City of Matlosana
Annual Financial Statements
for the year ended 30 June 2024

General Information

Nature of business and principal activities	To provide democratic and accountable government to the local communities, To ensure sustainable service delivery to communities, To promote social and economic development, To promote a safe and healthy environment and To encourage the involvement of communities and community organisations in the matters of local government. The entity's operations are governed by the Local Government: Municipal Structures Act 117 of 1998, the Local Government: Municipal Systems Act 32 of 2000, the Local Government: Municipal Finance Management Act 56 of 2003, and various other acts and regulations. The City of Matlosana is a Grade 5 rated municipality.
Mayoral committee	
Executive Mayor	F.C Mahlophe
Speaker	S.L. Mondlane
Councillors	K. Ndincede (Chief Whip)
	M.L Kodisang
	K.E Mabebe
	J.M Mosupa
	F.C Mahlophe
	M.L Mahumapelo
	A.M Ramphele
	N.M Maseko
	S.O.C Barrends
Chief Financial Officer (CFO)	T.O. Sekgala (Acting)
Accounting Officer	B.B. Choche (Acting)
Registered office	Bram Fischer Street Klerksdorp 2571
Business address	Bram Fischer Street Klerksdorp 2570
Postal address	P.O. Box 99 Klerksdorp 2570
Bankers	ABSA Bank Limited Investec Bank Limited First National Bank Nedbank Limited
Auditors	Auditor General of South Africa

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

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MIG	Municipal Infrastructure Grant (Previously CMIP)
ME	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
EPWP	Expanded Public Works Programme

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the on 31 August 2024 and were signed on its behalf by:

B.B. Choche
Acting Accounting Officer

Statement of financial position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	7	57 911 715	52 414 101
Receivables from exchange transactions	8	10 598 685	8 880 188
VAT receivable	10	430 430 902	305 541 996
Consumer debtors	11	514 773 340	450 734 124
Cash and cash equivalents	12	169 209 692	92 678 877
		1 182 924 334	**910 249 286**
Non-Current Assets			
Investment property	2	344 974 776	345 682 384
Property, plant and equipment	3	4 984 022 394	5 102 328 240
Intangible assets	4	-	1 297 383
Heritage assets	5	9 942 744	9 967 364
Other financial assets	6	13 070 921	12 094 383
Eskom Deposit		41 444 911	40 403 414
Nature reserve wildstock		1 763 150	1 597 200
		5 395 218 896	**5 513 370 368**
Total Assets		**6 578 143 230**	**6 423 619 654**
Liabilities			
Current Liabilities			
Other financial liabilities	13	12 714 144	11 415 109
Eskom Debt Relief Liability	20	848 065 047	323 488 309
Deferred gain on Eskom Debt Relief		216 750 766	108 375 383
Payables from exchange transactions	14	3 036 394 951	2 044 447 905
Consumer deposits	15	49 873 847	46 501 593
Employee benefit obligation	17	26 265 000	21 397 000
Unspent conditional grants and receipts	16	29 532 661	56 274 736
		4 219 596 416	**2 611 900 035**
Non-Current Liabilities			
Other financial liabilities	13	1 432 905	14 538 487
Eskom Debt Relief Liability	20	420 428 401	789 216 471
Deferred gain on Eskom Debt Relief		108 375 384	216 750 767
Employee benefit obligation	17	325 910 000	305 833 468
Provisions	18	163 293 915	149 760 416
		1 019 440 605	**1 476 099 609**
Total Liabilities		**5 239 037 021**	**4 087 999 644**
Net Assets		**1 339 106 209**	**2 335 620 010**
Accumulated surplus		1 339 106 209	2 335 620 010
Total Net Assets		**1 339 106 209**	**2 335 620 010**

* See Note 53 & 54

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Market dues		22 122 185	19 959 610
Service charges	21	2 032 912 713	1 905 316 850
Rental of facilities and equipment		4 322 298	4 135 017
Licences and permits		7 551 435	7 218 936
Commissions received	39	13 464 779	13 830 750
New Connection Fees		495 151	701 040
Reconnection Fees		39 613 587	43 478 419
Rental income		3 765 776	4 494 325
Insurance Fees		2 325 938	4 948 236
Other income		17 929 470	18 288 278
Interest received - investment	22	617 784 274	566 058 651
Total revenue from exchange transactions		**2 762 287 606**	**2 588 430 112**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	507 433 747	456 396 936
Interest from Property Rates		52 760 735	50 406 437
Donations	26	6 872 422	98 146 072
Transfer revenue			
Government grants & subsidies	24	795 108 073	666 956 617
Fines, Penalties and Forfeits		21 752 008	8 868 764
Total revenue from non-exchange transactions		**1 383 926 985**	**1 280 774 826**
Total revenue	25	**4 146 214 591**	**3 869 204 938**
Expenditure			
Employee related costs	27	(774 035 837)	(715 925 854)
Remuneration of councillors	28	(39 039 461)	(37 016 072)
Depreciation and amortisation	29	(327 401 728)	(364 508 794)
Finance costs	31	(276 183 495)	(249 906 775)
Rental and lease expenditure		(108 739 553)	(116 596 183)
Debt Impairment	32	(1 458 946 971)	(1 386 491 357)
Bulk purchases	33	(1 577 185 700)	(1 304 265 142)
Contracted services	34	(115 962 232)	(106 244 472)
Repairs and maintenance	35	(132 133 064)	(180 727 784)
General expenses	36	(258 790 238)	(289 657 954)
Total expenditure		**(5 068 418 279)**	**(4 751 340 387)**
Operating deficit		**(922 203 688)**	**(882 135 449)**
Loss on disposal of assets and liabilities		(11 321 901)	(27 110 728)
Finance cost on Employee Benefits		(38 604 000)	(39 017 000)
Actuarial gains/losses	17	3 882 000	49 234 000
Gain/(Loss) on biological assets		165 950	(434 499)
PPE Impairment loss	30	(20 573 695)	(3 649 828)
Inventories (losses)/gains		(4 594 070)	933 702
Revenue loss from market	37	(3 264 398)	(3 314 944)
		(74 310 114)	**(23 359 297)**
Deficit for the year		**(996 513 802)**	**(905 494 746)**

* See Note 53 & 54

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	3 238 421 666	3 238 421 666
Adjustments		
Correction of errors 54	2 693 090	2 693 090
Balance at 01 July 2022 as restated*	**3 241 114 756**	**3 241 114 756**
Changes in net assets		
Surplus for the year	(905 494 746)	(905 494 746)
Total changes	(905 494 746)	(905 494 746)
Restated* Balance at 01 July 2023	**2 335 620 011**	**2 335 620 011**
Changes in net assets		
Surplus for the year	(996 513 802)	(996 513 802)
Total changes	(996 513 802)	(996 513 802)
Balance at 30 June 2024	**1 339 106 209**	**1 339 106 209**

* See Note 53 & 54

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Receipts from customers		1 763 384 683	1 656 247 722
Grants		768 365 998	698 094 002
Interest income		143 980 578	139 887 887
Other receipts		232 311 357	113 988 109
		2 908 042 616	2 608 217 720
Payments			
Employee costs		(829 139 182)	(769 558 630)
Suppliers		(1 542 348 349)	(1 483 149 013)
Finance costs		(218 914 919)	(240 191 215)
VAT received		7 328 305	135 889
		(2 583 074 145)	(2 492 762 969)
Net cash flows from operating activities	38	**324 968 471**	**115 454 751**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(238 940 287)	(190 694 949)
Proceeds from sale of property, plant and equipment	3	-	5 500
Purchase of heritage assets	5	(21 580)	-
Eskom deposits		(1 041 497)	(869 586)
Net cash flows from investing activities		**(240 003 364)**	**(191 559 035)**
Cash flows from financing activities			
Movement of other financial liabilities		1 299 035	(11 021 662)
Movement in consumer deposits		3 372 254	4 726 696
Movement in HDA		(13 105 582)	(38 505 544)
Net cash flows from financing activities		**(8 434 293)**	**(44 800 510)**
Net increase/(decrease) in cash and cash equivalents		**76 530 814**	**(120 904 794)**
Cash and cash equivalents at the beginning of the year		92 678 877	213 583 670
Cash and cash equivalents at the end of the year	12	**169 209 691**	**92 678 876**

* See Note 53 & 54

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	19 863 792	1 136 208	**21 000 000**	22 122 185	**1 122 185**	
Service charges	2 253 372 606	(197 386 208)	**2 055 986 398**	2 032 912 713	**(23 073 685)**	Note 1
Rental of facilities and equipment	4 496 145	(87 950)	**4 408 195**	4 322 298	**(85 897)**	
Licences and permits	8 700 000	(1 500 000)	**7 200 000**	7 551 435	**351 435**	
Commissions received	17 605 267	(1 605 267)	**16 000 000**	13 464 779	**(2 535 221)**	
Connections Disconnections	81 293 079	1 776 906	**83 069 985**	39 613 587	**(43 456 398)**	Note 2
Rental income	4 792 193	(84 327)	**4 707 866**	3 765 776	**(942 090)**	
Discount received	1 300 000	-	**1 300 000**	2 325 938	**1 025 938**	
Recoveries	(11 199)	(3 326 857)	**(3 338 056)**	-	**3 338 056**	
Other income	48 062 234	(25 558 702)	**22 503 532**	17 929 470	**(4 574 062)**	Note 3
New connection Fees	882 164	-	**882 164**	495 151	**(387 013)**	
Interest received	537 941 472	(49 999 554)	**487 941 918**	617 784 274	**129 842 356**	Note 4
Total revenue from exchange transactions	**2 978 297 753**	**(276 635 751)**	**2 701 662 002**	**2 762 287 606**	**60 625 604**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	561 076 166	(15 071 699)	**546 004 467**	507 433 747	**(38 570 720)**	Note 5
Interest on property rates	54 756 000	-	**54 756 000**	52 760 735	**(1 995 265)**	
Donation from Dept of Human Settlements	33 201	-	**33 201**	6 872 422	**6 839 221**	
Transfer revenue						
Government grants & subsidies	808 390 000	(25 375 000)	**783 015 000**	795 108 073	**12 093 073**	Note 6
Fines, Penalties and Forfeits	3 459 155	278 930	**3 738 085**	21 752 008	**18 013 923**	
Total revenue from non-exchange transactions	**1 427 714 522**	**(40 167 769)**	**1 387 546 753**	**1 383 926 985**	**(3 619 768)**	
Total revenue	**4 406 012 275**	**(316 803 520)**	**4 089 208 755**	**4 146 214 591**	**57 005 836**	
Expenditure						
Personnel	(776 794 751)	(76 771 321)	**(853 566 072)**	(774 035 837)	**79 530 235**	Note 7
Remuneration of councillors	(41 586 467)	(1 910 826)	**(43 497 293)**	(39 039 461)	**4 457 832**	
Depreciation and amortisation	(440 000 000)	20 000 000	**(420 000 000)**	(327 401 728)	**92 598 272**	Note 8
Finance costs	(10 710 640)	3 000	**(10 707 640)**	(276 183 495)	**(265 475 855)**	Note 9
Lease rentals on operating lease	(51 522 765)	(6 495 798)	**(58 018 563)**	(108 739 553)	**(50 720 990)**	Note 10
Debt Impairment	(424 042 062)	(419 976 723)	**(844 018 785)**	(1 458 946 971)	**(614 928 186)**	Note 11
Bulk purchases	(1 441 815 940)	-	**(1 441 815 940)**	(1 577 185 700)	**(135 369 760)**	Note 12
Contracted Services	(182 014 751)	20 460 165	**(161 554 586)**	(115 962 232)	**45 592 354**	Note 13
Repairs and maintenance	(362 012 592)	30 985 709	**(331 026 883)**	(132 133 064)	**198 893 819**	Note 14
General Expenses	(401 888 682)	37 604 312	**(364 284 370)**	(258 790 238)	**105 494 132**	Note 15
Total expenditure	**(4 132 388 650)**	**(396 101 482)**	**(4 528 490 132)**	**(5 068 418 279)**	**(539 928 147)**	
Operating deficit	**273 623 625**	**(712 905 002)**	**(439 281 377)**	**(922 203 688)**	**(482 922 311)**	
Loss on disposal of assets and liabilities	-	-	**-**	(11 321 901)	**(11 321 901)**	Note 16

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Impairment loss/ Reversal of impairments	-	-	**-**	(3 650 921)	**(3 650 921)**	
Fair value adjustments	-	-	**-**	(38 604 000)	**(38 604 000)**	Note 16
Actuarial gains/losses	(155 306 516)	(63 095 271)	**(218 401 787)**	3 882 000	**222 283 787**	Note 16
Gain on biological assets and agricultural produce	-	-	**-**	165 950	**165 950**	Note 16
Inventories losses/write-downs	-	-	**-**	(4 594 070)	**(4 594 070)**	Note 16
Loss from transfer of functions between entities not under common control	-	-	**-**	(3 264 398)	**(3 264 398)**	Note 16
	(155 306 516)	**(63 095 271)**	**(218 401 787)**	**(57 387 340)**	**161 014 447**	
Deficit before taxation	**118 317 109**	**(776 000 273)**	**(657 683 164)**	**(979 591 028)**	**(321 907 864)**	
Capital expenditure	231 469 401	(19 087 854)	**212 381 547**	110 167 732	**(102 213 815)**	
Actual amount on comparable basis as presented in the budget and actual comparative statement	**(113 152 292)**	**(756 912 419)**	**(870 064 711)**	**(1 089 758 760)**	**(219 694 049)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

Note 1 - The loadshedding and distribution losses resulted in less revenue being realised than was originally budgeted for.

Note 2 - The service provider who was appointed to do the connections and reconnections was not active throughout the full 12 months due contract issues and hence the actual revenue was less than originally budgeted.

Note 3 - There was a surge in property sales in the current year and this was not originally anticipated and hence the higher than budgeted revenue from other income.

Note 4 - Due to the growing debtors book due to non-payments from consumers, the interest charged on overdue amounts continued to rise in the current year.

Note 5 - The anticipated growth in property rates did not materialise and only a marginal growth from the prior year was actually realised.

Note 6 - There was significant under-spend on the capital grants than was originally anticipated.

Note 7 - There was more vacancies in the current year than were originally anticipated, especially at senior management level.

Note 8 - The WIP is included in the budget. The variance is due to projects that are not yet finalised. Impairment and write-offs also reduced the depreciation amount

Note 9 - As a result of the interest levied by Eskom and Midvaal on the overdue accounts, the municipality has more than anticipated finance costs.

Note 10 - The muncipality needed to hire more equipment than was originally budgeted in order to facilitate service delivery.

Note 11 - Due to the non payment by consumers the municipality has had to impair more of the debt and this is putting starin on the muncipalitiy's liquidity.

Note 12 - There was less incurred on electricity due to the on-going loadshedding crisis and there might have been more budgeted that was actually neccessary.

Note 13 - There was better management of the contracted services in the current year and this led to savings in the expenditure than was budgted for.

Note 14 - The understanding is due to cash flow constraints.

