | | |
| Debt impairment | 9 974 724 | 11 761 422 |
| 37. General expenses | | |
| Advertising | 3 416 091 | 4 018 099 |
| Auditors remuneration | 5 332 598 | 5 205 057 |
| Bank charges | 608 983 | 219 265 |
| Consumables | 8 174 497 | 10 396 434 |
| Donations | 23 127 | 524 460 |
| Hire | 35 400 | 1 598 945 |
| Insurance | 2 765 977 | 1 805 120 |
| Community development and training | 3 432 285 | 9 084 285 |
| Conferences and seminars | - | 147 258 |
| IT expenses | 15 977 966 | 10 742 444 |
| Levies | 1 235 713 | 1 274 654 |
| Motor vehicle expenses | 198 340 | 582 322 |
| Fuel and oil | 8 606 424 | 7 647 270 |
| Printing and stationery | 14 367 | 3 503 |
| Protective clothing | 932 145 | 1 034 404 |
| Project maintenance costs | - | 1 360 |
| Subscriptions and membership fees | 1 662 356 | 1 656 929 |
| Telephone and fax | 3 420 013 | 3 899 810 |
| Travel - local | 1 993 028 | 4 996 677 |
| Title deed search fees | 45 792 | 33 637 |
| Electricity | 20 380 150 | 16 694 069 |
| Remuneration of ward committees | 4 519 794 | 4 098 000 |
| Landfill site provision expense | 11 449 697 | (1 108 000) |
| Workman's compensation fund | - | 946 143 |
| Bursaries (employees) | 589 086 | 804 892 |
| Learnerships and internships | 1 080 988 | 1 658 616 |
| Servitudes and land surveys | 82 522 | - |
| | 95 977 339 | 87 965 653 |
| 38. Bulk purchases | | |
| Electricity - Eskom | 5 642 076 | 4 668 831 |

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|---|-------------------|-------------------|
| 38. Bulk purchases (continued) | | |
| Electricity losses | | |
| | Number 2024 | Number 2023 |
| Units purchased | 2 092 614 | 1 960 734 |
| Units sold | (1 845 871) | (2 011 425) |
| Total loss | 246 743 | (50 691) |
| | | |
| Comprising of: | | |
| Technical losses | 246 743 | - |
| | | |
| Percentage Loss: | | |
| Technical losses | 12 % | - % |
| | | |
| Water losses | | |
| Real losses: Leakage and overflows at storage tanks/ reservoirs | 1 898 745 | - |
| 39. Contracted services | | |
| Outsourced Services | | |
| Burial Services | 183 705 | 1 884 |
| Business and Advisory | 186 773 | 735 334 |
| Catering Services | 851 373 | 2 594 164 |
| Security Services | 44 969 158 | 37 016 151 |
| Consultants and Professional Services | | |
| Business and Advisory | 3 889 315 | 6 955 116 |
| Infrastructure and Planning | 298 735 | 462 224 |
| Legal Cost | 2 758 058 | 2 044 496 |
| Contractors | | |
| Catering Services | 354 728 | 20 852 |
| Employee Wellness | 297 650 | 950 |
| Maintenance of Buildings and Facilities | 182 985 | 161 522 |
| Maintenance of Equipment | 26 966 649 | 29 266 698 |
| Sports and Recreation | 350 000 | 417 350 |
| | 81 289 129 | 79 676 741 |

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|---|-------------------|-------------------|
| 40. Cash generated from operations | | |
| Deficit | (29 913 735) | (35 572 869) |
| Adjustments for: | | |
| Depreciation and amortisation | 39 608 287 | 44 841 411 |
| Gain on sale of assets and liabilities | 99 191 | 128 855 |
| Fair value adjustments | (996 000) | (112 000) |
| Debt impairment | 9 974 724 | 11 761 422 |
| current service costs | 1 555 000 | 3 288 000 |
| Movements in provisions | 11 449 697 | (1 108 000) |
| Actuarial gains | (1 898 000) | (2 987 000) |
| Inventory losses or write-downs | 7 618 | (19 540) |
| Benefits paid | (953 000) | (1 113 000) |
| Finance costs - employee benefit obligation | (3 256 778) | (2 648 000) |
| Donations received | - | (1 950 000) |
| Interest on service charges | (3 862 195) | (3 942 528) |
| Other non-cash items | (41 864) | 1 748 073 |
| Changes in working capital: | | |
| Inventories | 133 858 | (279 504) |
| Receivables from non-exchange transactions | (561 156) | (122 331) |
| Consumer debtors | (475 955) | 750 966 |
| Other receivable | - | 22 495 |
| Payables from exchange transactions | 2 143 167 | 1 767 057 |
| VAT | 4 528 560 | 2 223 625 |
| Unspent conditional grants and receipts | (3 798 987) | 3 732 526 |
| Consumer deposits | 47 284 | 13 645 |
| | 23 789 716 | 20 423 303 |

41. Operating deficit

Operating deficit for the year is stated after accounting for the following:

Operating lease charges

| | | |
|--|------------------|------------------|
| Plant and equipment | | |
| • Contractual amounts | 2 842 526 | 2 254 118 |
| Lease rentals on operating lease - Other | | |
| • Contractual amounts | 96 255 | 377 600 |
| | 2 938 781 | 2 631 718 |

| | | |
|---|-------------|-------------|
| Loss on sale of property, plant and equipment | (99 191) | (128 855) |
| Amortisation on intangible assets | 868 219 | 865 847 |
| Depreciation on property, plant and equipment | 38 740 068 | 43 975 564 |
| Employee costs | 153 795 023 | 147 840 856 |

42. Fair value adjustments

| | | |
|--|---------|---------|
| Investment property (Fair value model) | 996 000 | 112 000 |
|--|---------|---------|

43. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

| | At amortised cost | Total |
|--|-------------------|-------|
|--|-------------------|-------|

Greater Taung Local Municipality

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) | | |
| Receivables from non-exchange transactions | 2 735 365 | 2 735 365 |
| Consumer debtors | 4 321 614 | 4 321 614 |
| Cash and cash equivalents | 20 260 281 | 20 260 281 |
| | 27 317 260 | 27 317 260 |