Note 15 - There were cashflow constraints that did not allow the municipality to spend the originally budgeted amounts

Note 16 - The municipality does not budget for gains and losses as they are not part of normal operations.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	37 026 362	-	**37 026 362**	57 911 715	**20 885 353**	Note 1
Receivables from exchange transactions	(46 175 684)	604 304 266	**558 128 582**	525 372 025	**(32 756 557)**	Note 2
VAT receivable	195 040 276	-	**195 040 276**	430 430 902	**235 390 626**	Note 3
Cash and cash equivalents	197 691 728	325 201 580	**522 893 308**	169 209 692	**(353 683 616)**	Note 4
	383 582 682	**929 505 846**	**1 313 088 528**	**1 182 924 334**	**(130 164 194)**	
Non-Current Assets						
Investment property	257 100 275	-	**257 100 275**	344 974 776	**87 874 501**	Note 5
Property, plant and equipment	3 851 286 409	(19 087 854)	**3 832 198 555**	4 984 022 394	**1 151 823 839**	Note 6
Heritage assets	9 941 212	-	**9 941 212**	9 942 744	**1 532**	
Other financial assets	1 330 138	-	**1 330 138**	13 070 921	**11 740 783**	Note 7
Eskom Deposit	-	-	**-**	41 444 911	**41 444 911**	Note 8
Nature reserve wildstock	-	-	**-**	1 763 150	**1 763 150**	
	4 119 658 034	**(19 087 854)**	**4 100 570 180**	**5 395 218 896**	**1 294 648 716**	
Total Assets	**4 503 240 716**	**910 417 992**	**5 413 658 708**	**6 578 143 230**	**1 164 484 522**	
Liabilities						
Current Liabilities						
Other financial liabilities	(2 800 000)	-	**(2 800 000)**	12 714 144	**15 514 144**	Note 9
Eskom Debt Relief Liability	-	-	**-**	848 065 047	**848 065 047**	Note 10
Payables from exchange transactions	(436 613 151)	1 807 676 518	**1 371 063 367**	3 036 394 951	**1 665 331 584**	Note 11
Consumer deposits	97 429 637	-	**97 429 637**	49 873 847	**(47 555 790)**	Note 12
Employee benefit obligation	373 353 261	(140 246 111)	**233 107 150**	26 265 000	**(206 842 150)**	Note 13
Unspent conditional grants and receipts	-	-	**-**	29 532 661	**29 532 661**	Note 14
Deferred gain on Eskom Debt Relief	-	-	**-**	216 750 766	**216 750 766**	Note 10
	31 369 747	**1 667 430 407**	**1 698 800 154**	**4 219 596 416**	**2 520 796 262**	
Non-Current Liabilities						
Other financial liabilities	81 274 059	-	**81 274 059**	1 432 905	**(79 841 154)**	Note 14
Eskom Debt Relief Liability	-	-	**-**	420 428 401	**420 428 401**	Note 10
Employee benefit obligation	-	-	**-**	325 910 000	**325 910 000**	Note 13
Provisions	-	-	**-**	163 293 915	**163 293 915**	Note 15
Deferred gain on Eskom Debt Relief	-	-	**-**	108 375 384	**108 375 384**	Note 10
	81 274 059	**-**	**81 274 059**	**1 019 440 605**	**938 166 546**	
Total Liabilities	**112 643 806**	**1 667 430 407**	**1 780 074 213**	**5 239 037 021**	**3 458 962 808**	
Net Assets	**4 390 596 910**	**(757 012 415)**	**3 633 584 495**	**1 339 106 209**	**(2 294 478 286)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	4 390 596 910	(757 012 415)	**3 633 584 495**	1 339 106 209	**(2 294 478 286)**	

Note 1 - More stock held at year end for operational needs.

Note 2 - Consumer debtors balances are related to billing and payments made

Note 3 - The receivables are related to the higher payable and thus unclaimed VAT. The municipality is registered on the payment basis for VAT

Note 4 - The available cash balances at year end is dependant on the progress on projects funded by conditional grants as well as payments to suppliers.

Note 5 - The next approved budget will be corrected to align it with the investment property register.

Note 6 - The next approved budget will be corrected to align it with the PPE register.

Note 7 - The next approved budget will be corrected to align it with the investment register.

Note 8 - The budget for the ESKOM deposit will be included in the next approved budget.

Note 9 - The budget will aligned with the actual liability register.

Note 10 - The Eskom debt relief program was entered into after the budget process was concluded. National Treasury guidance on the accounting thereof was received at a later stage.

Note 11 - Payables increased more than anticipated in the original budget. There are also a misalignment in the budget that will be corrected.

Note 12 - The budget will aligned with the actual deposit register.

Note 13 - There was a misalignment between the current and non-current portions in the approved budget.

Note 14 - The budget will aligned with the actual liiability register.

Note 15 - The provision for the landfill site rehabilitation will be correctly budgeted for in the next approved budget.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Receipts from customers	2 317 428 475	(771 847 108)	**1 545 581 367**	1 763 384 683	**217 803 316**	
Grants	808 390 001	-	**808 390 001**	768 365 998	**(40 024 003)**	
Interest income	9 760 918	-	**9 760 918**	143 980 578	**134 219 660**	
Other receipts	107 953 910	-	**107 953 910**	232 311 357	**124 357 447**	
	3 243 533 304	**(771 847 108)**	**2 471 686 196**	**2 908 042 616**	**436 356 420**	
Payments						
Employee costs	(827 407 939)	12 935 936	**(814 472 003)**	(829 139 182)	**(14 667 179)**	
Suppliers	(2 197 664 236)	(25 252 467)	**(2 222 916 703)**	(1 542 348 349)	**680 568 354**	
Finance costs	-	-	**-**	(218 914 919)	**(218 914 919)**	
VAT received	-	-	**-**	7 328 305	**7 328 305**	
	(3 025 072 175)	**(12 316 531)**	**(3 037 388 706)**	**(2 583 074 145)**	**454 314 561**	
Net cash flows from operating activities	**218 461 129**	**(784 163 639)**	**(565 702 510)**	**324 968 471**	**890 670 981**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(231 469 401)	-	**(231 469 401)**	(238 940 287)	**(7 470 886)**	
Purchases of heritage assets	-	-	**-**	(21 580)	**(21 580)**	
Eskom deposits	-	-	**-**	(1 041 497)	**(1 041 497)**	
Net cash flows from investing activities	**(231 469 401)**	**-**	**(231 469 401)**	**(240 003 364)**	**(8 533 963)**	
Cash flows from financing activities						
Movement in consumer deposits	2 500 000	-	**2 500 000**	3 372 254	**872 254**	
Movement of other financial liabilities	(4 800 000)	-	**(4 800 000)**	1 299 035	**6 099 035**	
Movement in HDA	-	-	**-**	(13 105 582)	**(13 105 582)**	
Net cash flows from financing activities	**(2 300 000)**	**-**	**(2 300 000)**	**(8 434 293)**	**(6 134 293)**	
Net increase/(decrease) in cash and cash equivalents	(15 308 272)	(784 163 639)	**(799 471 911)**	76 530 814	**876 002 725**	
Cash and cash equivalents at the beginning of the year	213 000 000	92 678 876	**305 678 876**	92 678 877	**(212 999 999)**	
Cash and cash equivalents at the end of the year	**197 691 728**	**(691 484 763)**	**(493 793 035)**	**169 209 691**	**663 002 726**	

The variances as depicted above were due to higher cash inflows than what was budgeted for.

Accounting Policies

1. Significant account policies

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

1.1 Presentation of Annual Financial Statements

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 judgements 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. When any significant judgements and sources of estimation uncertainty are applicable, they have been disclosed in the relevant policy.

In the application of the municipality's accounting policies, which are described above, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered to reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. The municipality categorises cash and cash equivalents as financial assets: loans and receivables. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Allowance for slow moving, damaged and obsolete stock

Management makes an estimate of the selling price and direct cost to sell to determine the net realisable value of inventory items. Allowance for obsolete stock is recognised when stock is slow moving and/or will not be used. The difference between the cost of inventory and the net realisable value is recognised in the statement of financial performance.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Allowance for slow moving, damaged and obsolete stock

Management makes an estimate of the selling price and direct cost to sell to determine the net realisable value of inventory items. Allowance for obsolete stock is recognised when stock is slow moving and/or will not be used. The difference between the cost of inventory and the net realisable value is recognised in the statement of financial performance.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Useful lives 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.

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.

Useful lives and residual values

The entity's management determines the estimated useful lives and related depreciation charges for assets as noted in accounting policies 1.5 and 1.6.
This estimate is based on industry norm.

Management will increase the depreciation charge prospectively where useful lives are less than previously estimated useful lives.
Management will decrease the depreciation charge prospectively where useful lives are more than previously estimated useful lives.
Where changes are made to the estimated residual lives, management also makes these changes prospectively.

Trade receivables, loans and other receivables

The entity assesses its trade receivables, loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.
Where the impairment for trade receivables, loans and other receivables is calculated on a portfolio basis, these are based on historical loss ratios. These annual loss ratios are applied to the balances in the portfolio. The impairment is measured as the difference between the
receivables' carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate, computed at initial recognition. The impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Employee benefit obligations

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 entity 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.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price. Where there is no active market, fair value is determined using valuation techniques. Such valuation techniques include using recent arm's length market transactions, reference to current market values of other similar instruments, discounted cash flow analysis and option pricing models.

1.5 Wild stock

The entity recognises wild stock when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Wild stock are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of wild stock or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of wild stock is included in surplus or deficit for the period in which it arises.

1.6 Investment property

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

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

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

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the 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.

1.6 Investment property (continued)

Cost model

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

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

Item	**Useful life**
Property - land	indefinite

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

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

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

1.7 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.

1.7 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 are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Buildings and community facilities	Straight-line	5 to 80 years
Furniture and fixtures	Straight-line	4 to 15 years
Motor vehicles	Straight-line	4 to 20 years
Office equipment	Straight-line	4 to 10 years
Emergency equipment	Straight-line	4 to 20 years
Library books	Straight-line	5 to 10 years
Infrastructure	Straight-line	5 to 80 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 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.

1.8 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.

1.8 Intangible assets (continued)

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.

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.

Intangible assets have an indefinite useful life.

The factors that was taken into account to determine that the Intangible assets have a indefinite useful life was:
(a) The asset could be efficiently managed by another management team
(b) There are not a lot of competitors or potential competitors that would be able through their action to effect the lifespan of the intangible assets
(c) There is very little if any maintenance expenditure associated with the intangible assets to keep deriving service potential from the intangible assets
(d) The useful life of the assets is not dependant on the useful life of other assets of the municipality.

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

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

Heritage assets are shown at cost and are not depreciated owing to uncertainty regarding to their estimated useful lives.

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

1.9 Heritage assets (continued)

Subsequent measurement

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

Impairment

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

Derecognition

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

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

1.10 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets measured at fair value.
- Financial assets measured at amortised cost.
- Loans and receivables.
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/ incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  -has transferred substantially all the risks and rewards of the asset, or
  -has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality’s continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

1.11 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.

1.11 Statutory receivables (continued)

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.

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.

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

1.12 VAT

The City of Matlosana accounts for value-added tax (VAT) on the payment basis.

1.13 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - 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.

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.

1.14 Inventories

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

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

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

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

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

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

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

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

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

1.14 Inventories (continued)

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

Water Inventory

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

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

1.15 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by .

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.16 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).

1.16 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

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

1.17 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.

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.

Accounting Policies

1.18 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The Entity provides long-service leave to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The entity provides post-retirement health care benefit to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

1.19 Provisions and contingencies

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

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

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

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

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 50.

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.

1.19 Provisions and contingencies (continued)

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;
- 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.

1.20 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.

1.21 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.

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.

1.21 Revenue from exchange transactions (continued)

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 services performed to date as a percentage of total services to be 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.

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

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

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

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

1.22 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

(a) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
(b) The amount of the revenue can be measured reliably; and
(c) There has been compliance with the relevant legal requirements
.
Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

(a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
(b) the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Levies

Levies are recognised as revenue when:

(a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
(b) the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

(a) the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
(b) internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
(c) historical information on declarations previously submitted by defaulting levy payers; and
(d) the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue..

1.22 Revenue from non-exchange transactions (continued)

Government grants

Government grants are recognised as revenue when:

(a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
(b) the amount of the revenue can be measured reliably, and
(c) to the extent that there has been compliance with any restrictions associated with the grant.

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

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

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

Other grants and donations

Other grants and donations are recognised as revenue when:

(a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
(b) the amount of the revenue can be measured reliably; and
(c) to the extent that there has been compliance with any restrictions associated with the grant.

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

1.23 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.24 Investment income

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

1.25 Borrowing costs

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

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

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

1.26 Comparative figures

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

Accounting Policies

1.27 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred otherwise than in accordance with section 15 or 11(3) of the MFMA and includes:

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

1.28 Fruitless and wasteful expenditure

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

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

1.29 Irregular expenditure

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

1.30 Gratuities

The municipality provides gratuities for qualifying staff members in terms of the relevant conditions of employment. The expenditure is recognised in the statement of financial performance when the gratuity is paid.

1.31 Segment information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board:

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.32 Consumer Deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.33 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.

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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.

The municipality deems variances that are above R5 000 000 as material variances that require explanations

Accounting Policies

1.34 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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.

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.

1.35 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.

1.36 Comparative information

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified.

1.37 New standards and interpretations

Application of all of the GRAP standards listed below will be effective from a date to be announced by the Minister of Finance.

Management has considered all the of the listed GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

(a) GRAP 18 Segment Reporting.
(b) GRAP 1 (amended): Presentation of Financial Statements 01 April 2020
(c) GRAP 34: Separate Financial Statements 01 April 2020
(d) IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue 01 April 2020
(e) IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue 01 April 2020
(f) Directive 7 (revised): The Application of Deemed Cost 01 A

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

2. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	439 540 089	(94 565 313)	344 974 776	440 247 697	(94 565 313)	345 682 384

Reconciliation of investment property - 2024

	Opening balance	Disposals	Total
Investment property	345 682 384	(707 608)	344 974 776

Reconciliation of investment property - 2023

	Opening balance	Disposals	Depreciation	Total
Investment property	349 895 390	(938 908)	(3 274 098)	345 682 384

Pledged as security

No assets have been pledged as security.

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.

3. 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	106 374 759	-	106 374 759	106 558 756	-	106 558 756
Community	1 150 122 051	(739 361 182)	410 760 869	1 149 210 423	(736 660 958)	412 549 465
Infrastructure	12 116 609 619	(7 894 701 267)	4 221 908 352	12 006 465 852	(7 668 594 088)	4 337 871 764
Buildings	472 121 065	(338 578 806)	133 542 259	477 236 008	(321 951 619)	155 284 389
Other property, plant and equipment	235 210 210	(123 774 055)	111 436 155	210 939 310	(120 875 444)	90 063 866
Total	**14 080 437 704**	**(9 096 415 310)**	**4 984 022 394**	**13 950 410 349**	**(8 848 082 109)**	**5 102 328 240**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	106 558 756	-	(183 997)	-	-	106 374 759
Community	412 549 465	30 244 381	(95 979)	(30 790 626)	(1 146 372)	410 760 869
Infrastructure	4 337 871 764	178 983 341	(7 968 826)	(269 224 641)	(17 753 286)	4 221 908 352
Buildings	155 284 389	199 706	(21 886)	(20 541 325)	(1 378 625)	133 542 259
Other property, plant and equipment	90 063 866	28 881 885	(993 921)	(6 251 064)	(264 611)	111 436 155
	5 102 328 240	**238 309 313**	**(9 264 609)**	**(326 807 656)**	**(20 542 894)**	**4 984 022 394**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	106 616 800	-	(58 044)	-	-	106 558 756
Community	442 239 302	22 000 890	(206 520)	(50 223 486)	(1 260 721)	412 549 465
Infrastructure	4 414 070 021	238 003 067	(30 207 788)	(281 930 951)	(2 062 585)	4 337 871 764
Buildings	176 972 664	1 594 166	-	(23 056 912)	(225 529)	155 284 389
Other property, plant and equipment	72 081 176	25 949 873	(2 059 587)	(5 863 927)	(43 669)	90 063 866
	5 211 979 963	**287 547 996**	**(32 531 939)**	**(361 075 276)**	**(3 592 504)**	**5 102 328 240**

Figures in Rand	2024	2023

3. Property, plant and equipment (continued)

Pledged as security

No assets pledged as security:

Carrying amounts of infrastructure projects experiencing delays or halted:

Property, plant and equipment that was not used for any period of time during the reporting period that significantly impacted the delivery of goods and services of the entity (Carrying amount)		
Jouberton Youth Development Centre (SAFA Safe Hub)	1 275 670	1 275 670
Construction of an Athletic Track and Field at Matlosana Stadium in Jouberton	4 648 180	4 648 180
Jouberton Central Park Development	172 088	172 088
Alabama Substation	35 920 673	35 920 673
Municipal Service Centre (Thusong Centre)	1 837 738	1 837 738
Jouberton Event Space (Open Air Amphitheatre and Play Park)	518 948	518 948
	44 373 297	**44 373 297**

Jouberton Youth Development Centre (SAFA Safe Hub) - Project is in the inception phase and due to limited budget allocation, the project will only be implemented when budget becomes available

Construction of an Athletic Track and Field at Matlosana Stadium in Jouberton - Project was halted due to budget shortfall (MIG). Request for internal funding to complete the project have been sent through to council, however it has not been approved as yet.