Financial liabilities

| | At amortised cost | Total |
|---|-------------------|------------|
| Trade and other payables from exchange transactions | 38 533 268 | 38 533 268 |

2023

Financial assets

| | At amortised cost | Total |
|--|-------------------|-------------------|
| Receivables from non-exchange transactions | 2 174 209 | 2 174 209 |
| Consumer debtors | 3 845 659 | 3 845 659 |
| Cash and cash equivalents | 47 782 922 | 47 782 922 |
| | 53 802 790 | 53 802 790 |

Financial liabilities

| | At amortised cost | Total |
|--|-------------------|------------|
| Trade and other receivables from exchange transactions | 36 390 101 | 36 390 101 |

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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|--|-------------------|------------------|
| 44. Commitments | | |
| Authorised capital expenditure | | |
| Already contracted for but not provided for | | |
| • Property, plant and equipment | 13 074 163 | 9 787 160 |
| Total capital commitments | | |
| Already contracted for but not provided for | 13 074 163 | 9 787 160 |
| Authorised operational expenditure | | |
| Already contracted for but not provided for | | |
| • Contracted services | 21 200 304 | - |
| • Insurance services | 985 205 | - |
| | 22 185 509 | - |
| Total operational commitments | | |
| Already contracted for but not provided for | 22 185 509 | - |
| Total commitments | | |
| Total commitments | | |
| Authorised capital expenditure | 13 074 163 | 9 787 160 |
| Authorised operational expenditure | 22 185 509 | - |
| | 35 259 672 | 9 787 160 |

This committed expenditure will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

Greater Taung Local Municipality

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| 45. Contingencies | | |
| The municipality had the following cases with the following details: | | |
| Contingent liabilities | | |
| 1. Greater Taung Local Municipality vs Department of Agriculture rural development and land reform | 300 000 | - |
| Litigation is in progress against the municipality, the estimated legal costs associated with the case amounts to R300 000 | | |
| 2. Greater Taung Local Municipality vs Sgijimangebelo engineering group | 501 404 | - |
| Litigation is in progress against the municipality by the plaintiff, Legal costs are estimated to be R200 000 | | |
| 3. H Seleke (defendant) Vs Greater Taung Local Municipality (Plaintiff) Case No. CIV APP MG 04/2018. | 150 000 | 150 000 |
| Non compliance with building regulations by Seleke. ADR negotiations intending to settle the matter out of Court were not successful. Matter is enrolled in court and our Attorney of record have been instructed to proceed with application for order of demolition and costs. application for hearing date has been done. This matter is handled by BG Bojosinyane and Associates. The probability of losing the case is not known. The estimated legal costs amount to R150 000 | | |
| 4. J. Lebona & Another V Greater Taung Local Municipality (Case No. 63/2021) | 60 000 | 60 000 |
| Illegal construction or erection of a building on erf No. 237 Molao Street ,Pudimoe without having submitted building plans for purposes of their approval by the Municipality. On the 7 of July 2022 the court granted interim order. Mr and Mrs Lebona have failed to comply with the court order. An application for the re-enrolment of the matter was set down for hearing on the 27 October 2022. the matter was placed for hearing to obtain final judgment and order. This matter is handled by BG Bojosinyane and Associates. The probability of losing the case is unknown and estimated financial exposure is R 60,000.00 | | |
| 5. GTLM vs North West Development Corporation and TA Melku (Case number C/ N M223/2020) | - | - |
| The case is illegal construction and erection of building on ERF number 334 within Taung CBD without having submitted building plans for the purpose of approval by the municipality | | |
| 6. Lebolicious logistics vs GTLM (C/N 112/2021) | 105 195 | 105 195 |
| Claim damages for the sum of R105 195 arising from a tender contract | | |
| 7. Augosi Vs GTLM | 15 000 | 14 000 |
| Augosi is claiming damages from the municipality for an accident involving a municipal vehicle. The chances of success are high as the collision was not at the negligence of the municipality. an estimate of the exposure is R15 000 | | |
| 8. GTLM Vs Modisaotsile Morapedi Letele & all councilors of other political parties(plaintiff) | 120 000 | 200 000 |
| The municipality is appealing the dismissal of the reconsideration application in relation to the power of the Speaker in convening council meeting. The appeal has been granted and the record is to be served | | |
| 9. Bakang Ezekiel Sebelelego Vs Greater Taung Local Municipality | 15 000 | 14 000 |
| The matter relates to a collision with a municipal vehicle. The pleadings are closed as at year-end and the municipality is waiting the plaintiff to set down. The estimated exposure is R15 000 | | |
| 10. SMWU vs GTLM | 50 000 | - |
| As at year end SAMWU was reviewing the jurisdiction condonations on this case. The chances of success are high because the grounds of review were weak | | |
| 11. Masia- Nobula (plaintiff) Vs GTLM | 600 000 | - |
| This is an application for review of arbitration award by the Commissioner. Matter emanates from demotion of the respondent after being found guilty of misconduct. Matter is set down for hearing on the 8 August 2024 | | |
| | 1 916 599 | 543 195 |

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|-----------------|------|------|

46. Related parties

Relationships

Accounting Officers

Remuneration of senior management

Refer to accounting officers' report

Refer to note 31

Related party balances

Loan accounts - Owing (to) by related parties

Councillors OI Segosapelo

3 917

7 517

The balance relate to an amount for services owed by a councillor.

Key management information

Greater Taung Local Municipality

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46. Related parties (continued)

Remuneration of management

Management class: Councillors

2024

| | Basic salary | Car allowance | Cellphone allowance | SDL | Total |
|-------------------------|--------------|---------------|---------------------|-------|-----------|
| Name | | | | | |
| Cllr.Babuseng PL | 303 008 | 7 052 | 53 208 | 3 237 | 366 505 |
| Cllr.Boemo ME | 303 487 | 11 692 | 53 208 | 3 551 | 371 938 |
| Cllr.Chubane BA | 305 151 | 14 708 | 53 208 | 3 581 | 376 648 |
| Cllr.DE Koker KS | 231 038 | 73 451 | 53 208 | 3 346 | 361 043 |
| Cllr.Gaoraelwe TR | 790 439 | 171 253 | 53 208 | 9 917 | 1 024 817 |
| Cllr.Gaorengwe TC | 275 122 | 37 313 | 53 208 | 3 406 | 369 049 |
| Cllr.Ipeleng O | 237 077 | 75 855 | 53 208 | 3 227 | 369 367 |
| Cllr.Kesemoletshe G | 301 929 | - | 53 208 | 3 550 | 358 687 |
| Cllr.Lekoma IJ | 285 835 | 19 532 | 53 208 | 3 421 | 361 996 |
| Cllr.Lephoi GH | 231 003 | 74 150 | 53 208 | 3 550 | 361 911 |
| Cllr.Mabengwane LX | 715 557 | - | 53 208 | 7 483 | 776 248 |
| Cllr.Matuane JA | 668 976 | 59 448 | 53 208 | 7 181 | 788 813 |
| Cllr.Mase BP | 69 125 | 237 063 | 53 208 | 3 420 | 362 816 |
| Cllr.Maribe IN | 736 830 | 16 501 | 53 208 | 7 523 | 814 062 |
| Cllr.Modise LRL | 301 929 | - | 53 208 | 3 550 | 358 687 |
| Cllr.Moeti MB | 715 317 | 4 985 | 53 208 | 7 151 | 780 661 |
| Cllr.Mokua EM | 552 370 | 174 838 | 53 208 | 7 151 | 787 567 |
| Cllr.Moipolai KG | 763 259 | - | 53 208 | 7 961 | 824 428 |
| Cllr.Moeng PK | 231 778 | 71 123 | 53 208 | 3 411 | 359 520 |
| Cllr.Mojaki MS | 139 675 | 173 880 | 53 208 | 3 590 | 370 353 |
| Cllr.Monchonyane RT | 714 234 | 1 322 | 53 208 | 7 151 | 775 915 |
| Cllr.Molale MMT | 235 295 | 76 906 | 53 208 | 3 451 | 368 860 |
| Cllr.Montewa NM | 135 674 | 167 814 | 53 208 | 3 410 | 360 106 |
| Cllr.Morapedi-Letele MS | 306 387 | 522 | 53 208 | 3 550 | 363 667 |
| Cllr.Mosinkiemang MV | 658 287 | 76 638 | 53 208 | 7 513 | 795 646 |
| Cllr.Moraladi TG | 299 858 | 2 742 | 53 208 | 3 550 | 359 358 |
| Cllr.Mmokwa M | 134 365 | 172 621 | 53 208 | 3 380 | 363 574 |

Greater Taung Local Municipality

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46. Related parties (continued)

| | | | | | |
|---------------------|-------------------|------------------|------------------|----------------|-------------------|
| Cllr. Mmokwa RS | 716 472 | 10 646 | 53 208 | 6 310 | 786 636 |
| Cllr.Nape LS | 231 860 | 75 504 | 53 208 | 3 430 | 364 002 |
| Cllr.Nkewu BM | 298 722 | 11 795 | 53 208 | 3 410 | 367 135 |
| Cllr.Makwati MM | 299 004 | 14 958 | 53 208 | 3 226 | 370 396 |
| Cllr.Olifant CK | 231 958 | 70 633 | 53 208 | 3 207 | 359 006 |
| Cllr.Pudule AK | 227 504 | 77 467 | 53 208 | 3 118 | 361 297 |
| Cllr.Pusho B | 299 796 | 13 048 | 53 208 | 3 560 | 369 612 |
| Cllr.Rooibaatjie KC | 301 929 | - | 53 208 | 3 551 | 358 688 |
| Cllr. Seboko KL | 303 445 | 3 427 | 53 208 | 3 570 | 363 650 |
| Cllr.Segosapelo OI | 299 927 | 2 000 | 53 208 | 3 461 | 358 596 |
| Cllr. Tafane GN | 714 864 | 3 522 | 53 208 | 7 483 | 779 077 |
| Cllr.Seepamere S | 231 940 | 72 877 | 53 208 | 3 550 | 361 575 |
| Cllr.Sephula MA | 301 929 | - | 53 208 | 3 350 | 358 487 |
| Cllr.Sekwenyane MD | 238 518 | 76 913 | 53 208 | 3 470 | 372 109 |
| Cllr.Sebe TP | 718 984 | 4 985 | 53 208 | 7 151 | 784 328 |
| Cllr.Tabe TJ | 301 376 | 1 566 | 53 208 | 3 346 | 359 496 |
| Cllr.Tong OA | 232 057 | 87 260 | 53 208 | 3 460 | 375 985 |
| Cllr.Tshipo GJ | 304 719 | 5 000 | 53 208 | 3 551 | 366 478 |
| Cllr.Zonke V | 221 583 | 84 237 | 53 208 | 3 551 | 362 579 |
| Cllr.Mojanaga MD | 134 193 | 169 930 | 53 208 | 3 297 | 360 628 |
| Cllr.Molamu GS | 302 767 | 483 | 53 208 | 3 222 | 359 680 |
| Payroll adjustments | (13 271) | - | - | - | (13 271) |
| | 17 543 281 | 2 507 660 | 2 553 984 | 213 486 | 22 818 411 |

2023

| Name | Basic salary | Car allowance | Cellphone allowance | Total |
|-------------------|--------------|---------------|---------------------|-------|
| Cllr.Babuseng MC | 2 918 | - | - | 2 918 |
| Cllr.Balebanye OJ | 2 918 | - | - | 2 918 |
| Cllr.Diphoko GS | 2 918 | - | - | 2 918 |
| Cllr.Leshoe MF | 2 918 | - | - | 2 918 |
| Cllr.Maila LE | 2 918 | - | - | 2 918 |
| Cllr.Malepe J | 6 920 | - | - | 6 920 |
| Cllr.Mamapula KL | 2 918 | - | - | 2 918 |