Alabama Substation - This project is neither halted nor delayed,this project will only be completed once the Construction of 88KV Medium Voltage Loop-in-loop out Line in Alabama Substation project have been completed, which is currently not completed and remain in WIP, as these two mentioned projects run in conjunction with each other.

Jouberton Central Park Development - Project is in inception phase and delayed, and due to limited budget allocation (NDPG), the project will only move over to construction phase once additional budget becomes available.

Municipal Service Centre (Thusong Centre) - Project is in inception phase and delayed, and due to limited budget allocation (NDPG), the project will only move over to construction phase once additional budget becomes available.

Jouberton Event Space (Open Air Amphitheatre and Play Park) - Project is in inception phase and delayed, and due to limited budget allocation (NDPG), the project will only move over to construction phase once additional budget becomes available.

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

Property, plant and equipment that was not used for any period of time during the reporting period that significantly impacted the delivery of goods and services of the entity (Carrying amount)		
Anti-tampering pillar boxes	296 710	296 710
Construction of an Athletic Track and Field at Matlosana Stadium in Jouberton	4 648 180	4 648 180
Jouberton Central Park Development	172 088	172 088
Alabama Substation	34 251 045	34 251 045
Municipal Service Centre (Thusong Centre)	1 837 738	1 837 738
Jouberton Event Space (Open Air Amphitheatre and Play Park)	518 948	518 948
	41 724 709	**41 724 709**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	773 371 781	85 158 652	858 530 433
Additions/capital expenditure	103 542 994	29 734 236	133 277 230
Transferred to completed items	(57 285 129)	-	(57 285 129)
	819 629 646	**114 892 888**	**934 522 534**

3. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Total
Opening balance	783 377 439	125 075 779	908 453 218
Additions/capital expenditure	163 296 115	18 298 299	181 594 414
Transferred to completed items	(173 301 773)	(58 215 426)	(231 517 199)
	773 371 781	**85 158 652**	**858 530 433**

Expenditure incurred to repair and maintain property, plant and equipment

Repairs and maintenance

The municipality's amount is R132 133 064 (2022-23 R180 727 784) for the financial reporting year. In determining the repairs and maintenance amount the municipality has exclusively disclosed amounts charged by service providers.

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.

Notes to the Annual Financial Statements

Figures in Rand

4. 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	-	-	-	1 297 383	-	1 297 383

Reconciliation of intangible assets - 2024

	Opening balance	Disposals	Total
Computer software, other	1 297 383	(1 297 383)	-

Reconciliation of intangible assets - 2023

	Opening balance	Total
Computer software, other	1 297 383	1 297 383

Pledged as security

No assets pledged as security:

Factors considered in determining assets with indefinite useful lives

(a) The asset could be efficiently managed by another management team
(b) There are not a lot of competitors or potential competitors that would be able through their action to effect the lifespan of the intangible asset
(c) There is very little if any maintenance expenditure associated with the intangible assets to keep deriving service potential from the intangible assets
(d)The useful life of the assets is not dependant on the useful life of other assets of the municipality

Notes to the Annual Financial Statements

Figures in Rand

5. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Museum collectable, monuments and heritage sites	9 942 744	-	9 942 744	9 988 944	(21 580)	9 967 364

Reconciliation of heritage assets 2024

	Opening balance	Additions	Disposals	Impairment losses recognised	Total
Museum collectable, monuments and heritage sites	9 967 364	21 580	(15 400)	(30 800)	9 942 744

Reconciliation of heritage assets 2023

	Opening balance	Disposals	Impairment losses recognised	Total
Museum collectable, monuments and heritage sites	9 979 858	(12 394)	(100)	9 967 364

Heritage assets which fair values cannot be reliably measured

A number of heritage assets were identified during the current year's verification. Although these assets were recorded in the register as required by the MFMA, the nature of the assets did not allow for values to be assigned to them. It was impracticable to do so as no fair values exists for these assets.

Restricted title

There are no restrictions on the title to assets.

Pledged as security

No assets are pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

6. Other financial assets

Designated at fair value		
Investments The Sanlam Capital Guaranteed Fund is a unit trust which is comprised of stock exchange securities in which investors can buy units. The units trusts are measured at fair value using quoted market prices.	13 070 921	12 094 383

Non-current assets		
Designated at fair value	13 070 921	12 094 383

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Fair values of financial assets measured or disclosed at fair value

Class 1 The unit trusts are measured based on the fair value of quoted market prices.	13 070 921	12 094 383

Nominal value of financial assets at cost

Sanlam Capital guaranteed fund - 040710409X0	817 639	756 775
Sanlam Capital guaranteed fund - 040644725X0	12 253 282	11 337 608
	13 070 921	**12 094 383**

7. Inventories

Consumable stores	54 317 011	48 998 560
Water for distribution	3 076 767	3 076 767
Fuel (Diesel, Petrol)	460 007	280 844
Museum	57 930	57 930
	57 911 715	**52 414 101**

Inventories recognised as an expense during the year	62 084 105	59 238 296

Inventory pledged as security

No inventory is pledged as security.

8. Receivables from exchange transactions

Receivables	15 209 863	13 491 366
Impairment of other receivables	(4 611 178)	(4 611 178)
	10 598 685	**8 880 188**

Figures in Rand	2024	2023

8. Receivables from exchange transactions (continued)

Trade and other receivables impaired

As of 30 June 2024, trade and other receivables of R 4 611 178 (2023: R 4 611 178) were impaired and provided for.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(4 611 178)	(4 611 178)

9. Receivables from non-exchange transactions

Fines (statutory receivable)	87 261 329	75 986 529
Impairment of fines	(18 724 879)	(75 986 529)
Write-off of fines	(68 536 450)	-
	-	-

Receivables from non-exchange (statutory receivable) transactions impaired

As of 30 June 2024, other receivables from non-exchange transactions of R 18 724 879 (2023: R 75 986 529) were impaired and provided for. Fines amounting to R68 536 450 were written off during the year.

The amount of the provision was R 11 274 800 as of 30 June 2024 (2023: R 5 025 480)

Reconciliation of provision for impairment of receivables from non-exchange (statutory receivable) transactions

Opening balance	(75 986 529)	(70 961 049)
Provision for impairment	(11 274 800)	(5 025 480)
	(87 261 329)	**(75 986 529)**

10. VAT receivable

Value Added Tax	430 430 902	305 541 996

11. Consumer debtors

Gross balances		
Rates (statutory receivables)	506 770 502	443 209 503
Electricity	673 515 886	575 589 588
Water	2 851 921 860	2 543 662 404
Sewerage	397 078 555	356 720 812
Refuse	735 417 119	653 918 773
Other service charges	296 843 566	250 868 197
VAT on consumer debtors	701 924 048	624 154 893
Interest on overdue accounts	3 042 460 876	2 515 896 445
	9 205 932 412	**7 964 020 615**

Less: Allowance for impairment		
Rates (statutory receivables)	(478 433 027)	(418 126 281)
Electricity	(635 854 383)	(543 014 382)
Water	(2 692 448 761)	(2 399 705 095)
Sewerage	(374 874 809)	(336 532 375)
Refuse	(694 294 237)	(616 910 565)
Other service charges	(280 246 568)	(236 670 435)
VAT on consumer debtors	(662 674 025)	(588 831 158)
Interest on overdue accounts	(2 872 333 262)	(2 373 496 200)
	(8 691 159 072)	**(7 513 286 491)**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

11. Consumer debtors (continued)

Net balance

Rates (statutory receivables)	28 337 475	25 083 222
Electricity	37 661 503	32 575 206
Water	159 473 099	143 957 309
Sewerage	22 203 746	20 188 437
Refuse	41 122 882	37 008 208
Other service charges	16 596 998	14 197 762
Value added tax on consumer debtors	39 250 023	35 323 735
Interest on overdue accounts	170 127 614	142 400 245
	514 773 340	**450 734 124**

Included in above is receivables from exchange transactions

Electricity	37 661 503	32 575 206
Water	159 473 099	143 957 309
Sewerage	22 203 746	20 188 437
Refuse	41 122 882	37 008 208
Other service charges	16 581 800	14 197 762
Value added tax on consumer debtors	39 250 023	35 323 735
Interest on overdue accounts	170 142 812	142 400 245
	486 435 865	**425 650 902**

Included in above is receivables from non-exchange transactions (taxes and transfers)

Rates (statutory receivables)	28 337 475	25 083 222
Net balance	**514 773 340**	**450 734 124**

Rates

Current (0 -30 days)	50 190 958	47 777 955
31 - 60 days	11 572 084	11 589 994
61 - 90 days	10 326 314	10 501 638
91 - 120 days	434 681 146	373 339 915
Provision for bad debts	(478 433 027)	(418 126 280)
	28 337 475	**25 083 222**

Electricity

Current (0 -30 days)	185 100 736	147 210 473
31 - 60 days	17 229 924	22 034 130
61 - 90 days	14 702 869	13 538 195
91 - 120 days	456 482 357	392 806 791
Provision for bad debts	(635 854 383)	(543 014 383)
	37 661 503	**32 575 206**

Water

Current (0 -30 days)	190 735 952	187 859 394
31 - 60 days	47 066 531	49 603 164
61 - 90 days	45 177 718	45 867 515
91 - 120 days	2 568 941 658	2 260 332 332
Provision for bad debts	(2 692 448 760)	(2 399 705 096)
	159 473 099	**143 957 309**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

11. Consumer debtors (continued)

Sewerage

	2024	2023
Current (0 -30 days)	19 294 991	17 885 783
31 - 60 days	7 235 230	6 444 928
61 - 90 days	5 891 951	6 163 453
91 - 120 days	364 656 382	326 226 647
Provision for bad debts	(374 874 808)	(336 532 374)
	22 203 746	**20 188 437**

Refuse

	2024	2023
Current (0 -30 days)	27 558 196	26 944 954
31 - 60 days	11 384 953	11 238 201
61 - 90 days	10 933 279	10 965 948
91 - 120 days	685 540 692	604 769 669
Provision for bad debts	(694 294 238)	(616 910 564)
	41 122 882	**37 008 208**

Other services

	2024	2023
Current (0 -30 days)	22 349 110	29 162 748
31 - 60 days	694 464	3 316 173
61 - 90 days	3 346 206	1 929 979
91 - 120 days	270 453 786	216 459 296
Provision for bad debts	(280 246 568)	(236 670 434)
	16 596 998	**14 197 762**

Value added tax on consumer debtors

	2024	2023
Current (0 -30 days)	39 971 581	43 312 947
31 - 60 days	12 473 848	13 877 062
61 - 90 days	11 814 806	11 740 478
91 - 120 days	637 663 813	555 224 406
Provision for bad debts	(662 674 025)	(588 831 158)
	39 250 023	**35 323 735**

Interest on overdue accounts

	2024	2023
Current (0 -30 days)	121 724 499	106 818 814
31 - 60 days	59 802 954	52 306 035
61 - 90 days	41 927 379	51 719 563
91 - 120 days	2 819 006 044	2 305 036 837
Provision for bad debts	(2 872 333 262)	(2 373 481 004)
	170 127 614	**142 400 245**

Reconciliation of allowance for impairment

	2024	2023
Balance at beginning of the year	(7 513 286 491)	(6 292 463 439)
Contributions to allowance	(1 551 723 652)	(1 494 001 361)
Debt impairment written off against allowance	373 851 071	273 178 309
	(8 691 159 072)	**(7 513 286 491)**

Statutory receivables general information

Property rates (Statutory receivable)Property rates (Statutory receivable)

Included in consumer debtors above, are amounts receivable by the municipality as a result of Rates levied and billed as per the Municipal Property Rates Act No. 6 of 2004.
The rates are calculated using the value of the property and the applicable tariff which is based on the usage of the property, this will also be subject to any applicable rebates based on the nature of the consumer.

The rates receivables have been impaired collectively with other consumer debtors and a discount rate of 11,75% (based on the prevailing prime lending rate as at 30 June 2024) was applied to the estimated future cash flows.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

11. Consumer debtors (continued)

Consumer debtors pledged as security

None of the consumer receivables were pledged as security for any financial liability.

12. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Cash on hand	68 500	68 500
Bank balances	22 982 492	17 945 045
Short-term deposits	146 158 700	74 665 332
	169 209 692	**92 678 877**

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 BANK - Cheque Account - 4060008684	500 787	1 444 412	412 892	500 787	425 411	412 892
ABSA BANK - Cheque Account - 01000100176	7 383 182	2 663 777	6 608 022	19 309 478	13 246 917	27 008 789
ABSA BANK - Cheque Account - 950164379 (Council water)	230 828	1 495 956	1 338 367	179 580	1 567 846	(4 997 774)
ABSA BANK - Cheque Account - 950000090 (Market)	2 286 841	2 001 231	415 482	2 286 841	2 554 244	970 662
ABSA Bank - 407826177 - Call Account	15 470 450	184 280	35 859 329	15 470 450	184 280	35 996 742
ABSA Bank - 4081494682 - Call	2 202 121	43 764	48 306 112	2 202 121	43 764	48 501 570
ABSA Bank - 4086111223 -Call Account	2 086 830	5 389 952	11 736 143	2 086 830	5 389 952	11 779 551
ABSA Bank - 4073033854 - Call Account	27 992 713	9 528 573	2 448 730	27 992 713	9 528 573	2 454 555
ABSA Bank - 9056825047 - Call Account	1 110 323	7 692 752	294 659	1 110 323	7 692 752	295 519
ABSA Bank - 9074204063 -Call Account	2 829 670	2 712 116	756 613	2 829 670	2 712 116	758 453
ABSA Bank - 9090072264 - Call Account	6 998 014	1 549	30 033 545	6 998 014	1 549	30 119 437
Investec Bank - 1400057452500 Call Account	8 352 614	7 704 406	7 212 680	8 352 614	7 704 406	7 212 680
FNB - 71037411669 - Collateral	61 718	57 020	53 946	61 718	57 020	53 946
Nedbank - 03/7881151374 -Call Account	-	-	23 960 787	38 575 921	-	23 960 788
FNB - 70379020873 - Collateral	14 000	14 000	14 000	14 000	14 000	14 000
ABSA Bank - Call Account - 4071085841 (Housing)	817 692	157 601	153 773	150 627	150 627	150 627
FNB - 62879341700 - Call Account	25 512 649	23 529 053	28 822 717	25 512 649	23 529 053	28 822 717
ABSA Bank - 9377065203 -Call Account	15 506 857	17 807 866	-	15 506 857	17 807 866	-
Total	**119 357 289**	**82 428 308**	**198 427 797**	**169 141 193**	**92 610 376**	**213 515 154**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

13. Other financial liabilities

At amortised cost

DBSA Loans	5 474 291	9 363 331
Redefine	8 672 758	16 590 265
	14 147 049	**25 953 596**
Total other financial liabilities	**14 147 049**	**25 953 596**

DBSA Loan

Type of loan	Annuity loan
Original amoumt	R35 269 878
Period of loan	15 years
Date loan received	September 2010
Redemption date	September 2025
Interest rate	Fixed 10.56%
Purpose of loan	Bulk Infrastructure
Terms and conditions	Payable on monthly basis.