Greater Taung Local Municipality

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46. Related parties (continued)

| | | | | |
|--------------------|---------|--------|--------|---------|
| Cllr.Kgosimore RK | 6 920 | - | - | 6 920 |
| Cllr.Matshwe T | 6 920 | - | - | 6 920 |
| Cllr.Mocumi KB | 2 918 | - | - | 2 918 |
| Cllr.Mokgobo MR | 2 918 | - | - | 2 918 |
| Cllr.Mongale RA | 6 920 | - | - | 6 920 |
| Cllr.Morweng TS | 2 918 | - | - | 2 918 |
| Cllr.Mothibesi SD | 2 918 | - | - | 2 918 |
| Cllr.Motshabi MI | 2 918 | - | - | 2 918 |
| Cllr.Ncweng ME | 2 918 | - | - | 2 918 |
| Cllr.Ntasi NE | 6 920 | - | - | 6 920 |
| Cllr.Olifant MKI | 2 918 | - | - | 2 918 |
| Cllr.Pitso JT | 2 918 | - | - | 2 918 |
| Cllr.Ratake MJ | 2 918 | - | - | 2 918 |
| Cllr.Sebolai KL | 2 918 | - | - | 2 918 |
| Cllr.Sedupane BJ | 3 819 | - | - | 3 819 |
| Cllr.Seemelo HD | 2 918 | - | - | 2 918 |
| Cllr.Seisho KG | 2 918 | - | - | 2 918 |
| Cllr.Seleke RO | 5 881 | - | - | 5 881 |
| Cllr.Tladi EH | 7 381 | - | - | 7 381 |
| Cllr.Tlhaganyane T | 2 918 | - | - | 2 918 |
| Cllr.Tokwe LC | 2 918 | - | - | 2 918 |
| Cllr.Nomadolo HN | 2 918 | - | - | 2 918 |
| Cllr.Gaobusiwe GW | 6 920 | - | - | 6 920 |
| Cllr.Pico JM | 2 918 | - | - | 2 918 |
| Cllr.Gezane BG | 6 920 | - | - | 6 920 |
| Cllr.Lepedi MC | 6 920 | - | - | 6 920 |
| Cllr.Menyatso A | 2 918 | - | - | 2 918 |
| Cllr.Mongale OV | 6 920 | - | - | 6 920 |
| Cllr.Mothabane NC | 2 918 | - | - | 2 918 |
| Cllr.Totong DG | 9 230 | - | - | 9 230 |
| Cllr.Babuseng PL | 216 249 | 69 641 | 41 700 | 327 590 |
| Cllr.Boemo ME | 285 890 | - | 41 700 | 327 590 |
| Cllr.Chubane BA | 285 890 | - | 41 700 | 327 590 |
| Cllr.DE Koker KS | 288 808 | - | 41 700 | 330 508 |
| Cllr.Gaoraelwe TR | 906 323 | - | 41 700 | 948 023 |
| Cllr.Gaorengwe TC | 285 890 | - | 41 700 | 327 590 |
| Cllr.Ipeleng O | 216 249 | 69 641 | 41 700 | 327 590 |

Greater Taung Local Municipality

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46. Related parties (continued)

| | | | | |
|-------------------------|---------|---------|--------|---------|
| Cllr.Kesemoletshe G | 285 890 | - | 41 700 | 327 590 |
| Cllr.Lekoma IJ | 216 249 | 69 641 | 41 700 | 327 590 |
| Cllr.Lephoi GH | 285 890 | - | 41 700 | 327 590 |
| Cllr.Mabengwane LX | 677 552 | - | 41 700 | 719 252 |
| Cllr.Matuane JA | 519 429 | 165 043 | 41 700 | 726 172 |
| Cllr.Mase BP | 239 123 | 46 767 | 41 700 | 327 590 |
| Cllr.Maribe IN | 680 470 | - | 41 700 | 722 170 |
| Cllr.Modise LRL | 285 890 | - | 41 700 | 327 590 |
| Cllr.Moeti MB | 515 427 | 165 043 | 41 700 | 722 170 |
| Cllr.Mokua EM | 525 960 | 151 592 | 41 700 | 719 252 |
| Cllr.Moipolai KG | 725 639 | - | 41 700 | 767 339 |
| Cllr.Moeng PK | 227 601 | 58 289 | 41 700 | 327 590 |
| Cllr.Mojaki MS | 285 890 | - | 41 700 | 327 590 |
| Cllr.Monchonyane RT | 512 509 | 165 043 | 41 700 | 719 252 |
| Cllr.Molale MMT | 216 249 | 69 641 | 41 700 | 327 590 |
| Cllr.Montewa NM | 216 249 | 69 641 | 41 700 | 327 590 |
| Cllr.Morapedi-Letele MS | 285 890 | - | 41 700 | 327 590 |
| Cllr.Mosinkiemang MV | 680 470 | - | 41 700 | 722 170 |
| Cllr.Moraladi TG | 285 890 | - | 41 700 | 327 590 |
| Cllr.Mmokwa M | 288 808 | - | 41 700 | 330 508 |
| Cllr.MMokwa SC | 501 519 | 161 728 | 41 700 | 704 947 |
| Cllr.Nape LS | 216 249 | 69 641 | 41 700 | 327 590 |
| Cllr.Nkewu BM | 250 814 | 35 075 | 41 700 | 327 589 |
| Cllr.Makwati MM | 274 198 | 11 692 | 41 700 | 327 590 |
| Cllr.Olifant CK | 219 167 | 69 641 | 41 700 | 330 508 |
| Cllr.Pudule AK | 285 890 | - | 41 700 | 327 590 |
| Cllr.Pusho B | 285 890 | - | 41 700 | 327 590 |
| Cllr.Rooibaatjie KC | 285 890 | - | 41 700 | 327 590 |
| Cllr. Seboko KL | 285 890 | - | 41 700 | 327 590 |
| Cllr.Segosapelo OI | 221 925 | 63 965 | 41 700 | 327 590 |
| Cllr. Tafane GN | 677 552 | - | 41 700 | 719 252 |
| Cllr.Seepamere S | 285 890 | - | 41 700 | 327 590 |
| Cllr.Sephula MA | 285 890 | - | 41 700 | 327 590 |
| Cllr.Sekwenyane MD | 216 249 | 69 641 | 41 700 | 327 590 |
| Cllr.Sebe TP | 515 427 | 165 043 | 41 700 | 722 170 |
| Cllr.Tabe TJ | 285 890 | - | 41 700 | 327 590 |
| Cllr.Tong OA | 216 249 | 69 641 | 41 700 | 327 590 |

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46. Related parties (continued)

| | | | | |
|---------------------|-------------------|------------------|------------------|-------------------|
| Cllr.Tshipo GJ | 288 808 | - | 41 700 | 330 508 |
| Cllr.Zonke V | 239 123 | 46 767 | 41 700 | 327 590 |
| Cllr.Mojanaga MD | 262 506 | 23 384 | 41 700 | 327 590 |
| Cllr.Molamu GS | 285 890 | - | 41 700 | 327 590 |
| Payroll adjustments | (368 012) | - | - | (368 012) |
| | 16 619 891 | 1 886 200 | 2 001 600 | 20 507 691 |

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|-----------------|------|------|
|-----------------|------|------|

47. Prior period errors

Sale of goods and services

Sale of goods and services disclosed on the face of the Income Statement in the prior year has been reclassified as Other income. This is was done since the sale of goods relates to sundry services such as tender document fees, photocopying, approval of building plans which is allowed for aggregation under GRAP 1 Presentation of Financial Statements. The amount of the reclassification was R681 674

Contracted services and VAT receivable

Some contracted services expenditure was captured inclusive of VAT thereby overstating the expense in the prior year and understating the VAT receivable. The error was corrected retrospectively, the amount of the correction was R75 188, correction regarding reversal of impairment of VAT incorrectly processed in the prior year amounted to 6 458 238

Employee costs, remuneration of councillors and general expenses

Various reclassifications were made between these votes to correct misposts in the prior year. The net effect of the reclassifications was 91 791

Receivables from exchange transactions & Consumer debtors

In the prior year Consumer debtors were disclosed as receivables from exchange transactions, These were reclassified and are now disclosed as Consumer debtors on the statement of financial position. The recclasiification was done to more accurately disclose consumer debtors according to GRAP 3 and GRAP 23

Payables from exchange transactions & VAT

VAT was disaggregated in error and disclosed under payables, consumer debtor and as a separate line item on the face of the statement of financial position in error. A reclassification of R149 103 and a correction of error of R6 608 617 from impairment was made in the prior year to accurately disclose VAT as a single line item despite it being either input or output.

Property plant and equipment

Property plant and equipment was adjusted after physical count and assessment of condition of assets. The amount of the adjustment was R127 296

Accumulated surplus

The correction of various errors resulted in accumulated surplus balance increasing with R3 212 344

Unspent conditional grants and government grants revenue

The municipality did not have unspent conditional grants at the end of the previous year but incorrectly disclosed unspent grants. The amounts were then forfeited by treasury and an adjustment was made to reflect the correct position in the prior year.

Irregular expenditure disclosures

An amount of R33 092 647 relating to irregular expenditure of the 2023 financial year was discovered during the audit of that expenditure item. Management further investigated all payments of that year. An adjustment to irregular expenditure for the prior year disclosure was effected in the current year and irregular expenditure increased with R33 092 647.

The correction of the error(s) results in adjustments as detailed in Prior year adjustments note 48

48. Prior-year adjustments

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:

Statement of financial position

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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| Figures in Rand | | 2024 | 2023 | | |
|--|------|------------------------|---------------------|-------------------|---------------|
| 48. Prior-year adjustments (continued) | | | | | |
| 2023 | | | | | |
| | Note | As previously reported | Correction of error | Re-classification | Restated |
| Receivables from exchange transactions/ Consumer debtors | | 8 397 007 | - | (4 551 348) | 3 845 659 |
| VAT receivable | | 3 470 245 | 6 533 425 | 149 103 | 10 152 773 |
| Payables from exchange transactions | | (40 793 288) | 940 | 4 402 245 | (36 390 103) |
| Property plant and equipment | | 776 244 082 | (127 296) | - | 776 116 786 |
| Unspent conditional grant | | (2 431 028) | (3 269 917) | - | (5 700 945) |
| Accumulated surplus | | (770 167 385) | (3 212 344) | - | (773 379 729) |
| | | (25 280 367) | (75 192) | - | (25 355 559) |

Statement of financial performance

| 2023 | | | | | |
|-----------------------------|------|------------------------|---------------------|-------------------|---------------------|
| | Note | As previously reported | Correction of error | Re-classification | Restated |
| Sale of goods and services | | 681 764 | - | (681 764) | - |
| Other income - LGSETA | | 225 525 | - | - | 225 525 |
| Contracted services | | (79 751 929) | 75 188 | - | (79 676 741) |
| Other income | | 403 776 | - | 681 764 | 1 085 540 |
| Government grants | | 291 120 393 | (3 269 917) | - | 287 850 476 |
| Employee related costs | | (127 012 380) | - | (320 785) | (127 333 165) |
| Remuneration of councillors | | (20 920 268) | - | 412 576 | (20 507 692) |
| General expenses | | (87 873 868) | - | (91 791) | (87 965 659) |
| Surplus for the year | | (23 126 987) | (3 194 729) | - | (26 321 716) |

49. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are disclosed in notes 47 & 48.