Redefine Loan

Type of loan	Annuity loan
Original amoumt	R51 987 915,58
Period of loan	10 years
Date loan received	August 2016
Redemption date	August 2026
Purpose of loan	Road construction
Terms and conditions	Payable on monthly basis

Non-current liabilities

At amortised cost	1 432 905	14 538 487

Current liabilities

At amortised cost	12 714 144	11 415 109

14. Payables from exchange transactions

Trade payables	2 747 832 734	1 740 562 304
Payments received in advanced	103 850 668	112 997 004
Unallocated deposits	1 391 255	-
Accrued leave pay	96 395 930	101 133 379
Retentions	32 632 640	31 378 004
Agency Fee Payable	23 716 706	37 872 001
Sundry creditors	16 504 830	4 886 054
Housing : Absa bank account	150 627	150 627
13th Cheque Accrual	13 919 561	15 468 532
	3 036 394 951	**2 044 447 905**

15. Consumer deposits

Water and Electricity	49 873 847	46 501 593

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	10 814 429	21 375 948
Integrated National Electrification Programme (INEP)	-	4 430 725
Financial Management Grant (FMG)	515 973	103 741
Department of Water Affairs and Forestry (DWAF)	276 464	276 464
Water Services Infrastructure Grant (WSIG)	3 119 263	5 755 625
Expanded Public Works Programme (EPWP)	26 461	30 151
Fire Grant	557 326	557 326
Library Grant	859 730	2 095 313
Neighbourhood Development Partnership Grant (NDPG)	63 752	8 078 938
Dr Kenneth Kaunda District Municipality	213 176	213 176
Disaster Assessment Management Grant	200 000	200 000
District Grant	4 581 284	4 581 284
Museum Grant	45 525	321 601
Disaster Management Grant (COVID)	8 251 904	8 251 904
Energy Efficiency Demand Side Management (EEDSM)	7 374	2 540
	29 532 661	**56 274 736**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

17. Employee benefit obligations

Reconciliation of employee benefit obligations - 2024	Opening Balance	Movement	Utilised during the year	Total
Continuous medical aid contribution	284 632 000	38 745 000	(15 259 000)	308 118 000
Long service awards	42 456 000	7 739 000	(6 138 000)	44 057 000
	327 088 000	**46 484 000**	**(21 397 000)**	**352 175 000**

Reconciliation of employee benefit obligations - 2023	Opening Balance	Movement	Utilised during the year	Total
Continuous medical aid contribution	303 199 000	(3 696 000)	(14 871 000)	284 632 000
Long service awards	40 773 000	5 990 000	(4 307 000)	42 456 000
	343 972 000	**2 294 000**	**(19 178 000)**	**327 088 000**

Carrying values		
Non - current liabilities	325 910 000	305 691 000
Current liabilities	26 265 000	21 397 000
	352 175 000	**327 088 000**

Post retirement medical aid plan

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

In accordance with the requirements of GRAP 25, the projected unit credit method has been applied. The assumption underlying the funding method is that the employer's post employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP 25.

Changes in the present value of the defined benefit obligation:	2024	2023
Opening balance	284 632 000	303 199 000
Service cost	8 580 000	9 299 000
Interest cost	34 293 000	34 836 000
Actuarial loss/ (gain)	(4 128 000)	(47 831 000)
Expected contributions	(15 259 000)	(14 871 000)
	308 118 000	**284 632 000**

Key financial assumptions	2024	2023
Discount rate	12.18%	12,37%
Health care cost inflation rate	7.68%	7,97%
Net discount rate	4.18%	4,08%
	-	-

Key demographic assumptions	2024	2023
Average retirement age	62	62
Continuation of membership at retirement	70%	70%
Proportion with a spouse dependant at retirement	55%	55%
Proportion of in-service non-members joining a scheme by retirement and continuing with the subside at retirement	15%	15%
Mortality during employment	SA 85-90 light	SA 85-90 light
Mortality post- employment	PA(90) -1	PA(90) -1

Sensitivity analysis

17. Employee benefit obligations (continued)

Sensitivity analysis on accrued liability	Change	Eligible employees	Continuation members	Total	% change
Central assumptions		132.833	151.799	284.632	
Health care inflation rate	+1%	158.362	164.633	322.995	13%
	-1%	112.308	140.511	252.819	-11%
Discount rate	+1%	113.187	141.017	254.204	-11%
	-1%	157.494	164.215	321.709	13%
Post employment mortality	+1 yr	129.554	146.570	276.124	-3%
	-1 yr	136.064	157.048	293.112	3%
Average retirement age	-1 yr	145.395	151.799	297.194	4%
Membership continuation	-10%	114.808	151.799	266.607	-6%

Sensitivity analysis on current- service and interest costs for the year ending 28/02/2023	Change	Current Svc. Cost	Interest cost	Total	% change
Central assumptions	-	9 299 000	34 836 000	44 135 000	-
Health care inflation rate	+1%	11 483 000	40 001 000	51 484 000	17%
	-1%	7 601 (	30 597 000	38 198 (	-13%
Discount rate	+1%	7 727 000	33 357 000	41 084 000	-7%
	-1%	11 331 (	36 492 (	47 823 (	8%
Post-employment mortality	+1%	9 047 000	33 692 000	42 739 000	-3%
	-1%	9 550 000	35 981 000	45 531 000	3%
Average retirement age	-1 yr	9 989 000	36 327 000	46 316 000	5%
Membership continuation	-10%	8 060 000	32 588 000	40 648 000	-8%

Long service awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a long-service award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, to employees. The provision is an estimate of the long-service based on historical staff turnover.

Changes in the present value of the defined benefit obligation:	2024	2023
Opening balance	42 456 000	40 773 000
Service cost	3 182 000	3 212 000
Interest cost	4 311 000	4 181 000
Actuarial loss/(gain)	246 000	(1 403 000)
Expected benefits	(6 138 000)	(4 307 000)
	44 057 000	42 456 000
	44 057 000	**42 456 000**

The expected vesting is the total value of the long-service awards that were expected to be awarded to eligible employees over the year, based on the data at the previous valuation date. Employees are usually entitled to take this award in whole or in part as cash, with the remainder taken as leave.

At the previous valuation, employees' costs to council were provided to determine the Rand value of the long service award provision. At this valuation, it was established that the long service award earnings definition is used in practice. The impact of this change in the long service awards earnings definition is disclosed above.

Key financial assumptions	2024	2023
Discount rate	10.75%	10.92%
General earnings inflation rate (long-term)	5.94%	6.39%
Net effective discount rate	4.54%	4.26%

17. Employee benefit obligations (continued)

Key demographic assumptions	2024	2023
Average retirement age	62	62
Mortality during employment	SA 85-90 light	SA 85-90 light

The table below indicates that if earnings inflation is one percentage point greater than the long-term assumption made, the liability will be 6% higher than the results shown.

Sensitivity analysis on the unfunded accrued liability	Change	Liability	% Change
Central assumptions		44 057 000	
General earnings inflation rate	+1%	46 150 000	5%
	-1%	42 123 000	-4%
Discount rate	+1%	42 043 000	-5%
	-1%	46 270 000	5%
Average retirement age	+2 yrs	48 462 000	10%
	-2 yrs	38 864 000	-12%
Withdrawal rates	x2	37 700 000	-14%
	x0.5	48 114 000	9%

Sensitivity analysis on current-service and interest costs for year ending 30/06/2024	Change	Current- Svc. Cost	Interest cost	Total	% change
Central assumptions		3 182 000	4 311 000	7 493 000	
General earnings inflation rate	+1%	3 389 000	4 541 000	7 930 000	6%
	-1%	2 995 000	4 098 000	7 093 000	-5%
Discount rate	+1%	3 017 000	4 464 000	7 481 000	-0%
	-1%	3 366 000	4 137 000	7 503 000	0%
Average retirement age	+2 yrs	3 472 000	4 766 000	8 238 000	10%
	-2 yrs	2 862 000	3 792 000	6 654 000	-11%
Withdrawal rates	x2	2 509 000	3 596 000	6 105 000	-19%
	x0.5	3 645 000	4 769 000	8 414 000	12%

Figures in Rand	2024	2023

18. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Change in estimate	Total
Environmental rehabilitation	149 760 416	15 160 247	(1 626 748)	163 293 915

Reconciliation of provisions - 2023

	Opening Balance	Additions	Change in estimate	Total
Environmental rehabilitation	140 044 856	16 553 302	(6 837 742)	149 760 416

Environmental rehabilitation provision

In terms of the licensing of the landfill refuse sites, the municipality will incur rehabilitation costs to restore the site at the end of its useful life. Provision has been made for the net present value of this cost.

Assumption used

- The discount rate used of 10.12% (2023: 11.82%) is the weighted average cost of capital (WACC) calculated for both the Klerksdorp and Hartbeesfontein landfill sites.
- The scheduled dates of total closure and rehabilitation are anticipated to be between 2025 and 2038.

19. Housing Project Liability

The City of Matlosana entered into a catalytic project with the department of Human Settlements and MXN Development Construction (Pty) Ltd (the contractor) in order to make land available for development. The municipality receives money from the department which it then uses to pay the contractor for the development of bulk infrastructure and recognises the infrastructure as an asset and the money used to pay the contractor as revenue.

20. Eskom Debt Relief Liability

	2024	2023
Minimum payments due		
- within one year	1 114 342 621	492 825 791
- in second to fifth year inclusive	479 276 976	945 005 139
	1 593 619 597	1 437 830 930
less: future finance charges	(325 126 150)	(325 126 150)
Present value of minimum payments	**1 268 493 447**	**1 112 704 780**
Present value of minimum payments due		
- within one year	848 065 047	323 488 309
- in second to fifth year inclusive	420 428 401	789 216 471
	1 268 493 448	**1 112 704 780**
Non-current liabilities	420 428 401	789 216 471
Current liabilities	848 065 047	323 488 309
	1 268 493 448	**1 112 704 780**

The municipality qualified for the National Treasury's Municipal Debt Relief programme that allows for the write-off of amounts owning to Eskom.

Should the municipality meet the conditions of the program over a three year period then their historic debt amounting to R1,437,830,930 will be written off in full in equal amounts.

The municipality is currently not complying with all the obligations under the Eskom debt relief program, the municipality has thus not claimed any of the benefit due from the Eskom debt relief.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

21. Service charges

Sale of electricity	958 434 310	832 426 519
Sale of water	731 613 180	736 245 524
Sewerage and sanitation charges	145 662 832	141 353 903
Refuse removal	197 202 391	195 290 904
	2 032 912 713	**1 905 316 850**

22. Investment revenue

Interest revenue

Bank	12 917 884	15 304 450
Interest charged on consumer debtors	604 866 390	550 754 201
	617 784 274	**566 058 651**

23. Property rates

Rates received

Total rates received	507 433 747	456 396 936

Valuations

Residential	21 785 535 919	21 466 419 178
State	1 145 741 100	1 150 574 100
Municipal	1 013 872 886	1 193 386 644
Agricultural	2 346 362 400	2 337 444 400
Business	6 198 626 959	6 067 061 475
	32 490 139 264	**32 214 885 797**

Valuations on land and buildings are performed every 5 years. The valuations were done by DDP Valuers on behalf of the municipality.

The general valuation was implemented on 01 July 2020.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

24. Government grants & subsidies

Operating grants

	2024	2023
Equitable share	599 605 522	545 269 807
National: Expanded Public Works Program (EPWP)	2 762 539	2 180 978
Financial Management Grant (FMG)	2 584 027	3 006 735
Fire Grant	300 000	-
Library Grant	2 185 582	857 435
Museum Grant	507 075	179 250
	607 944 745	**551 494 205**

Capital grants

	2024	2023
Municipal Infrastructure Grant (MIG)	110 398 992	68 005 464
Integrated National Electrification Programme Grant (INEP)	6 162 725	24 633 275
Neighbourhood Development Partnership Grant (NDPG)	21 098 248	12 921 062
Water Services Infrastructure Grant (WSIG)	45 510 737	6 905 151
Energy Efficiency Demand Side Management Grant (EEDSM)	3 992 626	2 997 460
	187 163 328	**115 462 412**
	795 108 073	**666 956 617**

Municipal Infrastructure Grant

	2024	2023
Balance unspent at beginning of year	21 375 948	194 412
Current-year receipts	101 017 001	89 187 000
Conditions met - transferred to revenue	(110 398 992)	(68 005 464)
Roll over denied	(1 179 528)	-
	10 814 429	**21 375 948**

An amount of R115 732 000 was allocated to the municipality. However an amount of R14 714 999 was withheld by National Treasury.

Conditions still to be met - remain liabilities (see note 17)

The purpose of this grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor house holds, micro enterprise and social institutions servicing poor communities.

Integrated National Electrification Programme Grant (INEP)

	2024	2023
Balance unspent at beginning of year	4 430 725	-
Current-year receipts	1 732 000	29 064 000
Conditions met - transferred to revenue	(6 162 725)	(24 633 275)
	-	**4 430 725**

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

The purpose of the grant is to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings and the installation of relevant bulk infrastructure..

Financial Management Grant

	2024	2023
Balance unspent at beginning of year	103 741	10 476
Current-year receipts	3 100 000	3 100 000
Conditions met - transferred to revenue	(2 584 043)	(3 006 735)
Roll over denied	(103 725)	-
	515 973	**103 741**

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

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the municipal finance management act.

Figures in Rand	2024	2023

24. Government grants & subsidies (continued)

DWAF

Balance unspent at beginning of year	276 464	276 464

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

The purpose of the grant is to provide water to support economical, social and environmental sectors.

WSIG

Balance unspent at beginning of year	5 755 625	1 499 776
Current-year receipts	48 630 000	11 161 000
Conditions met - transferred to revenue	(45 510 737)	(6 905 151)
Roll over denied	(5 755 625)	-
	3 119 263	**5 755 625**

An amount of R15 676 000 was allocated to the municipality. However an amount of R4 515 000 was withheld by National Treasury.

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

The purpose of the grant is to provide water services.

EPWP

Balance unspent at beginning of year	30 151	30 128
Current-year receipts	2 789 000	2 181 000
Conditions met - transferred to revenue	(2 762 539)	(2 180 977)
Roll over	(30 151)	-
	26 461	**30 151**

An amount of R3 512 000 was allocated to the municipality. However an amount of R723 000 was withheld by National Treasury.

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

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

Fire

Balance unspent at beginning of year	557 326	557 326

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

Library

Balance unspent at beginning of year	2 095 313	2 042 747
Current-year receipts	950 000	910 000
Conditions met - transferred to revenue	(2 185 583)	(857 434)
	859 730	**2 095 313**

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

The purpose of the grant is to provide for Library Services.

NDPG Grant

Balance unspent at beginning of year	8 078 938	7 256 807
Current-year receipts	21 162 000	21 000 000
Conditions met - transferred to revenue	(21 098 248)	(12 921 062)
Roll-over denied	(8 078 938)	(7 256 807)

Figures in Rand	2024	2023

24. Government grants & subsidies (continued)

	63 752	**8 078 938**

An amount of R31 162 000 was allocated to the municipality. However an amount of R10 000 000 was withheld by National Treasury.

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

District MEYMP

Balance unspent at beginning of year	213 176	213 176

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

The purpose of the grant is to fund small-scale, short-term activities that address needs in your community and communities abroad. Each district chooses which activities it will fund with these grants.

Disaster Assessment Management Grant

Balance unspent at beginning of year	200 000	200 000

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

The purpose the grant is to ensure that sufficient funds are available in the event of disasters.

District Grant

Balance unspent at beginning of year	4 581 284	4 581 284

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

The purpose of the grant is to fund small-scale, short-term activities that address needs in your community and communities abroad. Each district chooses which activities it will fund with these grants.

Museum Grant

Balance unspent at beginning of year	321 601	22 851
Current-year receipts	231 000	478 000
Conditions met - transferred to revenue	(507 076)	(179 250)
	45 525	**321 601**

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

The purpose of the grant is to enable museums to focus on excellence in their programs and operations and to contribute to the understanding of the world and our place in it - our past, our present, and our future.

Disaster Assessment Management Grant (COVID)

Balance unspent at beginning of year	8 251 904	24 149 223
Conditions met - transferred to revenue	-	(15 897 319)
	8 251 904	**8 251 904**

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

The purpose of the grant to assist the municipality and community in reducing the financial burden caused by the COVID 19 pandemic.

EEDSM

Balance unspent at beginning of year	2 540	-
Current-year receipts	4 000 000	3 000 000
Conditions met - transferred to revenue	(3 992 626)	(2 997 460)

24. Government grants & subsidies (continued)

	2024	2023
Roll over denied	(2 540)	-
	7 374	**2 540**

An amount of R4 000 000 was allocated to the municipality.