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|-----------------|------|------|
|-----------------|------|------|

50. Risk management

Liquidity risk

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

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

| At 30 June 2024 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---------------------------------------|---------------------|--------------------------|--------------------------|--------------|
| Payables from exchange transactions | 38 533 268 | - | - | - |
| Consumer deposits | 202 550 | - | - | - |
| Employee benefit obligation | 1 722 000 | - | - | 23 322 000 |
| Unspent conditional grants | 1 901 958 | - | - | - |
| At 30 June 2023 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| • Payables from exchange transactions | 36 390 101 | - | - | - |
| • Consumer deposits | 155 265 | - | - | - |
| • Employee benefit obligation | 953 000 | - | - | 22 536 000 |
| • Unspent conditional grants | 5 700 945 | - | - | - |

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 | 2024 | 2023 |
|--|------------|------------|
| Consumer debtors | 4 321 614 | 3 845 659 |
| Receivables from non-exchange transactions | 2 735 365 | 2 174 209 |
| Cash and cash equivalents | 20 260 281 | 47 782 922 |

Market risk

Interest rate risk

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.

51. 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.

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|-----------------|------|------|

52. Events after the reporting date

The municipality's council approved an auction event to sell off some items of movable property plant and equipment after the reporting date of 30 June 2024:

- Nature of the event: These are excess movable assets that the municipality no longer uses.
- The auction will result in a decrease in the carrying amounts of property plant and equipment currently reported as at 30 June 2024.

53. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

| | | |
|------------------------------------|--------------------|--------------------|
| Unauthorised expenditure | 296 783 874 | 250 878 340 |
| Irregular expenditure | 383 571 018 | 340 000 610 |
| Fruitless and wasteful expenditure | 3 276 409 | 2 780 673 |
| Closing balance | 683 631 301 | 593 659 623 |

54. Unauthorised expenditure

| | | |
|---|--------------------|--------------------|
| Opening balance as previously reported | 250 878 340 | 219 228 317 |
| Add: Unauthorised expenditure - current | 45 905 534 | 31 650 023 |
| Closing balance | 296 783 874 | 250 878 340 |

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

| | | |
|----------|-------------------|-------------------|
| Non-cash | 16 042 897 | 17 954 539 |
| Cash | 29 862 638 | 1 683 378 |
| | 45 905 535 | 19 637 917 |

Analysed as follows: non-cash

| | | |
|---|-------------------|-------------------|
| Depreciation and amortisation | 3 682 009 | 3 828 555 |
| Finance charges | 2 286 973 | 2 216 167 |
| Loss on disposal of property, plant and equipment | 99 191 | 128 855 |
| Provision of impairment | 9 974 724 | 11 761 422 |
| Water losses | - | 19 540 |
| | 16 042 897 | 17 954 539 |

Analysed as follows: cash

| | | |
|-------------------------|-------------------|------------------|
| Contracted services | 10 372 653 | - |
| General expenditure | 19 048 203 | - |
| Employee related costs | - | 1 434 382 |
| Transfers and subsidies | - | 248 996 |
| Lease rental | 441 781 | - |
| | 29 862 637 | 1 683 378 |

Unauthorised expenditure: Budget overspending – per municipal department:

| | | |
|-------------------------------------|-------------------|-------------------|
| Community and social services | 902 503 | 15 178 224 |
| Planning and development | - | 671 492 |
| Economic and environmental services | 2 101 928 | - |
| Infrastructure | - | 15 800 307 |
| Trading services | 21 118 631 | - |
| Municipal governance and finance | 21 782 471 | - |
| | 45 905 533 | 31 650 023 |

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|--|------------------|------------------|
| 55. Fruitless and wasteful expenditure | | |
| Opening balance as previously reported | 2 780 673 | 2 648 841 |
| Add: Fruitless and wasteful expenditure identified - current | 495 736 | 131 832 |
| Closing balance | 3 276 409 | 2 780 673 |

Fruitless and wasteful expenditure is presented inclusive of VAT

Greater Taung Local Municipality

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|-----------------|------|------|
|-----------------|------|------|

55. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

| | Disciplinary steps taken/criminal proceedings | | |
|--------------------------|---|----------------|----------------|
| Interest charged - Eskom | None | 97 403 | 60 669 |
| Accidents | Under investigation | 12 115 | 46 153 |
| Accommodation | None | 20 400 | 8 000 |
| Interest ABSA | None | 365 818 | 17 010 |
| | | 495 736 | 131 832 |

56. Irregular expenditure

| | | |
|--|--------------------|--------------------|
| Opening balance as previously reported | 340 000 610 | 322 801 479 |
| Correction of prior period error | 33 092 647 | - |
| Opening balance as restated | 373 093 257 | 322 801 479 |
| Add: Irregular Expenditure - current | 10 477 761 | 17 199 131 |
| Closing balance | 383 571 018 | 340 000 610 |

Irregular expenditure is presented inclusive of VAT

Irregular expenditure presented above arise from non-compliance with SCM policies and laws and regulations. Non of the irregular expenditure has been written off, condoned or recovered.

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56. Irregular expenditure (continued)

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

| | Disciplinary steps taken/criminal proceedings | | |
|----------------------------|--|-------------------|-------------------|
| SCM processes not followed | The incidences have been reported to portfolio committee meetings and no disciplinary action or criminal proceedings have been taken yet | 7 016 977 | 15 816 735 |
| Contract expired | The incidences have been reported to portfolio committee meetings and no disciplinary action or criminal proceedings have been taken yet | 3 460 446 | 1 382 396 |
| | | 10 477 423 | 17 199 131 |

Cases under investigation

| | | |
|-----------|--------------------|--------------------|
| 2018/2019 | 13 512 054 | 13 512 054 |
| 2019/2020 | 94 511 149 | 94 511 149 |
| 2020/2021 | 31 225 876 | 31 225 876 |
| 2021/2022 | 14 827 861 | 14 827 861 |
| | 154 076 940 | 154 076 940 |

All reports have been submitted to MPAC for investigation. All irregular expenditure for 2023/2024 financial year have been submitted to Portfolio committee and council

57. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

| | | |
|---------------------------------|-----------|----------|
| Current year subscription / fee | 575 551 | 37 551 |
| Amount paid - current year | (575 551) | (37 551) |
| | - | - |

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|-----------------|------|------|
|-----------------|------|------|

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

Audit fees

| | | |
|---------------------------------|-----------------|-----------------|
| Opening balance | (19 140) | (19 140) |
| Current year subscription / fee | 4 941 520 | 5 205 057 |
| Amount paid - current year | (4 941 520) | (5 205 057) |
| | (19 140) | (19 140) |

PAYE and UIF

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 32 395 529 | 20 406 003 |
| Amount paid - current year | (32 395 529) | (20 406 003) |
| | - | - |

Pension and Medical Aid Deductions

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 44 249 722 | 17 927 741 |
| Amount paid - current year | (44 249 722) | (17 927 741) |
| | - | - |

VAT

| | | |
|----------------|-----------|------------|
| VAT receivable | 5 699 401 | 10 152 773 |
|----------------|-----------|------------|

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

| 30 June 2023 | Outstanding less than 90 days R | Outstanding more than 90 days R | Total R |
|------------------|--|--|------------|
| Cllr. Segosapelo | 1 612 | 5 904 | 7 516 |

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

Greater Taung Local Municipality

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|-----------------|------|------|
|-----------------|------|------|

58. 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.