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

The purpose of the grant is to provide for electricity.

25. Revenue

	2024	2023
Sale of goods	22 122 185	19 959 610
Service charges	2 032 912 713	1 905 316 850
Rental of facilities and equipment	4 322 298	4 135 017
Licences and permits	7 551 435	7 218 936
Commissions received	13 464 779	13 830 750
Royalties received	39 613 587	43 478 419
Rental income	3 765 776	4 494 325
Discount received	2 325 938	4 948 236
Other income	17 929 470	18 288 278
New connections	495 151	701 040
Interest received - investment	617 784 274	566 058 651
Property rates	507 433 747	456 396 936
Interest on property rates	52 760 735	50 406 437
Donation from Dept Human Settlements	6 872 422	98 146 072
Government grants & subsidies	795 108 073	666 956 617
Fines, Penalties and Forfeits	21 752 008	8 868 764
	4 146 214 591	**3 869 204 938**

The amount included in revenue arising from exchanges of goods or services are as follows:

	2024	2023
Sale of goods	22 122 185	19 959 610
Service charges	2 032 912 713	1 905 316 850
Rental of facilities and equipment	4 322 298	4 135 017
Licences and permits	7 551 435	7 218 936
Commissions received	13 464 779	13 830 750
Royalties received	39 613 587	43 478 419
Rental income	3 765 776	4 494 325
Discount received	2 325 938	4 948 236
Other income	17 929 470	18 288 278
New Connection Fees	495 151	701 040
Interest received - investment	617 784 274	566 058 651
	2 762 287 606	**2 588 430 112**

The amount included in revenue arising from non-exchange transactions is as follows:

	2024	2023
Taxation revenue		
Property rates	507 433 747	456 396 936
Interest on property rates	52 760 735	50 406 437
Donation received	6 872 422	98 146 072
Transfer revenue		
Government grants & subsidies	795 108 073	666 956 617
Fines, Penalties and Forfeits	21 752 008	8 868 764
	1 383 926 985	**1 280 774 826**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

26. Donations

Cash donation from Department of Health	6 872 422	-
PPE donation	-	98 146 072
	6 872 422	**98 146 072**

Department of Health donated an amount R6 872 422 to the municipality. The municipality will utilise the donation for installation of dedicated electrical transmission lines to Klerksdorp Hospital and Tshepong Hospital.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Employee related costs

Basic	509 410 723	448 721 010
Medical aid - company contributions	50 553 256	48 900 263
UIF	3 847 756	3 883 090
SDL	6 907 495	6 180 656
Accrued leave pay movement	(4 731 077)	6 358 411
Defined contribution plans	(15 259 000)	(14 871 000)
Travel, motor car, accommodation, subsistence and other allowances	16 421 463	13 459 755
Overtime payments	65 802 585	69 475 476
Long-service awards	(2 956 000)	(1 095 000)
13th Cheques	33 778 902	33 962 488
Housing benefits and allowances	6 310 761	6 311 931
Professional membership fees	247 288	242 995
Pension fund	90 961 572	85 913 927
Leave paid out	10 473 421	7 032 140
Cellphone allowance	2 249 742	1 449 712
	774 018 887	**715 925 854**

Remuneration of Municipal Manager - L Seametso

Annual Remuneration	1 553 180	743 148
Subsistence	12 589	2 090
Contributions to UIF, Medical and Pension Funds	28 055	8 515
	-	-
	1 593 824	**753 753**

L Seametso was appointed as Municipal Manager from January 2023 to date.

Remuneration of Acting Municipal Manager - L Seametso

Annual Remuneration	-	487 008
Contributions to UIF, Medical and Pension Funds	-	5 579
	-	**492 587**

L Seametso was appointed as Acting MM from 01 May 2022 to 31 October 2022

Remuneration of Acting Municipal Manager - MM Molawa

Annual Remuneration	-	202 097
Contributions to UIF, Medical and Pension Funds	-	20 279
Car Allowance	-	24 000
	-	**246 376**

MM Molawa was appointed as Acting MM from 01 November to 31 December 2022

Remuneration of Acting Municipal Manager - BB Choche

Annual Remuneration	905 638	-
Contributions to UIF, Medical and Pension Funds	13 648	-
Other Allowances (Travel, Cellphone etc)	160 000	-
	1 079 286	**-**

BB Choche was appointed Acting MM from May 2024 till date

Remuneration of Acting Chief Financial Officer - P Thelele

Acting Allowances	-	159 816
Contributions to UIF, Medical and Pension Funds	-	2 838
	-	**162 654**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Employee related costs (continued)

Mr P Thelele was appointed acting Chief Financial Officer from 01 March 2022 to 31 December 2022.

Remuneration of Chief Financial Officer - MM Phetla

	2024	2023
Annual Remuneration	967 310	603 234
Contributions to UIF, Medical and Pension Funds	14 313	6 645
Other Allowances (Travel, Cellphone etc)	311 787	-
	1 293 410	**609 879**

MM Phetla was appointed chief financial officer from July 2023 till date

Remuneration of Acting Chief Financial Officer Chief- TO Sekgala

	2024	2023
Annual Remuneration	172 560	-
Acting Allowance	10 436	-
Contributions to UIF, Medical and Pension Funds	59 959	-
Other Allowances (Travel, Cellphone etc)	38 768	-
	281 723	**-**

TO Sekgala was appointed acting chief financial officer from April 2024 to Date

Remuneration of Director Public Safety - KI Boikanyo

	2024	2023
Annual Remuneration	232 999	-
Contributions to UIF, Medical and Pension Funds	77 666	-
Other Allowances (Travel, Cellphone etc)	3 483	-
	314 148	**-**

KI Boikanyo was appointed as Director Public Safety from April 2024 to Date.

Remuneration of Acting Director Public Safety - M Botsheleng

	2024	2023
Annual Remuneration	287 600	-
Acting Allowance	36 959	-
Contributions to UIF, Medical and Pension Funds	88 854	-
Other Allowances (Travel, Cellphone etc)	95 992	-
	509 405	**-**

M Botsheleng was appointed as acting Director Corporate Services from 01 November 2023 till 31 March 2024.

Remuneration of Acting Director Public Safety - AJS Marais

	2024	2023
Annual Remuneration	230 080	272 865
Acting Allowance	44 498	15 264
Contributions to UIF, Medical and Pension Funds	72 179	81 433
Other Allowances (Travel, Cellphone etc)	62 847	63 908
	409 604	**433 470**

AJS Marais was appointed as Acting Director: Public Safety from July 2023 until 31 October 2023.

Remuneration of Director Public Safety - LJ Nkhumane

	2024	2023
Annual Remuneration	-	559 546
Contributions to UIF, Medical and Pension Funds	-	57 662
Other Allowances (Travel, Cellphone etc)	-	84 000
	-	**701 208**

Figures in Rand	2024	2023

27. Employee related costs (continued)

LJ Nkhumane was appointed as Director Public Safety from February 2018 to January 2023.

Remuneration of Director Planning and Human Settlement - BB Choche

	2024	2023
Annual Remuneration	250 666	1 175 047
Acting Allowances	17 293	-
Contributions to UIF, Medical and Pension Funds	3 691	15 803
Other Allowances (Travel, Cellphone etc)	60 000	244 280
	331 650	**1 435 130**

BB Choche has been appointed as the Director of Planning and human Settlement from March 2019 until February 2024 and again from April 2024 to date.

Remuneration of Acting Director Planning and Human Settlement - SP Phala

	2024	2023
Annual Remuneration	57 520	-
Contributions to UIF, Medical and Pension Funds	18 530	-
Other Allowances (Travel, Cellphone etc)	18 636	-
	94 686	**-**

SP Phala was appointed as Acting Director: Planning and Human Settlement from 01 March 2024 to 31 March 2024.

Remuneration of Acting Director of Local Economic Development - ND Makgetha

	2024	2023
Annual Remuneration	-	326 580
Other Allowances (Travel, Cellphone etc)	-	86 570
Subsistence	-	1 471
Contributions to UIF, Medical and Pension Funds	-	97 639
	-	**512 260**

ND Makgetha was appointed as the Acting Director of Local Economic Development from September 2022 till 28 February 2023.

Remuneration of Acting Director of Local Economic Development - PT Molelekwa

	2024	2023
Annual Remuneration	364 679	180 807
Acting Allowance	74 952	-
Contributions to UIF, Medical and Pension Funds	86 438	35 547
Other Allowances (Travel, Cellphone etc)	91 773	32 523
	617 842	**248 877**

PT Molelekwa was appointed Acting Director of Local Economic Development from April 2023 to January 2024.

Remuneration of Acting Director of Local Economic Development - MV Ramokanate

	2024	2023
Annual Remuneration	103 686	-
Acting Allowance	6 421	-
Contributions to UIF, Medical and Pension Funds	37 144	-
Other Allowances (Travel, Cellphone etc)	26 221	-
	173 472	**-**

MV Ramokanate was appointed as Acting Director LED from February 2024 to March 2024.

Remuneration of Director Local Economic Development - BJ Roberts-Tebejane

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Employee related costs (continued)

Annual Remuneration	244 007	-
Contributions to UIF, Medical and Pension Funds	18 415	-
Other Allowances (Travel, Cellphone etc)	51 778	-
	314 200	**-**

BJ Roberts-Tebejane was appointed as the Director of Local Economic Development from April 2024 to date.

Remuneration of Director of Corporate Services - NM Moabelo

Annual Remuneration	340 009	-
Contributions to UIF, Medical and Pension Funds	4 158	-
Other Allowances (Travel, Cellphone etc)	24 000	-
	368 167	**-**

NM Moabelo was appointed as Director Corporate Services from April 2024 to date.

Remuneration of Acting Director of Corporate Services - NM Moabelo

Annual Remuneration	551 223	436 584
Acting Allowance	80 575	29 236
Contributions to UIF, Medical and Pension Funds	160 535	126 563
Other Allowances (Travel, Cellphone etc)	182 383	139 079
	974 716	**731 462**

NM Moabelo was appointed as acting Director Corporate Services from July 2022 to March 2024.

Remuneration of Director Community Development - PS Setona

Annual Remuneration	310 666	-
Contributions to UIF, Medical and Pension Funds	3 638	-
	314 304	**-**

PS Setona was appointed as Director Community Development from April 2024 to date.

Remuneration of Acting Director Community Development - MJ Masilo

Annual Remuneration	399 918	451 519
Acting Allowance	51 031	-
Contributions to UIF, Medical and Pension Funds	118 654	122 811
Other Allowances (Travel, Cellphone etc)	117 186	114 076
	686 789	**688 406**

MJ Masilo was appointed as Acting Director Community Development from February 2023 to December 2023.

Remuneration of Acting Director Community Development - MG Morebodi

Annual Remuneration	172 560	-
Acting Allowance	21 904	-
Contributions to UIF, Medical and Pension Funds	52 389	-
Other Allowances (Travel, Cellphone etc)	60 794	-
	307 647	**-**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Employee related costs (continued)

MG Morebodi was appointed as Acting Director Community Development from January 2024 to March 2024.

Remuneration of Director Technical and Infrastructure - SN Mongale

Annual Remuneration	246 466	-
Contributions to UIF, Medical and Pension Funds	3 518	-
Other Allowances (Travel, Cellphone etc)	64 200	-
	314 184	**-**

SN Mongale was appointed as the Director of Technical and Infrastructure from April 2024 to date.

Remuneration of Acting Director Technical and Infrastructure - JJ Pilusa

Annual Remuneration	520 970	623 148
Acting Allowance	154 764	-
Contributions to UIF, Medical and Pension Funds	160 592	201 192
Other Allowances (Travel, Cellphone etc)	167 992	182 263
	1 004 318	**1 006 603**

JJ Pilusa was appointed as the Acting Director of Technical and Infrastructure from September 2022 till March 2024.

Remuneration of Director Technical and Infrastructure - R Madimutsa

Annual Remuneration	-	211 841
Contributions to UIF, Medical and Pension Funds	-	3 521
Other Allowances (Travel, Cellphone etc)	-	24 000
	-	**239 362**

R Madimutsa has been appointed as Director Technical and Infrastructure from February 2018 to August 2022

Remuneration of Director Corporate Services - L Seametso

Annual Remuneration	-	198 106
Subsistence Allowance	-	1 421
Contributions to UIF, Medical and Pension Funds	-	2 350
	-	**201 877**

L Seametso went back to her position as Director Corporate Services from November 2022 to December 2022.

Remuneration of Acting Director of Corporate Services - M Botsheleng

Annual Remuneration	-	109 146
Acting Allowance	-	17 112
Contributions to UIF, Medical and Pension Funds	-	31 675
Other Allowances (Travel, Cellphone etc)	-	19 951
	-	**177 884**

M Botsheleng was aapointed as acting Director Corporate Services from May 2022 to August 2022

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Employee related costs (continued)

Remuneration of Director Community Development - MM Molawa

	2024	2023
Annual Remuneration	-	415 034
Contributions to UIF, Medical and Pension Funds	-	50 279
Other Allowances (Travel, Cellphone etc)	-	60 000
	-	**525 313**

MM Molawa was appointed as Director Community Development from February 2018 to January 2023

Remuneration of Director of Local Economic Development - LL Fourie

	2024	2023
Annual Remuneration	-	158 881
Contributions to UIF, Medical and Pension Funds	-	17 314
Other Allowances (Travel, Cellphone etc)	-	24 000
	-	**200 195**

LL Fourie was appointed as the Director of Local Economic Development from March 2019 to August 2022.

28. Remuneration of councillors

	2024	2023
Executive Mayor	1 222 796	1 140 377
Speaker	988 949	929 159
Councillors	36 932 643	34 946 536
	39 144 388	**37 016 072**

In-kind benefits

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

The Mayor has the use of Council owned vehicles for official duties.

The Executive Mayor has one full-time bodyguards/driver

The salaries, allowances and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

28. Remuneration of councillors (continued)

Remuneration of Executive Mayor - NJ Tsolela

Annual Remuneration	762 439	724 476
Councillors pension contributions	117 057	103 960
Cellphone allowance	53 208	38 481
Travel Allowance	290 091	274 660
	1 222 795	**1 141 577**

Mr NJ Tsolela became Mayor from November 2021 to 25 June 2024

Remuneration of Speaker - SL Mondlane

Annual Remuneration	603 503	582 719
Councillors pension contributions	100 164	83 168
Cellphone allowance	53 208	42 600
Travel Allowance	232 073	221 374
	988 948	**929 861**

SL Mondlane became speaker from November 2021 to date.

Remuneration of the Chief Whip - K Ndincede

Annual Remuneration	571 830	546 301
Councillors pension contributions	87 860	77 970
Cellphone allowance	53 208	42 600
Travel Allowance	217 568	208 090
	930 466	**874 961**

Remuneration of Councillors and Mayoral Committee Members

Annual Remuneration	23 248 418	22 447 229
Councillors pension contributions	1 300 590	1 360 472
Cellphone allowances	3 950 207	2 785 500
Medical aid contributions	201 600	234 720
Travel Allowance	8 231 828	8 015 252
	36 932 643	**34 843 173**

29. Depreciation and amortisation

Property, plant and equipment	327 401 728	364 508 794

30. Impairment loss

Impairments

Property, plant and equipment	20 573 695	3 649 828

The assets that were impaired can be summarized as follow: For immovable assets (Infrastructure etc) the impairment was triggered by a change in the condition. For moveable assets, the impairment was triggered, either by a condition change during the physical verification, and or through the impairment of all moveable assets that could not physically be verified during this years physical verification, and with the intention of disposing these assets in line with the updated asset policy in the next financial year should these assets still not be verified during next years physical verification.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

31. Finance costs

Non-current borrowings	807 942	1 192 575
Interest on landfill site	15 160 247	16 553 302
Interest on overdue accounts	104 426 638	232 160 898
Finance cost on Eskom debt relief liability	155 788 668	-
	276 183 495	**249 906 775**

32. Debt impairment

Impairment of consumer debtors	1 444 949 121	1 381 465 877
Impairment of receivables from non-exchange transactions	13 997 850	5 025 480
	1 458 946 971	**1 386 491 357**

33. Bulk purchases

Electricity - Eskom	1 010 483 320	848 229 632
Water	566 702 380	456 035 510
	1 577 185 700	**1 304 265 142**

Electricity (losses in units)	232 692 871	197 854 298
Electricity (losses as %)	43%	38%
Water (losses in units)	25 268 039	22 746 405
Water (losses as %)	59%	58%
	257 961 012	**220 600 799**

Electricity and water are supplied by Eskom and the Midvaal Water Company.

The municipality is in the process of installing meters at all its premises to enable us to accurately measure and manage own use. A strategy has been developed to minimise distribution losses and it will be implemented over time due to budget constraints.

34. Contracted services

Financial and Asset Management Services	11 809 060	11 398 425
Debt collection and Meter reading services	26 811 934	34 464 766
VAT management and recovery	8 627 590	7 166 451
Security Services	61 003 383	36 049 486
Other Contractors	7 487 346	17 165 344
Contractors		
Stream Cleaning and Ditching	222 919	-
	115 962 232	**106 244 472**

Contracted services are mandated services in terms of the Local Government : Municipal Structures Act 117 of 1998, a municipal by-law or the Integrated Development Plan that the municipality is expected to have the capacity and expertise to deliver but are being outsourced instead.

35. Repairs and Maintenace

Repairs and Maintenance for Property Plant and Equipment		
Repairs and maintenance	132 133 064	180 727 784

An amount of R132 133 064 (2023: R180 727 784) was spent during the year in review. In determining this amount, the municipality has exclusively disclosed amounts charged by service providers.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

36. General expenses

Advertising	977 634	900 360
Auditors remuneration	7 176 387	8 287 782
Bank charges	11 024 551	9 740 142
Cleaning	235 673	263 476
Commission paid	19 492 407	13 027 439
Legal costs and professional fees	5 352 228	21 258 111
Consumables	5 456 563	6 931 963
Discount allowed	828 521	1 217 714
Entertainment	1 175 950	1 155 121
Veterinary services	50 000	115 320
Insurance	31 245 804	22 907 514
Community development and training	817 114	1 148 211
Marketing	-	1 182 842
Medical expenses	386 331	521 766
Motor vehicle expenses	22 006 881	30 109 212
Pest control	-	140 906
Postage and courier	1 108 353	3 714 722
Printing and stationery	4 547 642	7 930 340
Protective clothing	6 874 956	6 130 412
Royalties and license fees	1 467 316	1 655 352
Subscriptions and membership fees	17 190 192	8 403 481
Telephone and IT system related costs	26 205 186	19 094 024
Transport and freight	20 540	47 284
Training	3 690 087	3 106 645
Title deed search fees	465 769	586 358
Other miscellaneous	4 862 099	3 786 607
Traffic fines management	15 070	65 061
Indigent costs	57 615 241	87 122 112
Human Settlement Costs	15 367 582	15 217 283
Workmen's compensation	3 984 161	3 266 478
Casual workers	9 150 000	9 542 262
Fines and penalties	-	1 081 654
	258 790 238	**289 657 954**

37. Revenue loss

Income loss

Total loss incurred	-	3 314 944

These revenue losses relate to monies that were misappropriated from the market and there is an investigation currently ongoing from the HAWKS to identify and charge the responsible parties.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

38. Cash generated from operations

Deficit	(996 513 802)	(905 494 746)
Adjustments for:		
Depreciation and amortisation	327 401 728	379 302 379
Loss on sale of assets and liabilities	11 321 901	20 590 023
Fair value adjustments	13 997 850	5 025 480
Finance cost on Eskom debt relief	155 788 668	-
Impairment loss on PPE	20 573 695	3 650 921
Debt impairment	1 444 949 121	1 359 081 179
Non cash donations	-	(98 146 072)
Employee benefits	24 944 532	(16 702 793)
Movements in provisions	13 533 499	9 715 560
Movement in leave accrual	(4 737 446)	(9 500 830)
Inventory adjustment	4 594 070	287 910
Fair value adjustments	(976 538)	(756 797)
Wild Stock adjustment adjustment	(165 950)	434 499
13th Cheque accrual	(1 548 971)	(630 080)
Changes in working capital:		
Inventories	(10 091 684)	(14 162 831)
Receivables from exchange transactions	(1 718 497)	(2 845 402)
Consumer debtors	(1 508 988 337)	(1 349 347 744)
Other receivables from non-exchange transactions	(13 997 850)	(5 025 480)
Prepayments	-	7 357
Eskom Debt Relief	-	1 268 493 448
Eskom Deferred gain	-	169 337 482
Payables from exchange transactions	998 233 463	(633 297 754)
VAT	(124 888 906)	(95 698 343)
Unspent conditional grants and receipts	(26 742 075)	31 137 385
	324 968 471	**115 454 751**

39. Agency Fees

Commissions received	13 464 779	13 830 750

The North West Department of Community Safety andTransport Management issues motor vehicle licences to motorists for a prescribed fee. Given the geographical location of municipal offices, it is convenient for motorists to be able to renew their licences at these locations. The municipality facilitates the issuing of these licences and the collection of the prescribed fees.

The municipality acts on behalf of the Department to issue licences to, and collect money from motorists. The transaction is however between the Department ,and the motorist (i.e. third party) - the party responsible for the payment of the licence fee. The municipality is not a party to the transaction with the third parties but rather facilitates the transaction between the Department and the motorist, and receives a commission fee accordingly.

40. Donations Received

Please refer to note 26 for details on the donations received during the year.

41. Other revenue

Agency Fees	13 464 779	13 830 750
Connections and Reconnection fees	39 613 587	43 478 419
Rental income	3 765 776	4 494 325
Discount received	2 325 938	4 948 236
Other income	17 929 470	18 288 278
New Connections	495 151	701 040
	77 594 701	**85 741 048**

42. Auditors' remuneration

Fees	7 176 387	8 287 782

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

43. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Other financial assets	13 070 921	-	13 070 921
Trade and other receivables from exchange transactions	-	10 598 685	10 598 685
Consumer debtors	-	514 773 340	514 773 340
Cash and cash equivalents	-	169 209 692	169 209 692
Eskom Deposit	-	41 444 911	41 444 911
	13 070 921	**736 026 628**	**749 097 549**

Financial liabilities

	At amortised cost	Total
Consumer deposits	49 873 847	49 873 847
Other financial liabilities	14 147 049	14 147 049
Trade and other payables from exchange transactions	3 036 394 946	3 036 394 946
	3 100 415 842	**3 100 415 842**

2023

Financial assets

	At fair value	At amortised cost	Total
Other financial assets	12 094 383	-	12 094 383
Receivables from exchange transactions	-	8 880 188	8 880 188
Consumer debtors	-	450 734 124	450 734 124
Cash and cash equivalents	-	92 678 877	92 678 877
Eskom deposits	-	40 403 414	40 403 414
	12 094 383	**592 696 603**	**604 790 986**

43. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Consumer deposits	46 501 593	46 501 593
Other financial liabilities	25 953 596	25 953 596
Trade and other payables from exchange transactions	2 044 447 905	2 044 447 905
	2 116 903 094	**2 116 903 094**

44. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	206 583 799	97 278 413
Total capital commitments		
Already contracted for but not provided for	206 583 799	97 278 413

Total commitments

Total commitments		
Authorised capital expenditure	206 583 799	97 278 413

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	10 673 017	9 562 466
- in second to fifth year inclusive	5 867 499	16 918 209
	16 540 516	**26 480 675**

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

45. Events after the reporting date

There were no material events that required an adjustment to the annual financial statements after the reporting date.

46. Unauthorised expenditure

Opening balance	4 503 259 011	4 133 642 424
Add: Unauthorised expenditure - current	1 126 875 482	369 616 587
Closing balance	**5 630 134 493**	**4 503 259 011**

The over expenditure for the 2024 financial year is primarily due the impairment on the consumer debtors, and bulk purchases. The total balance including the opening balance will be dealt with in accordance with the MFMA requirements.
No criminal or disciplinary steps have been taken.

Figures in Rand	2024	2023

46. Unauthorised expenditure (continued)

Unauthorised expenditure: Budget overspending – per municipal department:

Budget and treasury office	628 938 114	3 116 924
City electrical engineering	112 892 520	1 756 903
Civil engineering	32 860 216	-
Cleansing	-	9 584 202
Corporate Governance	-	934 097
Community Services	-	111 071 322
Council General	31 228 716	14 250
Health	874 133	1 407
Water section	320 081 782	242 996 576
Public safety	-	140 906
	1 126 875 481	**369 616 587**

47. Irregular expenditure

Opening balance	2 999 371 522	3 966 427 579
Prior period error	(11 433 297)	(16 669 433)
Restated opening balance	2 987 938 225	3 949 758 146
Add: Irregular Expenditure - current year	248 623 592	273 995 874
Irregular expenditure identified in the current year relating to prior periods	15 717 658	2 940 250
Irregular expeniture written off as irrecoverable - not condoned - CC102/2023	-	(1 227 322 748)
	3 252 279 475	**2 999 371 522**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

47. Irregular expenditure (continued)

Analysis of expenditure awaiting condonation per classification

Bid composition not constituted	-	344 445
Order splitting	-	268 608
Three quotes not attached	-	114 164
Non disclosure of interest	47 619 234	47 176 939
Contravention of SCM Regulation 36	27 746 242	35 483 183
Contravention of SCM Policy	86 586 232	54 412 753
Contracts expired	32 868 106	38 802 750
Tenders not advertised for the minimum period required	69 521 436	100 333 281
	264 341 250	**276 936 123**

Contracts under review for potential non-compliance with procurement laws and supply chain regulations (with expenditure to-date)

	Disciplinary steps taken/criminal proceedings	
COM/SCM/T/36/2019/2020	Appointment of multiple service providers for hire and plant and equipment on as and when required basis for a period of thirty six(36) months effective 20/11/2020.	36 585 310
COM/SCM/T/26/2020/2021	Appointment of service provider for VAT and recovery in the City of Matlosana for a period of 36 months effective 22/06/2020	27 899 582
COM/SCM/T/31/2019/2020	Construction of 11kv feeder line for Alabama substation extension 4 & 5 effective 12/10/2020	2 433 628
COM/SCM/T/33/2019/2020	Construction of VIP Latrines in KOSH Phase 1 effective 09/03/2021	15 710 637
COM/SCM/T/31/2020/2021	Refurbishment of water pump stations and reservoirs effective 09/03/2021	35 997 618
COM/SCM/T/51/2020/2021	Supply and errection of 358 mesh fencing around Stilfontein effective 24/06/2021	480 000
COM/SCM/40/2020/2021	Appointment of service provider for Risk management and insurance for a period of thirty-six(36) months effective 21/06/2021	18 552 038
COM/SCM/T/18/2019/2020	Upgrading of Mechanical and Electrical equipment in Kanana Phase 1 effective 14/09/2020	6 922 085
COM/SCM/08/2021/22	Appointment of physical security services providers for the City of Matlosana building, offices property for a period of thirty-six (36) months effective 07/04/2022	117 235 666
		261 816 564

Disciplinary steps taken/criminal proceedings

No disciplinary action has been taken as investigations are in progress for all irregular expenditure.

Additional Note
Irregular expenditure is calculated inclusive of VAT while the figures disclosed above have been presented in this set of AFS exclusive of VAT.

48. Fruitless and wasteful expenditure

Opening balance as previously reported	432 111 833	198 727 423
Add: Fruitless and wasteful expenditure identified - current	104 864 745	233 384 410
Closing balance	**536 976 578**	**432 111 833**

The municipality incurred interest ,fines and penalties for late payment of the Eskom, SARS, Midvaal and Auditor General accounts. No disciplinary action has been taken as the expenses are a result of cashflow constraints.

Notes to the Annual Financial Statements

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49. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	9 964 635	18 951 220
Current year subscription / fee	8 772 335	13 415
Amount paid - current year	(5 278 741)	(9 000 000)
	13 458 229	**9 964 635**

In the prior year the disclosure relating to contribtutions to organised local government was overstated by R8 388 044. This has been rectified in the comparatives for the current year.

Audit fees

Opening balance	71 497	233 817
Current year subscription / fee	7 973 095	9 593 941
Amount paid - current year	(7 947 525)	(9 756 261)
	97 067	**71 497**

PAYE and UIF

Opening balance	8 782 073	8 227 669
Current year subscription / fee	114 407 055	104 842 825
Amount paid - current year	(114 405 514)	(104 288 421)
	8 783 614	**8 782 073**

Pension and Medical Aid Deductions

Opening balance	1 671 037	13 438 937
Current year subscription / fee	246 941 381	221 679 405
Amount paid - current year	(235 342 603)	(233 447 305)
	13 269 815	**1 671 037**

VAT

VAT receivable	299 626 006	209 843 653

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

Councillors' arrear consumer accounts

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

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Bangani JN	1 410	12 576	13 986
Councillor Bonga AH	1 276	36 463	37 739
Councillor Booth PH	5 039	15 200	20 239
Councillor Bornman JGR	12 401	465 227	477 628
Councillor Buys RRB	3 595	25 912	29 507
Councillor Cromhout GLJ	3 843	18 303	22 146
Councillor Dial SJ	7 360	102 290	109 650
Councillor Dude MA	-	58 221	58 221
Councillor Faku BS	3 886	75 534	79 420
Councillor Jonas SL	6 391	90 755	97 146
Councillor Kali KB	-	107 012	107 012
Councillor Kodisang ML	6 242	60 074	66 316
Councillor Le Grange JJ	2 975	14 311	17 286
Councillor Majiji SJ	2 277	6 500	8 777
Councillor Mangesi MI	14 601	50 021	64 622
Councillor Mokgatla MA	1 979	60 561	62 540
Councillor Ntshanga ZE	517	21 979	22 496
Councillor Oortman FD	-	86 759	86 759
Councillor Ross KL	4 517	17 515	22 032
Councillor Seitshero KV	-	11 805	11 805
Councillor Tagaree FI	1 723	13	1 736
Councillor Thabanchu OR	7 031	32 227	39 258
	87 063	**1 369 258**	**1 456 321**

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Bangani JN	709	8 076	8 785
Councillor Bonga AH	1 695	48 500	50 195
Councillor Booth PH	2 055	34 060	36 115
Councillor Bornman JGR	13 513	405 435	418 948
Councillor Buys RRB	2 795	10 341	13 136
Councillor Dial SJ	7 729	76 199	83 928
Councillor Dude MA	853	71 175	72 028
Councillor Faku BS	4 105	78 816	82 921
Councillor Jonas SL	7 622	107 769	115 391
Councillor Kali KB	6 094	130 133	136 227
Councillor Kodisang ML	-	135 241	135 241
Councillor Le Grange JJ	2 664	10 546	13 210
Councillor Majiji SJ	2 208	18 500	20 708
Councillor Mangesi MI	26 312	33 326	59 638
Councillor Mathopa ML	121	6 288	6 409
Councillor Mokgatla MA	4 381	78 561	82 942
Councillor Ntshanga ZE	517	19 912	20 429
Councillor Oortman FD	-	103 049	103 049
Councillor Ross KL	3 136	2 290	5 426
Councillor Seitshero KV	1 586	23 805	25 391
Councillor Tagaree FI	2 030	15 634	17 664
Councillor Thabanchu OR	-	13 474	13 474
	90 125	**1 431 130**	**1 521 255**

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

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

30 June 2024	Highest outstanding amount	Aging (in days)
Councillor Bangani JN	13 426	-
Councillor Bonga AH	47 448	-
Councillor Booth PH	31 700	-
Councillor Bornman JGR	465 227	-
Councillor Buys RRB	25 912	-
Councillor Cromhout GLJ	35 901	-
Councillor Dial SJ	102 290	-
Councillor Dude MA	70 675	-
Councillor Faku BS	78 518	-
Councillor Jonas SL	109 044	-
Councillor Kali KB	128 337	-
Councillor Kodisang ML	136 050	-
Councillor Le Grange JJ	14 311	-
Councillor Majiji SJ	17 500	-
Councillor Mangesi MI	55 887	-
Councillor Mokgatla MA	77 061	-
Councillor Mondlane SL	38 828	-
Councillor Ntshanga ZE	21 979	-
Councillor Oortman FD	103 025	-
Councillor Ross KL	17 515	-
Councillor Seitshero KV	22 805	-
Councillor Tagaree FI	13	-
Councillor Thabanchu OR	32 227	-
	1 645 679	**-**