The municipality incurred costs without following all requirements stipulated in the supply chain management policy. A detailed register of these costs together with supporting documentation can be accessed at the municipal premises on request. Deviations from supply chain where due to exceptional cases where in some instances it was payment of tuition fees and membership fees for employees and in other cases the payee is the only supplier of the goods and services. The following deviations occurred and were reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Deviations from supply chain

| | | |
|-------------------|----------------|----------------|
| Exceptional cases | 810 650 | 656 249 |
| Sole supplier | 169 324 | - |
| | 979 974 | 656 249 |

59. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of four major functional areas: community and public safety, economic and environmental services, municipal governance and finance and trading services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The municipality operates in the North West Province of South Africa. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout the municipality were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

| Reportable segment | Goods and/or services |
|-------------------------------------|---|
| Community and public safety | Community halls, parks, libraries, housing, recreational parks, sports grounds stadiums, licencing services, cemeteries and street cleaning. |
| Economic and environmental services | Roads, project management, town planning, building regulations and enforcement |
| Municipal governance and finance | Administrative and corporate support, asset management, municipal finance, fleet management, human resources, information technology, marketing mayour and council, municipal manager and property services |
| Trading services | Electricity, sewerage, solid waste disposal, solid waste removal, water distribution, water storage, and storm water management |

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59. Budget differences (continued)

Segment surplus or deficit, assets and liabilities

2024

| | Community and public safety | Economic and environmental services | Municipal governance and finance | Trading services | Total |
|--|-----------------------------------|---|--|---------------------|---------------------|
| Revenue | | | | | |
| Revenue from non-exchange transactions | 889 523 | 8 608 719 | 9 103 206 | 317 862 815 | 336 464 263 |
| Revenue from exchange transactions | 487 384 | 62 235 | 9 470 662 | 13 231 996 | 23 252 277 |
| Actuarial gains and losses | - | - | 1 898 000 | - | 1 898 000 |
| Fair value adjustments | - | - | 996 000 | - | 996 000 |
| Total segment revenue | 1 376 907 | 8 670 954 | 21 467 868 | 331 094 811 | 362 610 540 |
| Entity's revenue | | | | | 362 610 540 |
| Expenditure | | | | | |
| Bulk Purchases | - | - | - | 5 642 076 | 5 642 076 |
| Contracted services | 1 034 357 | 27 749 717 | 50 023 643 | 2 481 410 | 81 289 127 |
| Depreciation and amortisation | 7 535 199 | 15 168 719 | 8 293 694 | 8 610 675 | 39 608 287 |
| Employee related costs | 92 913 254 | 5 379 860 | 17 442 296 | 15 241 203 | 130 976 613 |
| Finance costs | - | 2 829 000 | 92 942 | - | 2 921 942 |
| Operating lease | - | - | 2 938 781 | - | 2 938 781 |
| General expenses | 2 121 508 | 259 475 | 87 100 247 | 6 496 108 | 95 977 338 |
| Remuneration of councillors | - | - | 22 818 411 | - | 22 818 411 |
| Transfers and subsidies | - | - | 285 400 | - | 285 400 |
| Water losses | - | - | - | (7 618) | (7 618) |
| Loss on disposal of assets and liabilities | 36 358 | 28 846 | 32 620 | 1 367 | 99 191 |
| Debt impairment | - | - | 9 974 724 | - | 9 974 724 |
| Total segment expenditure | 103 640 676 | 51 415 617 | 199 002 758 | 38 465 221 | 392 524 272 |
| Total segmental surplus/(deficit) | (102 263 769) | (42 744 663) | (177 534 890) | 292 629 590 | (29 913 732) |

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Figures in Rand

| | Community and public safety | Economic and environmental services | Municipal governance and finance | Trading services | Total |
|---|-----------------------------------|---|--|---------------------|---------------------|
| 59. Budget differences (continued) | | | | | |
| Assets | | | | | |
| Current assets | (605 245 620) | 576 504 | 647 365 251 | (8 996 525) | 33 699 610 |
| Non current assets | 201 823 007 | (157 200 237) | 775 235 815 | (16 598 892) | 803 259 693 |
| Total segment assets | (403 422 613) | (156 623 733) | 1 422 601 066 | (25 595 417) | 836 959 303 |
| Total assets as per Statement of financial Position | | | | | 836 959 303 |
| Liabilities | | | | | |
| Current liabilities | (143 801 751) | 228 443 032 | (135 640 768) | 5 082 270 | (45 917 217) |
| Non-current liabilities | - | - | (31 214 256) | (16 258 006) | (47 472 262) |
| Total segment liabilities | (143 801 751) | 228 443 032 | (166 855 024) | (11 175 736) | (93 389 479) |
| Total liabilities as per Statement of financial Position | | | | | (93 389 479) |
| 2023 | | | | | |
| Revenue | | | | | |
| Revenue from non-exchange transactions | 978 729 | 7 151 362 | 1 338 910 | 309 713 069 | 319 182 070 |
| Revenue from exchange transactions | 515 102 | 41 904 | 9 432 255 | 14 841 003 | 24 830 264 |
| Fair value adjustments | - | - | 112 000 | - | 112 000 |
| Actuarial gains and losses | - | - | 2 987 000 | - | 2 987 000 |
| Total segment revenue | 1 493 831 | 7 193 266 | 13 870 165 | 324 554 072 | 347 111 334 |
| Entity's revenue | | | | | 347 111 334 |