30 June 2023	Highest outstanding amount	Aging (in days)
Councillor Bangani JN	8 976	-
Councillor Barrends SAC	31	-
Councillor Bonga AH	63 940	-
Councillor Booth PH	43 991	-
Councillor Bornman JGR	405 435	-
Councillor Buys RRB	10 341	-
Councillor Dial SJ	76 199	-
Councillor Dude MA	76 899	-
Councillor Faku BS	84 211	-
Councillor Jonas SL	116 533	-
Councillor Kali KB	145 744	-
Councillor Kodisang ML	195 048	-
Councillor Le Grange JJ	10 546	-
Councillor Majiji SJ	34 368	-
Councillor Mangesi MI	35 453	-
Councillor Mathopa ML	6 288	-
Councillor Mbele MN	11 454	-
Councillor Mokgatla MA	88 366	-
Councillor Mondlane SL	2 315	-
Councillor Masweu ME	972	-
Councillor Ntshanga ZE	19 912	-
Councillor Oortman FD	106 877	-
Councillor Ross KL	2 290	-
Councillor Seitshero KV	35 805	-
Councillor Tagaree FI	15 634	-
Councillor Thabanchu OR	14 508	-
	1 612 136	**-**

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50. Contingencies

Claims against the Municipality

	2024	2023
Owamajola Trading Enterprises JV	300 000 000	300 000 000
T Tilodi	12 214	-
Owamajola Trading	3 396 512	3 396 512
Nicolaas Johannes Myburg	1 007 879	1 007 879
SO Matshidiso	63 447 354	63 447 354
Bakgeni Civils & Construction	171 000	171 000
P&S Basson	283 200	283 200
Ke A Dira Construction CC	17 391 228	17 391 228
HL Matlala T/A Gorogang Plant Hire	1 572 713	1 572 713
Ndabangaungue S	150 000	150 000
MR M Seero	5 000 000	5 000 000
Itumre Building Supply CC	563 816	563 816
Owamajola Trading	110 587 932	110 587 932
Diggers Development	4 325 232	435 232
Moore Stephens	5 108 173	5 108 173
Bonang Trading Developments	1 015 000	1 015 000
Dikopane Project CC	9 647 510	-
Henry Tshepo Molaoa	150 000	150 000
MMT MT Trading Enterprise	1 100 000	1 100 000
VM Thlaphisi	810 000	810 000
Kgwadi ya Madiba JV	57 715 367	57 715 367
Vesta Technical Services (Pty) Ltd	15 080 630	15 080 630
Khuma councillors & Mr Morebudi	15 130 090	15 130 090
IMIC Investments (Pty) Ltd	329 536	329 536
SO Matshidiso Construction and Project	-	85 000 000
Christina Van Der Merwe	1 600 000	1 600 000
Aganang Consulting Engineer CC	4 920 757	4 920 757
Gadifele Papers	117 463	-
Mataka & Morathi Attorneys	-	84 200
Ammatakko Beleggings CC	-	26 076
Thabo Seabeng	300 000	-
	620 933 606	**692 076 695**

Owamajola Trading Enterprises JV / City of Matlosana

Issued summons against the municipality for alleged damages suffered for being appointed for the disconnection and reconnection of electricity supply to defaulters for a period of 36 months and not receiving an instruction from the Municipality.

Tshiamo Tilodi
Summons received under case number 3369/2022 due to damages to the plaintiff's vehicle due to a pothole on the N12 near Matlosana Mall. Plaintiff claims an amount of R12 214.47. Notice of intention to defend served on 3 August 2022. Defendant. Plea served and filed on 29 September 2022. At June 2024, Awaiting further instructions and or settlement proposals. Requests appointment with Legal Services in order to discuss settlement proposals.

Owamajola / City of Matlosana

The plaintiff sued the City of Matlosana for non-payment for services rendered.

50. Contingencies (continued)

Nicolaas Johannes Myburg / City of Matlosana

Damages to his property due to fire outbreak after the fire brigade reacted to his call and arrived after their equipment malfunctioned.

SO Matshidiso / City of Matlosana

Action instituted against the Municipality for alleged damages for potential loss of profits as a result of the municipality alleged failure to appoint the plaintiff as a service provider following the advertisement of the tender.

City of Matlosana / Bakgeni Civils & Construction

Arbitration award for non-monetary claim to supplier

P&S Basson / City of Matlosana

A summons was brought against the Council for psychological shock and emotional shock by the Plaintiffs.

Ke A Dira Construction CC / City of Matlosana

Council is defending summons brought against the Council by the plaintiff for losses alleged to have been experienced due to the revision of tender FS 1/2011.

HL Matlala T/A Gorogang Plant Hire / City of Matlosana

Goragang terminated its agreement with the City of Matlosana and issued summons claiming the amount stipulated.

Ndabangaungue S (plaintiff) / City of Matlosana (defendant)

Summons was issued against the Council as well as Mr VW Sofe who is employed by the City of Matlosana as a traffic officer, for the alleged unlawful arrest

City of Matlosana / MR M Seero

Mr Seero instituted action against the employer for damages suffered due to alleged occupational detriment.

Itumre Building Supply CC / City of Matlosana

The City of Matlosana is defending the matter. The case of action started during 2011

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50. Contingencies (continued)

Owamajola Trading / City Of Matlosana

Alleged unlawful termination of a Service Level Agreement

City of Matlosana / Diggers Development

Diggers Development is claiming the amount based on the allegations that the municipality over billed them for water services.

Moore Stephens/ City of Matlosana

The plaintiff's institution legal process against the City of Matlosana for paymenr for service rendered. Case has been resolved - awaiting legal confirmations.

City of Matlosana / Aqua Transport

Action by Aqua Transport demanding payment in the amount of R11337550.80 for allerged breach of contract.

City of Matlosana / Bonang Trading Developments

Breach of contract on training contract of ward members, The company liquidated, the owner of the company has passed on, rescission of the liquidation has not been filled. The attorneys shall determine if the liquidator still persist with the claim.

Dikopane Project CC

The applicant instituted arbitration proceedings against City of Matlosana regarding awarding of a tender.

Henry Tshepo Molaoa (plaintiff) / City of Matlosana (defendant)

Summons was issued against the Council as well as Mr TT Tlholatlung, who is employed by the City of Matlosana as a traffic officer for the alleged unlawful arrest.

MMT MT Trading Enterprise / City of Matlosana

The Plaintiff's issued summons for services rendered against City of Matlosana

City of Matlosana / VM Tlaphisi

VM Tlaphisi instituted summons to city of Matlosana

Kgwadi ya Madiba JV / City of Matlosana

Claimant referred the dispute matter for adjudication relating to breach of contract and repudiation and respect of contracts for construction of jouberton taxi rank

Vesta Technical Services (Pty) Ltd / City of Matlosana

50. Contingencies (continued)

The claimant instituted legal action against the City of Matlosana for a cancelled service level agreement which the City is defending due to non functionality of the system the service provider had implemented.

City of Matlosana / Khuma councillors & Mr Morebudi

Various combined summons

IMIC Investments (Pty) Ltd / City of Matlosana

The claimant instituted legal action against the City of Matlosana.The claim is based on material that was purchased by three contractors on a Council Project (Bucket Eradication Programme).

SO Matshidiso Construction and Project / City of Matlosana

The Attorneys report that the Exception application was heard on the 14 September 2023 and the claim was dismissed with costS

Christina Van Der Merwe / City of Matlosana

The plaintiff has brought a declaratory application to ensure compliance with section 3 of Act 40 of 2002. The matter is set to sit down for opposed hearing on 19 August 2022

Aganang Consulting Engineers CC / City of Matlosana

Aganang sued the City of Matlosana for R 4920757.42 for professional services rendered..

Gadifele Papers

Summons received under case number 3380/2022 due to damage to the Plantiff’s vehicle due to a pothole on the N12 plaintiff claims an amount of R117 463.19.

Mataka & Morathi Attorneys - Case No: 2334/15

Litigation and claims between the plaintiff and the municipality for non-payment of services allergedly rendered.

Ammatakko Beleggings CC

Matter has been finalized, a settlement agreement was reached between the respective parties.

Thabo Seabeng

Plaintiff was assaulted by an unknown person at the Municipality on 28 October 2020. Summons was issued under case number NW/KLD/RC-4346/2023 for an amount of R300 000.00.

Contingent assets

Claims by the Municipality	2024	2023
Owamajola Trading	3 770 562	3 709 727
HL MATLALA T\ A GOROGANG PLANT HIRE	14 154 419	14 154 419
Munmap	650 000	650 000
Great Champs Trading	76 693	76 639
Isago at N12 Development	19 315 132	19 315 132
Mr Masisi	-	2 887 462
Johannes Jerry Van schalwyk	66 930 749	66 930 749
Isago at N12 Development	10 000 000	10 000 000

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50. Contingencies (continued)

ISAGO at N12 Development	24 000 000	24 000 000
Motlamogang Martha Sessing	4 339 959	4 339 959
Esmeralda Botha	87 205	87 205
Jabulane Bhotile	84 532	82 532
Lucky Ramabodu	559 029	559 029
Aganang	18 000 000	-
M Muianga	19 565	-
	161 987 845	**146 792 853**

Owamajola Trading / City of Matlosana

The plaintiff sued the City of Matlosana for service rendered and a counterclaim was instituted.

HL Matlala T/A Gorogang Plant Hire / City of Matlosana

Gorogang terminated its agreement with the City of Matlosana and issued summons claiming for the amount of R1 572 713.20. The City of Matlosana has a Counter claim R14 154 418,77

City of Matlosana / Munmap (Pty) Ltd

The City of Matlosana wrongfully paid R650 000,00 to Munmap after realising the mistake that was done, the City of Matlosana instituted legal action against Munmap to recover R650 000,00

The Attorneys report that they are still following the matter with the sheriff's board.

Isago at N12 Development / City of Matlosana, Abacus Asset Management And Sanral

Isago owes the municipality for the outstanding bulk municipal services to be installed which Isago failed to install by contractual agreement agreed date. The matter is currently suspended until further notice.

City of Matlosana / Great Champs Trading

GREAT CHAMPS TRADING (GCT) is a former tenant of the Municipality. It occupied premises belonging to the Municipality at the Matlosana Market. GTC have an outstanding debt arising from occupancy of rental space from the Municipality market

City of Matlosana / Mr Masisi

City of Matlosana sued Mr Masisi for fruitless and wasteful expenditure.

City of Matlosana / Johannes Jerry Van schalwyk

Case no: 368 / 2022

Summons have been issued against the Defendant for misappropriation of funds at the Fresh Produce Market

City of Matlosana / Isago at N12 Development

Failure to repay security fee to the City of Matlosana which was paid to Eskom on the start-up of the Gumtrees electrical substation.

50. Contingencies (continued)

City of Matlosana/ ISAGO at N12 Development

A This matter relates to the account and rebate of profits gained as the result of the

sales of land in Ext 38 next to Matlosana Mall. This matter is suspended until further notice.

City of Matlosana / Motlamogang Martha Sessing

Summons have been issued against the Defendant for misappropriation of funds at the Fresh Produce Market

City of Matlosana/ Esmeralda Botha

Case no: 290/22: Summons have been issued against the Defendant for misappropriation of funds at the Fresh Produce Market.

City of Matlosana / Jabulane Bhotile

Summons have been issued against the Defendant for misappropriation of funds at the

Fresh Produce Market

City of Matlosana / Lucky Rababodu

Case no: 396/2022: Summons have been issued against the Defendant for misappropriation of funds at the Fresh Produce Market

Aganang

Aganang sued the City of Matlosana for R 4920757.42 for professional services rendered. At June 2024, The Attorneys report that the matter is defended and they will lodged a counter claim in the amount of R 18 000 000.

M Muianga

Leased property dispute - M Muianga defaulted on lease payments, CoM trying to recover.

51. Change in estimate

Property, plant and equipment

Property, plant and equipment

The change in estimated useful lives of various assets of the municipality has resulted in the following decreases in depreciation for the mentioned categories for the financial year.

	2024	2023
Buildings	21 396 848	562 346
Infrastructure - Roads and storm water	16 564 354	3 619 920
Infrastructure - water and sewer	30 080 796	2 546 811
Infrastructure - Electricity	3 600 457	1 106 817
Other property, plant and equipment	7 061 161	4 504 476
	78 703 616	**12 340 370**

Notes to the Annual Financial Statements

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52. 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 and includes a note to the annual financial statements.

Emergencies	-	17 177 815
Sole supplier	-	379 152
Impractical and impossible to follow SCM processes	-	1 689 210
	-	**19 246 177**

53. 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

2023

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		7 725 188	1 155 000	8 880 188
Accumulated Surplus		(2 353 883 682)	18 263 671	(2 335 620 011)
Value Added Tax		301 873 312	3 668 684	305 541 996
Property Plant and Equipment		5 094 979 057	7 349 183	5 102 328 240
Payables from Exchange		(3 451 842 292)	1 405 399 479	(2 046 442 813)
		(401 148 417)	**1 435 836 017**	**1 034 687 600**

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Restated
Other Income		(17 538 278)	(750 000)	(18 288 278)
Remuneration of Councillors		36 911 611	104 461	37 016 072
Employee related costs		722 330 690	(6 404 836)	715 925 854
Depreciation		379 302 379	14 793 585	394 095 964
Rental and lease expenditure		114 814 957	1 781 226	116 596 183
Repairs and maintenance		174 308 501	6 419 283	180 727 784
Contrated services		102 800 530	3 443 942	106 244 472
General expenses		269 038 926	20 619 028	289 657 954
Total		**1 781 969 316**	**40 006 689**	**1 821 976 005**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

54. Prior period errors

Error 1:
In the prior year, a journal was incorrectly passed to recognise a receivable on the procceds of MXN sale of stands to a value of R1 950 000.This resulted In Revenue and Receivables from exchange transactions being overstated by R1 950 000. In the prior year a sale of stand for R3 105 000 was omitted.

Error 2
The prior year movements have resulted in the net movement of Accumulated surplus of R18 263 671.

Error 3
During the previous financial year (FY23), VAT amount R4 073 684 was omitted in the Retentions balance and VAT on sale of stand to the amount of R405 000 was omitted.

Error 4
In the prior year, the opening balance for PPE was understated by R7 349 183.

Error 5
In the prior year, the municipality omitted reporting on the Eskom debt relief benefit of R1 408 313 567, VAT amount R4 073 684 was omitted in the payables balance and in the prior year R1 159 596 was omitted in the accrued leave balance.

Error 6
In the prior year councillors' remuneration was understated by R104 461.

Error 7
In the prior year proceed from sale of stands to the value of R750 000 were omitted.

Error 8
In the prior year, Workmens compensation for R3 266 478 was erroneously included in employees cost and the Long Service Leave Accrual was overstated by R3 154 509.

Error 9
In the prior year depreciation was incorrectly calculated, This led to an understatement of R14 793 585.

Error 10
During the previous financial year (FY23), Rental and lease expenditure was understated by R1 781 226. This was due to cut off (FY24).

Error 11
During the previous financial year (FY23), Repairs and maintenance was understated by R6 419 283. This was due to cut off (FY24).

Error 12
During the previous financial year (FY23), Contrated services was understated by R3 443 942. This was due to cut off (FY24).

Error 13
During the previous financial year (FY23), General expenses was understated by R20 619 028. This was due to cut off (FY24).
The correction of the error(s) results in adjustments as follows:

Statement of financial position

	2024	2023
Decrease in receivable from exchange transactions due to error 1	-	(1 950 000)
Decrease in accumulated surplus due to error 1	-	1 950 000
Increase in receivable from exchange transactions due to error 1	-	3 105 000
Increase in accumulated surplus due to error 1	-	(3 105 000)
Decrease in Accumulated surplus due to error 2	-	18 263 671
Increase in VAT input due to error 3	-	3 668 684
Increase in Property, plant and equipment due to error 4	-	7 349 183
Decrease in Payables from Exchange due to error 5	-	1 405 399 479

Statement of financial performance

	2024	2023
Increase Remuneration of Councillors due to error 6	-	104 461
Increase of Other Income due to error 7	-	(750 000)
Decrease in Employee related costs due to error 8	-	(6 420 987)
Increase in Depreciation expense due to error 9	-	14 793 585
Increase in Rental and lease expenditure due to error 10	-	1 781 226
Increase in Repairs and maintenance due to error 11	-	6 419 283
Increase in Contracted Services due to error 12	-	3 443 942
Decrease in General Expenses due to error 13	-	20 619 028

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

55. Related parties

Relationships	
Accounting Officer	L Seametso
Councillor AM Morake	
Councillor EM Kgang	
Councillor MA Mokgatla	
Councillor SJ Dial	
Councillor JR Griffin	
Councillor SJ Majiji	
Councillor MS Dude	
Councillor SR Mulhanga	
Councillor WG Zitwane	
Councillor KM Lethoko	
Councillor PY Mtshawulana	
Councillor NP Nyaqela	
Councillor F Kasonkomona	
Councillor PH Booth	
Councillor MS Pelele	
Councillor ZE Ntshanga	
Councillor T Pheto	
Councillor FD Oortman	
Councillor BS Faku	
Councillor M Mbona	
Councillor PN Fourie	
Councillor BM Plaatjie	
Councillor KV Seitshero	
Councillor RM Sello	
Councillor AB Mdyali	
Councillor JGR Bornman	
Councillor CK Modise	
Councillor PA Du Preez	
Councillor MI Mache	
Councillor AG Strydom	
Councillor Wiese (Holtzhausen)	
Councillor OE Kgwabane	
Councillor KR Latha	
Councillor JT Kgwasi	
Councillor MN Mbele	
Councillor SL Jonas	
Councillor MI Mokhele	
Councillor VO Foboke	
Councillor NJ Tsolela	
Councillor ML Kodisang	
Councillor KE Mabebe	
Councillor JA Basson	
Councillor JM Mosupa	
Councillor FC Mahlophe	
Councillor ML Mahumapelo	
Councillor AM Ramphele	
Councillor NM Maseko	
Councillor MM Mosiako	
Councillor A Mothupi	
Councillor MI Mangesi	
Councillor VO Foboke	
Councillor PJ Swart	
Councillor FI Tagaree	
Councillor PZM Burrel	
Councillor TS Seabeng	
Councillor SP Sesana	
Councillor MN Seitisho	
Councillor PA Hlekiso	
Councillor PM Molutsi	
Councillor W Wallhorn	
Councillor GLI Cromhout	
Councillor ME Mosweu	
Councillor KB Kali	
Councillor L Scott	

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

55. Related parties (continued)

Councillor OR Thabanchu
Councillor SP Kloppers
Councillor RRB Buys
Councillor CJ Bester
Councillor KL Ross
Councillor JJ Le Grange
Councillor M Coetzee
Councillor TG Khoza
Councillor SOC Barrends
Councillor K Ndincede
Councillor SL Mondlane
Councillor N Gelderblom
Councillor JN Bangani
Councillor LV Itebogeng
Councillor HFC Jordaan
Councillor SR Muhlanga
Councillor GN Tiyo

Compensation to accounting officer and other key management

	2024	2023
Short-term employee benefits	8 228 190	9 299 000

Key management information

Class	Description	Amount
Municipal Manager	L Seametso was appointed MM from January 2023 till date	1 448 218
Chief Financial Officer	MM Phetla was appointed chief financial officer from January 2023	609 879
Acting Chief Financial Officer	P Thelele was appointed acting chief financial officer from March 2022 to December 2022.	162 654
Director Public Safety	LJ Nkhumane was appointed as Director Public Safety from February 2018 to January 2023	701 208
Director Economic Development	LL Fourie was appointed as the Director of Local Economic Development from the 1st of March 2019 to 31st of August 2022	200 195
Director Planning and Human Settlement	BB Choche has been appointed as the Director of Strategic Planning and Human Settlement from the 1st of March 2019.	1 435 130
Director Community Development	MM Molawa was appointed as Director Community Development from February 2018 till 31 January 2023	771 689
Acting Director Corporate Services	NM Moabelo was appointed as Acting Director Services from July 2022 till date	731 461
Acting Director Technical and Infrastructure	JJ Pilusa was appointed as the Director of Technical and Infrastructure from September 2022 till date.	1 006 603
Acting Director Local Economic Development	ND Makgetha was appointed as Acting Director LED from September 2022 till February 2023	512 260
Acting Director Local Economic Development	PT Molelekwa was appointed as Acting Director LED from April 2023 till date	248 877
Acting Director Community Development	MJ Masilo was appointed a Acting Director Community Development from February 2023 till date.	688 406
Acting Director Public Safety	AJS Marais was appointed as Acting Director Public Safety from February 2023 till date	433 470
Acting Director Corporate Services	M Botsheleng was appointed as Acting Director Corporate Services from 01 May 2022 to 31 August 2022	177 884

56. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide services for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings disclosed in Note 13, cash and cash equivalents disclosed in Note 12, and equity as disclosed in the statement of financial position.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

		2024	2023
Total borrowings			
Eskom debt relief	20	1 268 493 448	1 268 493 448
Current liabilities		3 154 780 603	2 180 036 343
Non-current liabilities		551 598 919	639 469 853
		4 974 872 970	**4 087 999 644**
Less: Cash and cash equivalents	12	169 209 692	92 678 877
Net debt		4 805 663 278	3 995 320 767
Total equity		1 339 106 209	2 335 620 010
Total capital		**6 144 769 487**	**6 330 940 777**

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance. Risk management is carried out by a central treasury department under policies approved by the . Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality’s operating units.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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.

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.

The municipality’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. During 2024 and 2023, the municipality’s borrowings at variable rate were denominated in Rand.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents 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:

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

56. Risk management (continued)

Financial instrument	2024	2023
Other financial assets	13 070 921	12 094 383
Consumer debtors	514 773 340	450 734 124
Cash and cash equivalents	169 209 692	92 678 877
Receivables from exchange transactions	10 598 685	8 880 188

The municipality is exposed by a guarantee for a loan at DBSA as disclosed in Note 11 .

Figures in Rand	2024	2023

57. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of fifteen major functional areas: Budget And Treasury Office ,Corporate Governance , Community Services ,Civil Engineering, Water Section ,City Electrical Engineering ,Sewerage,Cleansing ,Public Safety , Sports Arts And Culture and Other.The segments were organised around the type of service delivered. 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.

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
Budget And Treasury Office	Financial management, debt management, supply chain management, accounting and financial reporting.
Corporate Governance	The mandate of this segmet is to ensure governance structures are in place to ensure a fuctinonally operating entity and also deal with all leagl matters as and when they arise.
Community Services	Providing the community with social services and facilities to enable the all residents to par-take in communal activities.
Civil Engineering	Provision of and maintenance roads, bridges and other infrastructure,
Water Section	Providing residents, business and industry with clean, safe and reliable drinking water. Additionally providing water to businesses for irrigattion or mining activities and maintaing the water infrastructure.
City Electrical Engineering	Distributing electricity to residential and commercial consumers. Also maintaining electrical infrastructure.
Sewerage	Treating wastewater and safely disposing it and maintaining the infrastructure to ensure compliance with enviromental requirements.
Cleansing	Collecting and disposing of waste in a safe manner, as required by legislation. Ensuring the general cleanliness of the muncipal public areas.
Public Safety	Protecting the public. Safeguarding the community from disasters and potential danger and threats. Ensuring compliance with road regulations.
Sports Arts And Culture	Promoting the diverse cultures present in the local community. Promoting local sports and arts
Other	This is made up of departments that are not economical significant on their own to necessitate individual disclosure. They include Local Economic Dev & Marketing Tourism, Housing, Health and Market.

Notes to the Annual Financial Statements

Figures in Rand

57. Segment Information (continued)

Segment Information for the year ended 30 June 2024

	BUDGET AND TREASURY OFFICE	CORPORATE GOVERNANCE	COMMUNITY SERVICES	LOCAL ECONOMIC DEV & MARKETING,TOURISM	HOUSING	CIVIL ENGINEERING	WATER SECTION	CITY ELECTRICAL ENGINEERING	SEWERAGE	CLEANSING	HEALTH	COUNCIL GENERAL	MARKET	PUBLIC SAFETY	SPORTS ARTS AND CULTURE	Grand Total
Revenue																
Revenue from exchange transactions																
Market dues	0	0	0	0	0	0	0	0	0	0	0	0	(22 122 185)	0	0	(22 122 185)
Service Charges	0	0	0	0	0	0	(731 613 180)	(958 434 310)	(145 662 832)	(197 202 391)	0	0	0	0	0	(2 032 912 713)
Rental of facilities and equipment	0	0	(2 167)	(1 435)	(3 970 722)	0	0	0	0	0	0	0	(61 332)	0	(286 642)	(4 322 298)
Licences and permits	0	0	0	0	0	0	0	0	0	0	0	0	0	(7 551 435)	0	(7 551 435)
Commissions received	0	0	0	0	0	0	0	0	0	0	0	0	0	(13 464 779)	0	(13 464 779)
New Connection Fees	0	0	0	0	0	0	0	(495 151)	0	0	0	0	0	0	0	(495 151)
Reconnection Fees	0	0	0	0	0	0	(891 609)	(38 687 533)	(34 445)	0	0	0	0	0	0	(39 613 587)
Rental income	0	(165 524)	140 250	0	0	0	0	0	0	0	0	0	(3 202 921)	(537 582)	0	(3 765 776)
Insurance fees	(2 325 938)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2 325 938)
Other income	(2 750 592)	(2 941 346)	(1 721 583)	0	(9 032 650)	(353 340)	(56 864)	(45 392)	0	202	0	0	(37 097)	(732 834)	(257 973)	(17 929 470)
Interest received - investment	(149 143 744)	0	0	0	0	0	(267 464 232)	(56 225 208)	(3 816 497)	(140 970 160)	0	0	(164 432)	0	0	(617 784 274)
Total revenue from exchange transactions	**(154 220 274)**	**(3 106 870)**	**(1 583 500)**	**(1 435)**	**(13 003 372)**	**(353 340)**	**(1 000 025 885)**	**(1 053 887 594)**	**(149 513 774)**	**(338 172 350)**	**0**	**0**	**(25 587 967)**	**(22 286 629)**	**(544 616)**	**(2 762 287 605)**
Revenue from non-exchange transactions																
Property rates	(507 433 747)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(507 433 747)
Interest from Property rates	(52 760 735)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(52 760 735)
Eskom Debt Relief - Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Donations received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Donation from Dept of Human settlements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(6 872 422)	(6 872 422)
Government grants & subsidies	(602 189 549)	0	0	0	0	(49 704 653)	(41 920 072)	(13 505 265)	(27 576 525)	(45 627 469)	0	0	(3 007 220)	(300 000)	(11 277 321)	(795 108 074)
Fines, Penalties and Forfeits	0	0	0	0	0	0	0	(360 581)	0	0	0	0	0	(21 391 428)	0	(21 752 008)
Total revenue from non-exchange transactions	**(1 162 384 030)**	**0**	**0**	**0**	**0**	**(49 704 653)**	**(41 920 072)**	**(13 865 846)**	**(27 576 525)**	**(45 627 469)**	**0**	**0**	**(3 007 220)**	**(21 691 428)**	**(18 149 743)**	**(1 383 926 986)**
Total revenue	**(1 316 604 304)**	**(3 106 870)**	**(1 583 500)**	**(1 435)**	**(13 003 372)**	**(50 057 993)**	**(1 041 945 957)**	**(1 067 753 440)**	**(177 090 299)**	**(383 799 819)**	**0**	**0**	**(28 595 188)**	**(43 978 057)**	**(18 694 358)**	**(4 146 214 591)**
Expenditure																
Employee related costs	82 658 201	51 765 602	52 810 234	8 473 186	17 853 490	59 863 028	44 540 273	61 370 304	51 807 811	70 065 099	3 605 080	72 675 370	9 794 893	138 316 368	48 436 897	774 035 837
Remuneration of councillors	0	0	0	0	0	0	0	0	0	0	0	39 039 462	0	0	0	39 039 462
Depreciation and amortisation	3 712 551	0	20 278 404	0	1 135 937	99 220 553	56 322 786	54 234 809	61 460 406	3 545 963	661 073	3 389 924	3 814 591	4 116 213	15 508 519	327 401 728
Impairment loss - Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance costs	260 215 306	0	0	0	0	15 160 247	0	0	0	0	0	807 942	0	0	0	276 183 494
Rental and lease expenditure	0	0	0	0	0	0	7 727 933	0	0	31 510 762	0	69 500 858	0	0	0	108 739 553
Debt impairment	728 953 016	0	0	0	0	0	415 631 332	123 988 398	57 903 341	118 473 034	0	13 997 850	0	0	0	1 458 946 971
Revenue loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs and maintenance	(1 135 191)	666 193	2 756 151	5 496	43 586	6 133 128	12 166 536	85 664 351	5 552 466	9 173 957	4 241	129 717	3 409 333	7 244 117	318 984	132 133 064
Bulk purchases	0	0	0	0	0	0	566 702 380	1 010 483 320	0	0	0	0	0	0	0	1 577 185 700
Contracted Services	16 971 099	0	1 117 318	0	0	222 919	22 093 992	985 729	728 834	217 522	795 866	11 809 060	0	61 019 893	0	115 962 234
General expenses	43 795 580	8 040 118	3 644 149	1 470 483	16 015 251	3 621 303	2 264 991	61 794 380	2 502 781	8 461 296	5 694 425	83 022 939	2 702 717	10 544 385	5 215 437	258 790 237
Total expenditure	**1 135 170 562**	**60 471 912**	**80 606 257**	**9 949 165**	**35 048 265**	**184 221 177**	**1 127 450 223**	**1 398 521 290**	**179 955 640**	**241 447 633**	**10 760 686**	**294 373 121**	**19 721 534**	**221 240 976**	**69 479 838**	**5 068 418 279**
Operating (Surplus) / Deficit	(181 433 742)	57 365 043	79 022 757	9 947 730	22 044 893	134 163 184	85 504 266	330 767 850	2 865 340	(142 352 185)	10 760 686	294 373 121	(8 873 653)	177 262 919	50 785 479	922 203 687
Loss on disposal of assets and liabilities	0	0	0	0	0	0	0	0	0	0	0	11 321 901	0	0	0	11 321 901
Finance cost on Employee Benefits	38 604 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	38 604 000
Actuarial gains/losses	(4 128 000)	0	0	0	0	0	0	0	0	0	0	246 000	0	0	0	(3 882 000)
Gain/(Loss) on biological assets	0	0	0	0	0	0	0	0	0	0	0	0	0	(165 950)	0	(165 950)
PPE Impairment loss	0	0	0	0	0	20 573 695	0	0	0	0	0	0	0	0	0	20 573 695
Inventories (losses)/gains	4 594 070	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4 594 070
Revenue loss from market	0	0	0	0	0	0	0	0	0	0	0	0	3 264 398	0	0	3 264 398
(Surplus) / Deficit for the period	**(142 363 673)**	**57 365 043**	**79 022 757**	**9 947 730**	**22 044 893**	**154 736 879**	**85 504 266**	**330 767 850**	**2 865 340**	**(142 352 185)**	**10 760 686**	**305 941 023**	**(5 609 255)**	**177 096 969**	**50 785 479**	**996 513 801**

Notes to the Annual Financial Statements

58. 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,

We draw attention to the fact that at 30 June 2024, the municipality reported an operating deficit of R996 513 801 and at this date the municipality's total current liabilities exceeded its total current assets by R3 036 672 082. The municipality also impaired 94% of its current debtors due to poor revenue collection. These factors causes uncertainty relating to the municipalities' ability to operate as a going concern.

The municipality plans to address the above cash flow shortages through enhanced revenue collection and a resultant consistency in the payment of creditors, when they become due.

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.