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59. Budget differences (continued)

Expenditure

| | | | | | |
|--|---------------------|---------------------|----------------------|--------------------|---------------------|
| Bulk purchases | - | - | - | 4 668 831 | 4 668 831 |
| Contracted services | 2 755 686 | 1 593 981 | 45 250 168 | 30 001 718 | 79 601 553 |
| Depreciation and amortisation | 7 614 809 | 16 151 536 | 12 641 239 | 8 433 827 | 44 841 411 |
| Employee related costs | 83 902 494 | 6 755 338 | 17 489 808 | 19 185 524 | 127 333 164 |
| Finance costs | - | 538 000 | 171 177 | 2 110 000 | 2 819 177 |
| General expenses | 1 533 996 | 555 166 | 78 961 368 | 6 915 124 | 87 965 654 |
| Remuneration of councillors | - | - | 20 507 691 | - | 20 507 691 |
| Transfers and subsidies | - | - | 330 000 | - | 330 000 |
| Impairments | - | - | 11 761 422 | - | 11 761 422 |
| Lease rentals | - | - | 2 631 717 | - | 2 631 717 |
| Loss on disposals | - | 68 648 | 46 359 | 13 848 | 128 855 |
| Water losses | - | - | - | 19 540 | 19 540 |
| Total segment expenditure | 95 806 985 | 25 662 669 | 189 790 949 | 71 348 412 | 382 609 015 |
| Total segmental surplus/(deficit) | (94 313 154) | (18 469 403) | (175 920 784) | 253 205 660 | (35 497 681) |

Assets

| | | | | | |
|--|----------------------|----------------------|----------------------|------------------|--------------------|
| Current assets | (548 767 030) | 203 579 | 572 795 037 | 40 676 016 | 64 907 602 |
| Non-current assets | 208 129 644 | (152 671 841) | 766 795 582 | (31 664 903) | 790 588 482 |
| Total segment assets | (340 637 386) | (152 468 262) | 1 339 590 619 | 9 011 113 | 855 496 084 |
| Total assets as per Statement of financial Position | | | | | 855 496 084 |

Liabilities

| | | | | | |
|---|----------------------|--------------------|----------------------|--------------------|---------------------|
| Current liabilities | (173 966 486) | 247 244 334 | (114 370 222) | (2 106 937) | (43 199 311) |
| Non-current liabilities | - | - | (38 794 006) | - | (38 794 006) |
| Total segment liabilities | (173 966 486) | 247 244 334 | (153 164 228) | (2 106 937) | (81 993 317) |
| Total liabilities as per Statement of financial Position | | | | | (81 993 317) |

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

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|-----------------|------|------|

60. Budget differences

Material differences between budget and actual amounts

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|-----------------|------|------|

60. Budget differences (continued)

Service charges

The major difference with service charges is an overbudget on electricity, other services actual revenue was in line with budgeted revenue. The municipality anticipated higher increases to be approved by NERSA and a higher number of new connections and higher usage which didn't materialise on actual results. Electricity is overbudgeted by approximately R2,5 million.

Investment income.

The budgeted interest was higher than the actual interest by approximately R3,7 million. When the budget was being prepared, the municipality had investments of approximately R82 million that were reinvested. Due to the need to fund operations some investments were withdrawn before their term and potential interest lost resulting in the difference between budget and actual.

Property rates and interest on non-exchange revenue

The municipality anticipated that there would be more properties added onto the supplementary valuation roll for the year and anticipated higher property rates and interest thereof. The supplementary roll when implemented did not have major additions to property values and this led to budgeted rates being higher than actual rates with approximately R15 million.

Grants and subsidies

The difference between budget and actual where budget is more than actual by approximately R3 million is that Treasury initially allocated R53 million for MIG in the DORA, the amount was later reduced by R3 million, the municipality did not adjust the budget with this reduction.

Remuneration of personnel and councillors

The actual amount is lower than the budgeted amount by approximately R3,6 million. This is so because a number of Sec57 posts and other posts still remain vacant leading to the underspending.

Bulk purchases

The overbudgeting of approximately R3,4 million on bulk electricity is in line with the over budget for electricity sales under service charges.

Contracted services

There is overspending on contracted services of approximately R9 million. This is driven mainly by expenditure on maintenance of municipal assets. The repair and maintenance is largely beyond municipal control as service delivery depends on maintaining municipal fleet as and when the need arises.

Depreciation; gains & losses on asset valuations

Budgeting on these expenditure is inherently difficult to accurately predict. The actual amounts are based mostly on the work of outside professional service providers and data only available after the budget period is over.

Receivables from non-exchange revenue

These are property rates and the difference arises from the actual valuation roll in use versus the anticipated valuation roll used when budgeting.

VAT

The differences between actual and budgeted amounts arise of legacy reasons, where in the past VAT balances have not been stated correctly, the municipality engaged VAT experts to resolve the VAT legacy issues.

Cash and cash equivalents

The difference between actual and budget was largely due to early withdrawal of investments

Property plant and equipment

The difference in PPE in percentage terms is considered immaterial based on the magnitude of the account balance. The final asset register is compiled by service providers and reflects condition of PPE at reporting date, which condition may not be apparent during budgeting process.

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61. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Details of the arrangement(s) are as follows:

The municipality is party (as an agent) to an agreement between the itself and the Department of roads and transport where it collects revenue from licensing and permitting on behalf of the department. The municipality is entitled to 20% of the revenue collected.

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

No resources of the principal has been put under the custodianship of the agent.

Revenue recognised

The municipality recognised revenue of R104 889 (2023: 185 229) for its services rendered as an agent of the Department road transport.

Amounts Receivable

As at year end the principal owed the agent R243 903 (2023: R0)

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

There are no cost implications to the municipality as an agent should the principal terminate the arrangement.